

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 Malaysian Financial Reporting Standards (“MFRSs”), MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 30 June 2019. 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 2019.

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 2019 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2019. The adoption of the new MFRSs, amendments to MFRSs and IC Interpretations does not have any material impact on the financial position and results of the Group, except for the following :

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lease accounting model and eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On the initial adoption of MFRS 16, there was impact on the accounting treatment for leases, which the Group as a lessee, accounts for as operating leases in previous financial years. On the adoption of this standard, the Group capitalises its rented premises and equipment on the statements of financial position by recognizing them as “rights-of-use” assets and its corresponding lease liabilities for the present value of future lease payments.

The following assets and liabilities were recognized on the consolidated statement of financial position at 1 July 2019 on the adoption of MFRS 16 :

	Audited 1.7.2019	Effect of adoption of MFRS 16	After adoption of MFRS 16
	RM'000	RM'000	RM'000
Statement of financial position			
Right of use assets	-	815	815
Lease liabilities	-	(815)	(815)

3. Comments about Seasonal or Cyclical Factors

The Group's business operations are not significantly affected by 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 for the current quarter and year-to-date other than disclosed in this report.

5. Changes in Estimates

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

6. 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.

7. 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 2019 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	57,660	42,301	-	-	99,961
Inter-segment sales	-	-	6,897	(6,897)	-
Total revenue	<u>57,660</u>	<u>42,301</u>	<u>6,897</u>	<u>(6,897)</u>	<u>99,961</u>
Segment profit/(loss)	17,581	5,052	8,902	(9,345)	22,190
Investment revenue					5,046
Depreciation					(12,020)
Finance costs					(2,640)
Profit before taxation					<u>12,576</u>
Taxation					(7,568)
Profit for the period					<u>5,008</u>

7. Segmental Information (continued)

Segment information for the six (6) months ended 31 December 2018 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	65,023	34,592	-	-	99,615
Inter-segment sales	-	-	3,393	(3,393)	-
Total revenue	65,023	34,592	3,393	(3,393)	99,615
Segment profit/(loss)	23,585	5,445	7,989	(9,632)	27,387
Investment revenue					8,213
Depreciation					(9,506)
Finance costs					(621)
Profit before taxation					25,473
Taxation					(8,895)
Profit for the period					16,578

8. 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.

9. Material Subsequent Events

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

10. Changes in the Composition of the Group

The Company has on 6 November 2019 incorporated a new indirect wholly-owned subsidiary, Plenitude Ferringhi Sdn Bhd with an issued and paid up capital of RM2.

Save for the above, there was no changes in the composition of the Group during the quarter under review including business combination, acquisition or disposal of subsidiary, long term investments and restructuring.

11. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities and contingent assets of the Group since the date of the latest audited financial statements.

12. Capital Commitments

Capital expenditure not provided for in the interim financial report is as follows :-

	As at 31.12.2019	As at 31.12.2018
	RM'000	RM'000
Property, plant and equipment		
- Approved and contracted	<u>42,884</u>	<u>-</u>

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 revenue of RM54.2 million and a net profit of RM3.9 million for the current quarter ended 31 December 2019 as compared to revenue of RM56.9 million and a net profit of RM8.6 million for the corresponding quarter of the previous year.

The property development division contributed revenue of RM32.1 million for the current quarter compared to RM41.0 million for the previous year's corresponding quarter. The higher revenue for the previous year's corresponding quarter ended 31 December 2018 was mainly attributable to higher revenue recognition from Desa Tebrau Phase 19&20- Clarinet, 2 Storey Terrace House and The Marin Condominium in Penang which has delivered vacant possession during the quarter of the previous year. The current quarter revenue were mainly derived from Phase 19&20 – Harp, Double Storey Cluster homes at Taman Desa Tebrau in Johor, Phase 4E – Topaz, 2 & 3 Storey Terrace Houses at Taman Putra Prima in Selangor and sales of completed properties.

Hotel operations registered a revenue of RM22.0 million for the current quarter, an increase of RM6.1 million compared to revenue of RM15.9 million for the corresponding quarter of the previous year. The newly-acquired Travelodge Myeongdong Euljiro in Seoul, South Korea contributed RM5.4 million of revenue for the current quarter while revenue from hotel operations in Malaysia registered a slight increase of RM0.7 million.

