

**MELATI EHSAN HOLDINGS BERHAD (673293-X)**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 MAY 2017**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-05-17 RM	Preceding Year Corresponding Quarter 31-05-16 RM	Current Period To-Date 31-05-17 RM	Preceding Year Corresponding Period To-Date 31-05-16 RM
Revenue	32,235,175	13,257,127	88,489,796	50,158,489
Cost of sales	(28,568,279)	(12,407,235)	(76,695,892)	(45,785,498)
Gross profit	<u>3,666,896</u>	<u>849,892</u>	<u>11,793,904</u>	<u>4,372,991</u>
Other income	556,699	10,403,397	1,492,181	22,221,746
Administrative expenses	(2,739,903)	(3,567,327)	(9,538,636)	(9,232,423)
Finance costs	(58,709)	(4,577)	(65,579)	(23,294)
Share of results of a joint venture, net of tax	(17,075)	(19,376)	(51,756)	(54,513)
Profit before tax	<u>1,407,908</u>	<u>7,662,009</u>	<u>3,630,114</u>	<u>17,284,507</u>
Taxation	(894,059)	(15,368)	(2,103,059)	(254,368)
Profit for the financial period	<u>513,849</u>	<u>7,646,641</u>	<u>1,527,055</u>	<u>17,030,139</u>
<b>Other comprehensive income, net of tax</b>	-	-	-	-
Item that may be reclassified subsequently to profit or loss	-	-	-	-
Item that will not be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income	<u>513,849</u>	<u>7,646,641</u>	<u>1,527,055</u>	<u>17,030,139</u>
Profit attributable to: Owners of the parent	<u>513,849</u>	<u>7,646,641</u>	<u>1,527,055</u>	<u>17,030,139</u>
Total comprehensive income attributable to: Owners of the parent	<u>513,849</u>	<u>7,646,641</u>	<u>1,527,055</u>	<u>17,030,139</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):				
Basic	<u>0.43</u>	<u>6.40</u>	<u>1.28</u>	<u>14.25</u>
Diluted	<u>0.43</u>	<u>6.40</u>	<u>1.28</u>	<u>14.25</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 August 2016.

**MELATI EHSAN HOLDINGS BERHAD (673293-X)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2017**

(The figures have not been audited)

	<b>As At 31/05/2017 RM</b>	<b>As At 31/08/2016 RM (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	5,406,758	4,214,246
Land held for property development	64,144,152	63,877,054
Investment in a joint venture	2,236,674	2,288,429
Goodwill on consolidation	506,455	506,455
Deferred tax assets	1,588,437	1,640,456
<b>Total non-current assets</b>	<u>73,882,476</u>	<u>72,526,640</u>
<b>Current assets</b>		
Property development costs	35,431,217	34,886,004
Inventories	46,546,240	46,153,483
Trade and other receivables	99,133,492	98,715,221
Current tax assets	2,517,475	3,218,034
Cash and bank balances	14,294,444	31,102,449
<b>Total current assets</b>	<u>197,922,868</u>	<u>214,075,191</u>
<b>TOTAL ASSETS</b>	<u><u>271,805,344</u></u>	<u><u>286,601,831</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	60,000,217	60,000,217
Treasury shares	(569,716)	(550,014)
Reserves	149,661,982	150,224,382
<b>TOTAL EQUITY</b>	<u>209,092,483</u>	<u>209,674,585</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,271,775	1,290,000
Deferred tax liabilities	1,400,000	1,421,019
<b>Total non-current liabilities</b>	<u>3,671,775</u>	<u>2,711,019</u>
<b>Current liabilities</b>		
Trade and other payables	58,872,018	74,181,221
Borrowings	169,068	35,006
<b>Total current liabilities</b>	<u>59,041,086</u>	<u>74,216,227</u>
<b>TOTAL LIABILITIES</b>	<u>62,712,861</u>	<u>76,927,246</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>271,805,344</u></u>	<u><u>286,601,831</u></u>
<b>Net assets per share attributable to the equity holders of the Company (RM)</b>	<u>1.75</u>	<u>1.76</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 August 2016.

