

**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134****1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 30 June 2016. These explanatory notes 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 financial year ended 30 June 2016.

**2. Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the financial year ended 30 June 2016 except for the adoption of the relevant new FRSs, amendments to FRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2017 respectively. The Group has not early adopted the standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) which are effective for the accounting periods beginning 1 January 2018. The adoption of the new FRSs, amendments to FRSs and IC Interpretations does not have any material impact on the financial position and results of the Group.

On 19 November 2011, the MASB issued a new MASB approved accounting standards, Malaysian Financial Reporting Standards (“MFRSs Framework”). The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities subject to the application of FRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate (“Transitioning Entities”).

The Transitioning Entities are given an option to defer adoption of the MFRSs framework. Accordingly, the Group which is a Transitioning Entity has chosen to defer the adoption of MFRSs framework. The Group will prepare its first MFRSs financial statements using the MFRSs framework for the financial year ending 30 June 2019.

**3. Auditors’ Report on Preceding Annual Financial Statements**

The annual audited financial statements for the financial year ended 30 June 2016 were not subject to any qualification.

#### 4. Comments about Seasonal or Cyclical Factors

The Group's business operations are not significantly affected by seasonal or cyclical factors.

#### 5. 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 for the current quarter and year-to-date other than disclosed in this report.

#### 6. Significant Changes in Estimates

There were no changes in estimates that have any material effect on the current quarter and year-to-date results.

#### 7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and year-to-date.

#### 8. Dividend Paid

There were no dividend paid for the current quarter and year-to-date.

#### 9. Segmental Information

Segmental information is presented in respect of the Group's business segments which form the primary basis of segmental reporting.

Segment information for the three (3) months ended 30 September 2016 was as follows:

|                              | Property<br>development<br>RM'000 | Hotel<br>operations<br>RM'000 | Investment<br>holding and<br>others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|------------------------------|-----------------------------------|-------------------------------|---|-----------------------|------------------------|
| <b>Revenue</b>               |                                   |                               |   |                       |                        |
| External                     | 29,819                            | 17,375                        | -   | -                     | 47,194                 |
| Inter-segment sales          | -                                 | -                             | 1,407   | (1,407)               | -                      |
| <b>Total revenue</b>         | <b>29,819</b>                     | <b>17,375</b>                 | <b>1,407</b>                                  | <b>(1,407)</b>        | <b>47,194</b>          |
| <b>Segment profit/(loss)</b> | <b>7,178</b>                      | <b>4,781</b>                  | <b>4,026</b>                                  | <b>(3,869)</b>        | <b>12,116</b>          |
| Depreciation                 |                                   |                               |   |                       | (3,931)                |
| Investment revenue           |                                   |                               |   |                       | 4,265                  |
| Finance costs                |                                   |                               |   |                       | (580)                  |
| Profit before taxation       |                                   |                               |   |                       | 11,870                 |
| Taxation                     |                                   |                               |   |                       | (3,731)                |
| <b>Profit for the period</b> |                                   |                               |   |                       | <b>8,139</b>           |

## 9. Segmental Information (continued)

Segment information for the three (3) months ended 30 September 2015 was as follows:

|                              | Property<br>development<br>RM'000 | Hotel<br>operations<br>RM'000 | Investment<br>holding and<br>others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|------------------------------|-----------------------------------|-------------------------------|---|-----------------------|------------------------|
| <b>Revenue</b>               |                                   |                               |   |                       |                        |
| External sales               | 26,850                            | 17,527                        | -   | -                     | 44,377                 |
| Inter-segment sales          | -                                 | -                             | 1,407   | (1,407)               | -                      |
| Total revenue                | 26,850                            | 17,527                        | 1,407   | (1,407)               | 44,377                 |
| <b>Segment profit/(loss)</b> | 10,325                            | 4,275                         | 3,569   | (3,603)               | 14,566                 |
| Depreciation                 |                                   |                               |   |                       | (4,551)                |
| Investment revenue           |                                   |                               |   |                       | 2,993                  |
| Finance costs                |                                   |                               |   |                       | (709)                  |
| Profit before taxation       |                                   |                               |   |                       | 12,299                 |
| Taxation                     |                                   |                               |   |                       | (4,191)                |
| <b>Profit for the period</b> |                                   |                               |   |                       | <u>8,108</u>           |

