



IVORY PROPERTIES GROUP BERHAD
Company No.: 673211-M

UNAUDITED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2017

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IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Individual Quarter		Changes %	Cumulative Period		Changes %
	Current Quarter 30.09.2017 2QFY18 RM'000	Preceding Year Corresponding Quarter 30.09.2016 2QFY17 RM'000		Current Year- To-Date 30.09.2017 2QFY18 RM'000	Preceding Year Corresponding Period 30.09.2016 2QFY17 RM'000	
Revenue	56,051	83,669	(33)	185,137	145,315	27
Cost of sales	(43,863)	(69,994)	(37)	(150,104)	(122,493)	23
Gross profit	12,188	13,675	(11)	35,033	22,822	54
Operating expenses	(11,469)	(15,276)	(25)	(26,382)	(27,430)	(4)
Other operating income	1,253	2,761	(55)	4,480	5,590	(20)
Results from operating activities	1,972	1,160	71	13,131	982	1,237
Share of profit/(loss) of equity accounted investees, net of tax						
- associates	(79)	338	(123)	(139)	(162)	(14)
- joint ventures	1,962	4,897	(60)	5,375	14,866	(64)
Profit before interest & tax	3,855	6,395	(40)	18,367	15,686	17
Net finance costs	(840)	(1,626)	(48)	(1,701)	(3,653)	(53)
Profit before tax	3,015	4,769	(37)	16,666	12,033	39
Tax expense	(688)	(1,612)	(57)	(5,566)	(3,169)	76
Profit for the period	2,327	3,157	(26)	11,100	8,864	25
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	2,327	3,157	(26)	11,100	8,864	25
Attributable to:						
Owners of the Company	2,328	3,158	(26)	11,101	8,865	25
Non-controlling interests	(1)	(1)	-	(1)	(1)	-
	2,327	3,157	(26)	11,100	8,864	25
Earnings per share attributable to the owners of the Company:						
Basic (sen)	0.48	0.66	(27)	2.27	1.92	18

Certain comparative figures have been restated to conform with the unaudited interim financial statements of the current financial period ended 30 September 2017.

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 30.09.2017 RM'000	Audited as at 31.03.2017 RM'000
Assets		
Property, plant and equipment	36,237	37,763
Investment properties	15,431	15,350
Intangible assets	-	-
Investment in associates	2,890	3,029
Investment in joint ventures	152,786	144,026
Deferred tax assets	2,852	7,211
Total non-current assets	210,196	207,379
Property development costs	165,025	177,294
Inventories	125,034	113,850
Trade and other receivables	195,269	183,953
Current tax assets	4,452	1,327
Short term investments	31,720	55,074
Cash and bank balances	38,304	57,909
	559,804	589,407
Assets classified as held for sale	-	5,469
Total current assets	559,804	594,876
Total assets	770,000	802,255
Equity		
Share capital	226,440	226,440
Warrant reserve	-	27,900
Retained earnings	229,438	190,437
Equity attributable to owners of the Company	455,878	444,777
Non-controlling interests	(252)	(251)
Total equity	455,626	444,526
Liabilities		
Loans and borrowings	79,089	90,339
Deferred tax liabilities	5,677	6,054
Total non-current liabilities	84,766	96,393
Loans and borrowings	34,460	79,024
Trade and other payables	191,770	177,120
Current tax liabilities	3,378	5,192
Total current liabilities	229,608	261,336
Total liabilities	314,374	357,729
Total equity and liabilities	770,700	802,255
Net assets per share attributable to ordinary equity holders of the Company (RM)*	0.93	0.91

* Computed based on 490,079,729 ordinary shares in the Company (“Shares”)

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company				Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable			
	Share capital RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance at 1 April 2017	226,440	27,900	190,437	444,777	(251)	444,526
Total comprehensive income for the period	-	-	11,101	11,101	(1)	11,100
Transfer to retained earnings	-	(27,900)	27,900	-	-	-
Balance at 30 September 2017	226,440	-	229,438	455,878	(252)	455,626
Balance at 1 April 2016	204,164	27,900	181,278	413,342	(248)	413,094
Total comprehensive income for the period	-	-	8,865	8,865	(1)	8,864
Issuance of ordinary shares, representing total transaction with owners	22,276	-	-	22,276	-	22,276
Balance at 30 September 2016	224,440	27,900	190,143	444,483	(249)	444,234