**MELATI EHSAN HOLDINGS BERHAD (673293-X)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 MAY 2017**

(The figures have not been audited)

	----- Non-distributable -----			Distributable		Total equity RM
	Share capital RM	Share premium RM	Reverse acquisition reserves RM	Treasury shares RM	Retained earnings RM	
Balance as at 1 September 2015	60,000,217	19,830,264	(34,450,921)	(466,539)	136,765,978	181,678,999
Profit for the financial year	-	-	-	-	30,170,228	30,170,228
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	30,170,228	30,170,228
<b>Transaction with owners</b>						
Repurchase of own shares	-	-	-	(83,475)	-	(83,475)
Dividend paid	-	-	-	-	(2,091,167)	(2,091,167)
Total transaction with owners	-	-	-	(83,475)	(2,091,167)	(2,174,642)
Balance as at 31 August 2016/ 1 September 2016	60,000,217	19,830,264	(34,450,921)	(550,014)	164,845,039	209,674,585
Profit for the financial period	-	-	-	-	1,527,055	1,527,055
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,527,055	1,527,055
<b>Transaction with owners</b>						
Repurchase of own shares	-	-	-	(19,702)	-	(19,702)
Dividend paid	-	-	-	-	(2,089,455)	(2,089,455)
Total transaction with owners	-	-	-	(19,702)	(2,089,455)	(2,109,157)
Balance as at 31 May 2017	<u>60,000,217</u>	<u>19,830,264</u>	<u>(34,450,921)</u>	<u>(569,716)</u>	<u>164,282,639</u>	<u>209,092,483</u>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 August 2016.

# MELATI EHSAN HOLDINGS BERHAD (673293-X)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 MAY 2017

(The figures have not been audited)

	Current Period To-Date 31-05-17 RM	Preceding Year Corresponding Period To-Date 31-05-16 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,630,114	17,284,507
Adjustments for:		
Depreciation of property, plant and equipment	617,598	564,004
Loss on disposal of property, plant & equipment	16,427	-
Reversal of impairment loss on other investment	-	(500,000)
Gain on disposal of a subsidiary	-	(30,000,000)
Provision for liquidated damages	-	72,554
Interest expense	65,579	38,056
Interest income	(538,744)	(587,115)
Share of results of a joint venture, net of tax	51,755	54,513
Operating profit / (loss) before working capital changes	3,842,729	(13,073,481)
Changes in working capital:		
Land held for property development	(267,098)	(100,373)
Property development costs	(545,213)	(1,216,537)
Inventories	(392,757)	-
Amount due from contract customers	(1,428,480)	8,016,150
Trade and other receivables	1,010,209	23,315,750
Amount due to contract customers	(3,696,450)	(4,925,505)
Trade and other payables	(11,607,454)	(58,978,832)
Net cash used in operations	(13,084,514)	(46,962,828)
Tax paid	(1,378,500)	(2,569,184)
Tax refunded	7,000	-
Net cash used in operating activities	(14,456,014)	(49,532,012)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed deposits pledged	-	397,563
Interest received	538,744	587,115
Proceeds from disposal of property, plant and equipment	71,698	-
Proceed from disposal of a subsidiary	-	30,500,000
Purchase of property, plant and equipment	(588,235)	(222,324)
Withdrawal of fixed deposits pledged	1,956,850	-
Net cash from investing activities	1,979,057	31,262,354
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,089,455)	(2,091,167)
Interest paid	(70,878)	(133,686)
Repayment of hire purchase payables	(97,398)	(723,316)
Repayment of term loans	(96,765)	(8,622,500)
Repurchase of own shares	(19,702)	(83,475)
Net cash used in financing activities	(2,374,198)	(11,654,144)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(14,851,155)	(29,923,802)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	29,145,599	40,095,990
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	A14 14,294,444	10,172,188

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 August 2016.

**MELATI EHSAN HOLDINGS BERHAD (673293-X)**  
**(Incorporated in Malaysia)**

**A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (FRS) 134:  
INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

The unaudited interim financial report has been prepared in compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2016.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 August 2016 except for the adoption of new FRSSs, amendments to FRSSs and IC Interpretations (IC) which are relevant to its operations and effective for the financial period beginning on or after 1 September 2016.

<b>Title</b>	<b>Effective Date</b>	
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101	Disclosure Initiative	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRSSs	Annual Improvements to 2012 – 2014 Cycle	1 January 2016

The adoption of these FRSSs, amendments to FRSSs and IC interpretations (IC) do not have significant impact on the results and the financial position of the Group.

**A2. Audit report of preceding annual financial statements**

There were no audit qualification on the financial statements of the Company and its subsidiaries for the financial year ended 31 August 2016.

**A3. Seasonal or cyclical factors**

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

**A4. 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 of the Group for the current quarter under review.

**A5. Material changes in estimates**

There was no material changes in estimates used for preparation of the interim financial report.

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**A6. Issuance or repayment of debts and equity securities**

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current quarter under review except as disclosed below:

During the current quarter, the Company repurchased 21,000 of its issued ordinary shares of RM0.50 each from the open market at an overall average price of RM0.88 per share. The total consideration paid was RM18,597 including transaction costs and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016. As at 31 May 2017, 624,000 ordinary shares have been purchased for RM569,716 including the transaction costs.

