

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

The following dividends were paid during the current and previous corresponding quarter:

	<u>31.12.2016</u>	<u>31.12.2015</u>
Final dividend for the financial year	30 June 2016	30 June 2015
Approved and declared on	11 November 2016	4 November 2015
Date paid	25 November 2016	18 November 2015
Number of ordinary shares on which dividends were paid ('000)	381,534	381,534
Amount per share (single tier)	4.5 sen	4.5 sen
Net dividend paid (RM'000)	17,169	17,169

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 six (6) months ended 31 December 2016 was as follows:

	Property development RM'000	Hotel operations RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	64,760	34,568	-	-	99,328
Inter-segment sales	-	-	2,814	(2,814)	-
Total revenue	64,760	34,568	2,814	(2,814)	99,328
Segment profit/(loss)	19,907	8,212	8,366	(7,791)	28,694
Depreciation					(8,131)
Investment revenue					7,416
Finance costs					(1,144)
Profit before taxation					26,835
Taxation					(8,660)
Profit for the period					18,175

Segment information for the six (6) months ended 31 December 2015 was as follows:

	Property development RM'000	Hotel operations RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales	69,907	35,507	-	-	105,414
Inter-segment sales	-	-	2,814	(2,814)	-
Total revenue	69,907	35,507	2,814	(2,814)	44,377
Segment profit/(loss)	25,648	8,359	7,182	(7,262)	33,927
Depreciation					(9,123)
Investment revenue					6,701
Finance costs					(1,398)
Profit before taxation					30,107
Taxation					(9,890)
Profit for the period					20,217

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 RM52.1 million and net profit of RM10.0 million for current quarter ended 31 December 2016 as compared to a revenue of RM61.0 million and net profit of RM12.1 million for the corresponding quarter of the previous year.

For the current quarter ended 31 December 2016, property development remains a key contributor with 65% of total Group revenue whereas hotel operations contributed 35%. 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 Bintang Maya & Lot 88 in Kedah and The Marin Condominium in Penang.

The lower revenue and net profit for the current quarter ended 31 December 2016 was mainly due to the lower contribution from both the existing and completed property development projects. The completed property development project resulted to a lower contribution recognised in the current quarter were Phase 3E Double Storey Terrace House and Three Storey Terrace House at Taman Putra Prima in Selangor and Phase 12A Three Storey Semi-D at Taman Desa Tebrau.

Hotel operations' revenue was slightly lower for the current quarter compared to the corresponding quarter of the previous year due to its lower occupancy in the current quarter.

For the 6-month financial period ended 31 December 2016, the Group recorded a revenue of RM99.3 million and net profit of RM18.2 million compared to a revenue of RM105.4 million and net profit of RM20.2 million for the previous financial period ended 31 December 2015. The lower revenue and net profit for the current financial period was mainly due to the lower contribution from both the existing and completed property development projects.

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

The Group posted a profit before tax of RM15.0 million for the current quarter ended 31 December 2016 as compared to a profit before tax of RM11.9 million for the immediate preceding quarter. The higher profit in the current quarter is mainly due to the higher contribution from both the existing and completed property development projects.

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) :

	<u>Individual Quarter</u>	<u>Cumulative Quarters</u>
	3 months ended	6 months ended
	31.12.2016	31.12.2016
	RM'000	RM'000
Depreciation of property, plant and equipment	(4,054)	(7,839)
Depreciation of investment properties	(146)	(292)
Interest expense	(564)	(1,144)
(Loss)/ gain on disposal of property, plant and equipment	(4)	15
Realised loss on foreign exchange	(21)	(20)
Unrealised gain on foreign exchange	69	59
Fair value changes in short term investments	11	17
Dividend income from fixed income trust fund	1,416	2,898
Dividend income from short term investments	-	1,032
Interest income from short term deposits	1,145	2,316

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 31 December 2016.

6. Taxation

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

	Individual Quarter		Cumulative Quarters	
	3 months ended		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Taxation	(4,929)	(5,699)	(8,660)	(9,890)

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:-

	31.12.2016
	RM'000
Current	
Term Loan (secured)	22,436
Non-Current	
Term Loan (secured)	31,370
Total	53,806

9. Changes in Material Litigation

There were no material litigation against the Group as at 15 February 2017, being 7 days prior to the date of this report.

10. Dividend Proposed or Declared

The Board of Directors does not recommend any interim dividend for the current quarter and year-to-date.

11. Realised and Unrealised Profits/Losses Disclosure

The details of the retained earnings as at 31 December 2016 and 31 December 2015 are as follows :

	31.12.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	814,023	813,277
- Unrealised	(16,002)	(38,996)
	<u>798,021</u>	<u>774,281</u>
Add : Consolidation adjustments	162,689	125,055
Total group retained earnings as per consolidated financial statements	<u>960,710</u>	<u>899,336</u>

12. Earnings Per Share

	Individual Quarter		Cumulative Quarters	
	3 months ended		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to owners of the Company (RM'000)	10,036	12,109	18,175	20,220
Weighted average number of ordinary shares in issue ('000)	381,534	381,534	381,534	380,377
Basic earnings per ordinary share (sen)	2.6	3.2	4.8	5.3

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 22 February 2017.

**By Order of the Board
PLENITUDE BERHAD**

**REBECCA LEE EWE AI (MAICSA 0766742)
WONG YUET CHYN (MAICSA 7047163)**
Company Secretaries
Kuala Lumpur

22 February 2017