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

IVORY PROPERTIES GROUP BERHAD (673211-M)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To-Date 30.09.2017 RM'000	Preceding Year Corresponding Year-To-Date 30.09.2016 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	16,666	12,033
Adjustments for:-		
Amortisation of intangible assets	-	4
Bad debts recovered	-	(65)
Depreciation of :		
- Investment properties	191	1,092
- Property, plant and equipment	2,846	3,143
Gain on disposal of :		
- Investment properties	(2,080)	-
- Property, plant and equipment	-	(41)
Interest expense	2,836	4,642
Interest income	(1,134)	(989)
Impairment loss on :		
- Investment in associate	-	10
- Property, plant and equipment	-	(18)
- Receivables	700	670
Property, plant and equipment written off	100	636
Share of loss in associates, net of tax	139	162
Share of profit in joint ventures, net of tax	(5,375)	(14,866)
Unrealised loss from downstream sale to associates	-	73
Unrealised gain from downstream sale to joint ventures	(3,385)	(843)
Operating profit before changes in working capital	11,504	5,643
Change in property development costs	13,426	(3,260)
Change in inventories	(11,184)	5,586
Change in trade and other receivables	(12,016)	49,020
Change in trade and other payables	14,650	(25,172)
Cash from operations	16,380	31,817
Tax paid	(6,523)	(2,817)
Net cash from operating activities	9,857	29,000
<u>Cash flows from investing activities</u>		
Interest received	1,134	989
Acquisition of property, plant and equipment	(1,424)	(868)
Investment in associate	-	(450)
Proceeds from disposal of property, plant and equipment	4	40
Proceeds from disposal of investment properties	7,277	-
Withdrawal/(Placement) of fixed deposits	501	(188)
Withdrawal/(Placement) of short term investments	23,354	(51,189)
Net cash from/(used in) investing activities	30,846	(51,666)

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Current Year-To-Date 30.09.2017 RM'000	Preceding Year Corresponding Year-To-Date 30.09.2016 RM'000
<u>Cash flows from financing activities</u>		
Interest paid	(3,993)	(8,659)
Repayment of finance lease liabilities	(1,255)	(1,331)
Repayment of term loans and bridging loans	(69,767)	(15,691)
Proceeds from issuance of ordinary shares		22,276
Drawdown of finance lease liabilities	1,390	365
Drawdown of term loans and bridging loans	14,327	22,682
Net cash (used in)/from financing activities	(59,298)	19,642
Net decrease in cash and cash equivalents	(18,595)	(3,024)
Cash and cash equivalents at beginning of period	56,531	50,803
Cash and cash equivalents at end of period	37,936	47,779
Cash and cash equivalents comprise the following:-		
Cash in hand and at banks	37,936	48,194
Bank overdrafts	-	(415)
	37,936	47,779

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.

IVORY PROPERTIES GROUP BERHAD (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 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 of the Group for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017. The interim consolidated financial statements and explanatory notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

A2 Changes in Accounting Policies

Adoption of Malaysia Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”), a fully-IFRS compliant framework. Entities other than private entities should apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 31 March 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group’s first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

IVORY PROPERTIES GROUP BERHAD (673211–M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)

A2 Changes in Accounting Policies (*Cont’d*)

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2017 except for the adoption of the following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board (MASB) but have not been adopted by the Group:

- FRS 9, Financial Instruments (2014)
- Amendments to FRS 10 and FRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to FRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- IC Interpretation 22, Foreign Currency Transaction and Advance Consideration
- Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 140, Investment Property – Transfer of Investment Property
- Annual Improvements 2014 – 2016 cycle

The adoption of the above FRSs and Amendments do not have any significant impact on the Group’s financial position and results, except as discussed below:

FRS 9 Financial Instruments

FRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. FRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of FRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of FRS 9:

- All recognised financial assets that are within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

IVORY PROPERTIES GROUP BERHAD (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)

A2 Changes in Accounting Policies (*Cont’d*)

Key requirements of FRS 9: (*Cont’d*)

- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity’s risk management activities have also been introduced.