2. Material Changes In The Profit Before Taxation For The Current Quarter As Compared With The Immediate Preceding Quarter

	Current quarter ended 31.12.2019	Immediate preceding quarter ended 30.09.2019
	RM'000	RM'000
Revenue	54,165	45,796
Gross profit	28,156	22,741
Profit before taxation	<u>8,212</u>	<u>4,364</u>

2. Material Changes In The Profit Before Taxation For The Current Quarter As Compared With The Immediate Preceding Quarter (continued)

The Group posted a profit before tax of RM8.2 million for the current quarter ended 31 December 2019 as compared to a profit before tax of RM4.4 million for the immediate preceding quarter. The higher profit in the current quarter was mainly due to higher revenue recognition by Phase 19 & 20 - Harp, double storey cluster homes at Taman Desa Tebrau in Johor which is reaching to its completion stage. Hotel division has also contributed higher profit in the current quarter.

3. Prospects For The Current Financial Year

In view of the current weak sentiment in the property industry, the Group foresees that the remainder of the financial year ending 30 June 2020 will continue to be challenging. The Group will continue to adopt a more cautious approach in new property launches and will continue to intensify its marketing and sales initiatives to promote the Group's existing properties.

The outbreak of the novel coronavirus has had a large impact on regional and even global tourism. Revenue from hospitality assets will be affected, however the Group will continue to monitor the situation and continue with a prudent management of our hotels.

4. Profit Forecast

Not applicable as no profit forecast was issued.

5. Notes to the Statement of Profit and Loss and Other Comprehensive Income

Notes to the Statement of Profit and Loss and other Comprehensive Income comprises of the following :

	Individual Quarter	Cumulative Quarters
	3 months ended 31.12.2019	6 months ended 31.12.2019
	RM'000	RM'000
Depreciation and amortisation of property, plant and equipment	(6,378)	(11,929)
Depreciation of investment properties	(156)	(308)
Property, plant and equipment written off	(88)	(88)
Interest expense	(1,372)	(2,640)
Gain on disposal of property, plant and equipment	40	40
Gain on disposal of investment property	205	205
Realised loss on foreign exchange	(9)	(18)
Unrealised gain on foreign exchange	62	30
Dividend income from short term investments	259	1,596
Fair value changes in short term investments	(91)	(8,289)
Interest income from short term deposits	702	1,700

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, gain or loss on derivatives and exceptional items for current quarter and financial period ended 31 December 2019.

6. Taxation

Taxation for the current quarter and the financial period comprised the following:

	Individual Quarter		Cumulative Quarters	
	3 months ended		6 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Taxation	(4,333)	(5,148)	(7,568)	(8,895)

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 and deferred tax assets not recognised.

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

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

	<u>31.12.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
Current		
Term Loan (secured)	4,772	2,342
Non-Current		
Term Loan (secured)	131,360	21,997
Total	<u>136,132</u>	<u>24,339</u>

b) All the borrowings above are denominated in Ringgit Malaysia, except for the followings :-

Short Term Term Loan – Secured		
Denominated in Korean Won (KRW'000)	590,000	-
Long Term Term Loan – Secured		
Denominated in Korean Won (KRW'000)	31,712,500	-

9. Material Litigation

There were no material litigation against the Group as at 18 February 2020, being 7 days prior to the date of this report.

10. Dividend

	<u>31.12.2019</u>	<u>31.12.2018</u>
Final dividend for the financial year	30 June 2019	30 June 2018
Approved and declared on	8 November 2019	31 October 2018
Date paid	22 November 2019	15 November 2018
Amount per share (single tier)	4.5 sen	4.5 sen
Net dividend paid (RM'000)	17,169	17,169

The Board does not recommend any dividend for the current financial period ended 31 December 2019.

11. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended		6 months ended	
	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Profit attributable to owners of the Company (RM'000)	4,190	8,574	5,604	16,578
Weighted average number of ordinary shares in issue ('000)	381,534	381,534	381,534	381,534
Basic earnings per ordinary share (sen)	1.1	2.2	1.5	4.3

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

12. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2019 were not subject to qualification.

13. 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 25 February 2020.

By Order of the Board
PLENITUDE BERHAD

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

25 February 2020