## 10. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment brought forward from the previous financial year.

## 11. Material Subsequent Events

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

## 12. Changes in the Composition of the Group

There were no changes to the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiary, long term investments and restructuring.

## 13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities and contingent assets of the Group since the last annual reporting date.

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

**1. Performance Review**

The Group registered a revenue of RM47.2 million and net profit of RM8.1 million for current quarter ended 30 September 2016 as compared to a revenue of RM44.4 million and net profit of RM8.1 million for the corresponding quarter of the previous year.

For the current quarter ended 30 September 2016, property development remains a key contributor with 63% of total Group revenue whereas hotel operations contributed 37%. The Group's key revenue and profit were principally derived from its property development activities carried out at Taman Desa Tebrau in Johor, Taman Putra Prima in Selangor and Bandar Perdana & Lot 88 in Kedah and in Penang.

The higher revenue generated by the property development division for the current quarter compared against previous year was mainly due to the higher contribution from the previous year launched projects Phase 2C Aquamarine 2&3 Storey Terrace House in Taman Putra Prima, Selangor and Phase 8A Bintang Maya Two Storey Terrace House in Kedah which are in advanced stage of development.

Hotel operations' revenue was slightly lower for the current quarter compared to the corresponding quarter of the previous year. Hotel operations are mainly in Kuala Lumpur and in Penang.

**2. Material Changes in Profit Before Tax of Current Quarter Compared to Preceding Quarter**

The Group posted a profit before tax of RM11.9 million for the current quarter ended 30 September 2016 as compared to a profit before tax of RM19.0 million for the immediate preceding quarter. The lower profit in the current quarter is mainly due to the lower contribution recognised from the completion project of Taman Desa Tebrau Phase 12A Three Storey Semi-D and on-going project Phase 2C Aquamarine 2&3 Storey Terrace House in Taman Putra Prima, Selangor.

**3. Current Year Prospects**

The property market is expected to experience slower growth amidst global, regional and national economic uncertainties and cautious market sentiments. In spite of this, properties in good locations are expected to continue to draw property buyers. The hotel business is expected to remain challenging as well.

In view of the above, the Board of Directors expects a challenging performance for the financial year ending 30 June 2017.

#### 4. Profit Forecast

Not applicable as no profit forecast was issued.

#### 5. Profit Before Taxation

Profit before taxation is stated after crediting/(charging) :

|   | Individual Quarter | Cumulative Quarter |
|---|--------------------|--------------------|
|   | 3 months ended     | 3 months ended     |
|   | 30.09.2016         | 30.09.2016         |
|   | RM'000             | RM'000             |
| Depreciation of property, plant and equipment     | (3,785)            | (3,785)            |
| Depreciation of investment properties             | (146)              | (146)              |
| Interest expense                                  | (580)              | (580)              |
| Gain on disposal of property, plant and equipment | 19                 | 19                 |
| Realised gain on foreign exchange                 | 1                  | 1                  |
| Unrealised loss on foreign exchange               | (10)               | (10)               |
| Fair value changes in short term investments      | 6                  | 6                  |
| Dividend income received                          | 2,514              | 2,514              |
| Interest income from short term deposits          | 1,171              | 1,171              |

Other than the above items, there were no impairment of assets, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and exceptional items for current quarter and financial period ended 30 September 2016.