The directors anticipate that the application of FRS 9 in the future may have a material impact on amounts reported in respect of the Group’s financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group complete a detailed review.

A3 Auditors’ Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Group for the financial year ended 31 March 2017.

A4 Seasonal or Cyclical Factors

The Group’s business operations are not subject to any significantly seasonal or cyclical factors.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING
STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)**

A5 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 current financial quarter.

A6 Material Changes in Estimates

There were no changes in estimates that have had a material effect on the current financial quarter’s results.

A7 Debt and Equity Securities

Save as disclosed below, there were no issuances, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares by the Company during the current quarter.

A8 Dividends Paid

No dividends have been paid during the current financial quarter.

IVORY PROPERTIES GROUP BERHAD (673211-M)**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017****PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING
STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)****A9 Operating Segments**

The Group has four reportable segments, as described below, which are the Group’s strategic business units.

	Property development and management RM’000	Construction contracts RM’000	Investment holding and others RM’000	Elimination RM’000	Total RM’000
For the financial period ended 30 September 2017					
Revenue					
External	128,739	55,835	563	-	185,137
Inter-segment	2,697	58,823	3,638	(65,158)	-
Total Revenue	<u>131,436</u>	<u>114,658</u>	<u>4,201</u>	<u>(65,158)</u>	<u>185,137</u>
Results					
Segmental profit/(loss)	<u>13,646</u>	<u>6,230</u>	<u>(3,210)</u>	<u>-</u>	<u>16,666</u>
Segmental assets	<u>293,263</u>	<u>207,052</u>	<u>269,685</u>	<u>-</u>	<u>770,000</u>
For the financial period ended 30 September 2016					
Revenue					
External	48,600	95,825	890	-	145,315
Inter-segment	3,980	99,263	2,450	(105,693)	-
Total Revenue	<u>52,580</u>	<u>195,088</u>	<u>3,340</u>	<u>(105,693)</u>	<u>145,315</u>
Results					
Segmental profit/(loss)	<u>(3,827)</u>	<u>8,804</u>	<u>7,056</u>	<u>-</u>	<u>12,033</u>
Segmental assets	<u>468,622</u>	<u>187,678</u>	<u>272,143</u>	<u>-</u>	<u>928,443</u>

Geographical Segments

The business of the Group only operates in Malaysia. As such, information on geographical segment is not presented.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING
STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)**

A9 Operating Segments (Cont’d)

Major Customers

Major customers with revenue equal or more than 10% of the Group’s total revenue as at the end of current financial period are as follows:

	RM’000
Customer A	27,396
Customer B	<u>15,219</u>

A10 Subsequent Material Events

There were no other material events or transactions subsequent to the end of the current financial quarter ended 30 September 2017 to 15 November 2017 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), except as disclosed below.

On 31 October 2017, a wholly owned subsidiary of the Company, Sunlink Properties Sdn Bhd, has entered into a Sales and Purchase Agreement with REMCO Engineering & Construction Sdn Bhd for the proposed acquisition of a piece of vacant leasehold land in Sitiawan, Perak Darul Ridzuan measuring approximately 259,100 square metres, for a purchase consideration of RM133,858,137.60 (exclusive of Goods and Services Tax).

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period to-date.

A12 Changes in Contingent Liabilities or Contingent Assets

There are no material changes in contingent liabilities or contingent assets as at the end of the current financial quarter.

A13 Capital Commitments

There are no material capital commitments as at 30 September 2017.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING
STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)**

A14 Capital Expenditure

There were no major additions and disposals of property, plant and equipment during the current financial quarter and financial period-to-date.

A15 Significant Related Party Transactions

There were no significant related party transactions entered into by the Group during the current financial quarter.