**A7. Dividend paid**

A first and final single tier dividend of 1.75 sen per ordinary share amounting to RM2,089,455 in respect of the financial year ended 31 August 2016 has been paid on 10 March 2017.

**A8 Segmental reporting**

<b>31 May 2017</b>					
	<b>Construction</b>	<b>Trading</b>	<b>Property</b>	<b>Others</b>	<b>Consolidated</b>
<b>REVENUE</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Development</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>RM'000</b>		
Total revenue	76,734	11,580	176	-	88,490
Inter-segment revenue	-	-	-	-	-
Revenue from external customer	76,734	11,580	176	-	88,490
<b>RESULT</b>					
Segment results	3,807	321	(714)	(312)	3,102
Finance costs	(11)	-	-	-	(11)
Interest income	250	1	285	3	539
Profit/(loss) before tax	4,046	322	(429)	(309)	3,630
Tax expense	(1,988)	(79)	(36)	-	(2,103)

No segmental information is provided on geographical basis as the Group's activities are conducted wholly in Malaysia.

**A9. Valuation of property, plant and equipment**

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment loss, if any.

There was no valuation of the property, plant and equipment during the current quarter under review.

**A10. Changes in the composition of the Group**

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

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**A11. Contingent liabilities**

The details of Company contingent liabilities as at 31 May 2017 are as follows:

	<b>RM'000</b>
Secured:	
Guarantees given to financial institutions on performance guarantee granted to subsidiaries	<u>122,210</u>
Unsecured:	
Guarantees given to a third parties for performance in the development agreement granted to a subsidiary	385,904
Guarantees given to suppliers for credit facilities granted to a subsidiary	4,300
Guarantees given to a third party for performance in the development agreement granted to a third party	4,390
	<u>394,594</u>

**A12. Subsequent events**

There was no other material events subsequent to the financial period ended 31 May 2017 up to the date of this report.

**A13. Commitments**

There was no capital commitment in the financial period ended 31 May 2017, except as disclosed below:

	<b>RM</b>
Capital expenditure contracted but not provided for in respect of:-	
- purchase of land held for property development	<u>70,135,849</u>

**A14. Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following:

	<b>RM</b>
Cash and bank balances	4,791,009
Fixed deposits with licensed banks	9,503,435
	<u>14,294,444</u>

**MELATI EHSAN HOLDINGS BERHAD (673293-X)**  
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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

For the financial period ended 31 May 2017, the Group achieved a revenue of RM88.490 million and profit before tax of RM3.630 million as compared to RM50.158 million and RM17.285 million respectively for the preceding year corresponding period.

The decreased in profit despite of higher revenue of the Group in the current financial period as compared to the preceding year corresponding period was due mainly to lower other income and higher administrative expenses. In the preceding year corresponding period, other income was mainly derived from gain on disposal of a subsidiary.

Detailed analysis of the performance for the respective operating business segments for the period ended 31 May 2017 are as follows:

Construction

The Group recorded revenue of RM76.734 million and profit before tax of RM4.046 million as compared to the preceding year corresponding period of RM43.167 million and RM2.834 million respectively. The higher revenue and profit before tax of this operation was due mainly attributed from “*Program Perumahan Rakyat*” (“PPR”) project and the new road work in East Coast Economic Region (“ECER”) project.

Property development

The Group recorded revenue of RM0.176 million and loss before tax of RM0.429 million as compared to the preceding year corresponding period of RM0.597 million and RM0.246 million respectively. The decreased in revenue was due mainly to sales recognized in previous financial year which were cancelled and forfeited during the financial period.

Trading

The Group recorded revenue of RM11.580 million and profit before tax of RM0.322 million as compared to the preceding year corresponding period of RM6.394 million and RM0.157 million respectively. The increased in sales and profit in the current quarter was due mainly to higher volume of building materials being traded and consumed by our appointed sub-contractors for the Group’s construction division.

**B2. Comparison with preceding quarter results**

For the current quarter under review, the Group recorded a profit before tax of RM1.408 million as compared to RM1.264 million in the immediate preceding quarter. The higher profit in the current financial quarter as compared to the immediate preceding quarter was due mainly attributed from PPR and ECER projects.

**B3. Commentary on prospects**

The on-going construction works such as ECER and PPR, will continue to contribute positively to the Group’s revenue and profitability despite caution economic outlook.