#### 6. Taxation

Taxation for the current quarter and year-to-date comprised the following:

|          | Individual Quarter |                | Cumulative Quarter |                |
|----------|--------------------|----------------|--------------------|----------------|
|          | 3 months ended     |                | 3 months ended     |                |
|          | 30.09.2016         | 30.09.2015     | 30.09.2016         | 30.09.2015     |
|          | RM'000             | RM'000         | RM'000             | RM'000         |
| Taxation | <u>(3,731)</u>     | <u>(4,191)</u> | <u>(3,731)</u>     | <u>(4,191)</u> |

The Group's effective tax rate for the financial period was higher than the statutory rate as certain expenses were disallowed as deductions for tax purposes. Losses incurred by certain subsidiary companies were also not available for set off against taxable profits in other companies within the Group.

**7. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at the reporting date.

**8. Group Borrowings and Debt Securities**

The Group's borrowings and debt securities are as follows:-

|                     | <u>30.09.2016</u><br>RM'000 |
|---------------------|-----------------------------|
| <b>Current</b>      |                             |
| Term Loan (secured) | 5,799                       |
| <b>Non-Current</b>  |                             |
| Term Loan (secured) | 32,026                      |
| Total               | <u>37,825</u>               |

**9. Changes in Material Litigation**

There were no material litigation against the Group as at 16 November 2016, being 7 days prior to the date of this report.

**10. Dividend Proposed or Declared**

Details of the final dividend approved by the shareholders at the Company's Annual General Meeting is as below :

|   | <u>30.9.2016</u> | <u>30.09.2015</u> |
|---|------------------|-------------------|
| <b>Final dividend for the financial year</b>                    | 30 June 2016     | 30 June 2015      |
| Amount per share  | 4.5 sen          | 4.5 sen           |
| Approved and declared on  | 11 November 2016 | 4 November 2015   |
| Entitlement to dividends based on Record<br>of Depositors as at | 15 November 2016 | 6 November 2015   |
| Date payable  | 25 November 2016 | 18 November 2015  |

## 11. Realised and Unrealised Profits/Losses Disclosure

The details of the retained earnings as at 30 September 2016 and 30 September 2015 are as follows :

|  | <u>30.09.2016</u> | <u>30.09.2015</u> |
|--|-------------------|-------------------|
|  | RM'000            | RM'000            |
| Total retained earnings of the Company and its subsidiaries :          |                   |                   |
| - Realised   | 815,190           | 815,031           |
| - Unrealised   | <u>(19,200)</u>   | <u>(35,750)</u>   |
|  | 795,990           | 779,281           |
| Add : Consolidation adjustments  | <u>171,853</u>    | <u>125,115</u>    |
| Total group retained earnings as per consolidated financial statements | <u>967,843</u>    | <u>904,396</u>    |

## 12. Earnings Per Share

|  | <u>Individual Quarter</u> |                   | <u>Cumulative Quarter</u> |                   |
|--|---------------------------|-------------------|---------------------------|-------------------|
|  | 3 months ended            |                   | 3 months ended            |                   |
|  | <u>30.09.2016</u>         | <u>30.09.2015</u> | <u>30.09.2016</u>         | <u>30.09.2015</u> |
| Profit attributable to owners of the Company (RM'000)      | 8,139                     | 8,111             | 8,139                     | 8,111             |
| Weighted average number of ordinary shares in issue ('000) | 381,534                   | 379,141           | 381,534                   | 379,141           |
| Basic earnings per ordinary share (sen)                    | 2.1                       | 2.1               | 2.1                       | 2.1               |

Diluted earnings per ordinary share is not applicable as the Company does not have any convertible instruments.

## 13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2016 was unqualified.

#### **14. Authorisation for Issue**

The interim financial report was authorised for issuance by the Board of Directors in accordance with a resolution of the Directors dated 23 November 2016.

**By Order of the Board  
PLENITUDE BERHAD**

**JENNY WONG CHEW BOEY (MAICSA 7006120)**  
Company Secretary  
Kuala Lumpur

23 November 2016