The Federal Budget 2017 presented on 21 October 2016 has introduced various measures and focused on the strengthening of our economic and financial fundamental to better global uncertainties. The proactive spending and pump priming of the economy are capable of driving domestic demand thereby supporting economic growth. The Government quoted 2017 as “*Delivery Year*”. Therefore, it is foreseeable that business and construction activities to be increased and benefited the Group in line with this direction.

Based upon this, the outlook of the local construction sector is good and will benefit the industry players. Ongoing projects and those scheduled to commence in the near term such as road works and affordable housing schemes will ensure the sector continues to grow in the next few years.

The Board of Directors is optimistic about the Group’s ability to continue to achieve satisfactory performance for the financial year ending 31 August 2017.



**MELATI EHSAN HOLDINGS BERHAD (673293-X)**  
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**B4. Variance of actual and forecast profit**

The Group did not issue any forecast for the current quarter and therefore this is not applicable.

**B5. Corporate proposal**

There are no corporate proposals announced as at the date of this report except as follows:

On 15 April 2016, Bayu Melati Sdn Bhd (“BMSB”), a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Aturan Utama Sdn Bhd to acquire three (3) parcels of leasehold land held under H.S.(D) 54886, 54887 and 54888 for PT No. 4505, 4506 and 4507, Mukim Bandar Selayang, District Gombak, State of Selangor (“Land”) for an aggregate purchase price of RM77,735,849 (“Purchase Price”). In the event that the requisite planning approval for BMSB’s proposed commercial development on the Land includes a condition requiring BMSB to build low cost and/or affordable homes under whatever name known including under the affordable housing scheme currently known as “Rumah SelangorKu”, the Purchase Price for the Land shall be reduced to RM70,000,000 only (“Proposed Acquisition”).

The completion of the Proposed Acquisition is subject to and conditional upon the conditions precedent being fulfilled.

**B6. Income tax expense**

	<b>Current Quarter 31 May 2017 RM’000</b>	<b>Current Period To-Date 31 May 2017 RM’000</b>
Current tax expense	894	2,072
Deferred tax expense	-	31
<b>Total</b>	<b>894</b>	<b>2,103</b>

The tax expense for the current quarter and current period to-date is derived based on management’s best estimate of the tax rate for the financial period.

**B7. Group borrowings**

There were no other borrowings and debts securities in the Group as at 31 May 2017, except as disclosed below:-

	<b>Short term (Secured) RM’000</b>	<b>Long term (Secured) RM’000</b>
Hire-purchase	169	159
Term loan	-	2,113
	169	2,272

**B8. Off balance sheet financial instruments**

There are no financial instruments with off balance sheet risk as at the date of this report.

**B9. Material litigation**

As at the date of this announcement, there are no material litigations against the Group or taken by the Group.

**MELATI EHSAN HOLDINGS BERHAD (673293-X)**  
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**B10. Dividends**

No dividend has been declared for the current quarter under review.

**B11. Notes to the Statement of Comprehensive Income**

The profit for the period has been arrived at after crediting/(charging):-

	<b>Current Quarter 31 May 2017 RM'000</b>	<b>Current Period To-Date 31 May 2017 RM'000</b>
Interest income	414	539
Other income including investment income	143	953
Interest expenses	(31)	(66)
Depreciation and amortization	(207)	(618)
Loss on disposal of property, plant & equipment	-	(16)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Malaysia Listing Requirements are not applicable.

**B12. Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share for the current quarter and financial period to-date are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	<b>Current quarter 31/05/17</b>	<b>Preceding year corresponding quarter 31/05/16</b>	<b>Current period To-date 31/05/17</b>	<b>Preceding year corresponding period to-date 31/05/16</b>
Profit attributable to owners of the parent (RM)	513,849	7,646,641	1,527,055	17,030,139
Number of ordinary shares ('000)	119,376	119,398	119,376	119,398
Weighted average number of ordinary shares ('000)	119,391	119,467	119,395	119,487
Basic earnings per share (sen)	0.43	6.40	1.28	14.25

**(b) Diluted earnings per share**

The Group does not have any convertible shares or financial instruments for the current quarter and financial period to-date.

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**B13. Realised and unrealised profits/losses disclosure**

	<b>As at 31/05/2017 RM'000</b>	<b>As at 28/02/2017 RM'000</b>
Total retained profits of the Group		
- realised	169,548	171,106
- unrealised	45	45
	<hr/> 169,593	<hr/> 171,151
Less: Consolidation adjustments	(5,310)	(5,293)
	<hr/> 164,283	<hr/> 165,858

By Order of the Board

**Wong Youn Kim**  
**Chan Chee Yean**  
Company Secretaries  
Kuala Lumpur  
26 July 2017