IVORY PROPERTIES GROUP BERHAD (673211-M)**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS****B1 Review of Performance****Current quarter (2QFY18) vs previous corresponding quarter (2QFY17)**

The Group's revenue slipped from RM83.7 million reported in the previous corresponding quarter to RM56.1 million for the current quarter as the result of a 55% reduction in construction revenue from RM61.6 million to RM27.9 million offset by a marginal increase from the property development division from RM21.5 million to RM27.8 million.

While the contribution of revenue from the construction division dwindled following the completion of Penang WorldCity, phase 1A in September 2017, the Group's property development division continues to deliver steady revenue from work done at The Wave & Commercial of Penang Times Square. The increase in revenue contribution from the development division helped to drive gross profit margins higher from 16.4% or RM13.7 million recorded in 2QFY17 to 21.7% or RM12.2 million in 2QFY18 and thus helped to cushion the negative impact of lower revenue.

Profit after tax decreased marginally from RM3.2 million to RM2.3 million despite a 60% reduction in the net profit contribution from the joint-venture company. The disproportionately lower reduction in bottom line was due to a 25% reduction in operating expenses from RM15.3 million in 2QFY17 to RM11.5 million in 2QFY18.

**B2 Material changes in the quarterly results compared with the immediate preceding quarter
(Quarter-Over-Quarter comparison)**

	Current Quarter (2Q2018) 30.09.2017 RM'000	Immediate Preceding Quarter 30.06.2017 RM'000	Changes	
			RM'000	%
Revenue	56,051	129,086	(73,035)	(57)
Profit from operations	1,972	11,159	(9,187)	(76)
Profit Before Interest and Tax	3,855	14,512	(10,657)	(73)
Profit Before Tax	3,015	13,651	(10,636)	(78)
Profit After Tax	2,327	8,773	(6,446)	(73)
Profit Attributable to Equity Holders of the Company	2,328	8,773	(6,445)	(73)

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (*Cont'd*)**

**B2 Material Changes in the Quarterly Results compared with the Immediate Preceding
Quarter (*Cont'd*)**

The Group's revenue slipped from RM129.1 million in the last quarter to RM56.1 million in the current quarter due to a significant reduction of revenue from the property development division in the absence of sales of completed properties of RM71.7 million recorded last quarter.

The Group posted a 73% quarter-over-quarter (q-o-q) decrease in net profit to RM2.1 million in tandem with the q-o-q decrease in revenue and 43% reduction in the share of profit from the joint-venture company.

B3 Prospects for the Current Financial year ending 31 March 2018

Given the relatively soft property market in the past two years, the Group has been focusing its resources in completing its existing projects such as City Residence & City Mall, Penang Times Square phase 3, and Penang WorldCity Phase 1A. The Group has utilised this period of time to expand the land bank and establish strategic alliances with landowners to enhance the Group's long term growth and sustainability.

Having delivered an acceptable biannual results, The Board of Directors remains positive about the Group's performance and its ability to achieve a satisfactory result for the financial year ending 31 March 2018.

B4 Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecasts nor profit guarantees for the 12 months financial year under review.

IVORY PROPERTIES GROUP BERHAD (673211-M)**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)****B5 Taxation**

The taxation for the Group comprises the following:-

	Individual Quarter		Cumulative Period	
	Current Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year-To-Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Income Tax - current	(97)	1,590	1,023	3,002
- prior year	561	-	561	(25)
Deferred tax - current	224	22	3,982	192
	688	1,612	5,566	3,169

The effective tax rate (excluding share of profit/(loss) from associates and joint ventures) for the current quarter and financial period-to-date was higher than the statutory tax rate mainly due to certain expenses being not deductible for tax purposes.

B6 Status of Corporate Proposals

There were no corporate proposals that have been announced but not yet completed during the current quarter and financial period-to-date under review.

B7 Borrowings and Debt Securities

Details of the Group's borrowings as at 30 September 2017 are as follows:-

	RM'000
<i>Long Term Borrowings</i>	
Term loans and bridging loans	76,720
Hire purchase	2,369
	<u>79,089</u>
<i>Short Term Borrowings</i>	
Term loans and bridging loans	16,949
Hire purchase	2,011
Revolving credit	15,500
	<u>34,460</u>
Total	<u>113,549</u>

All borrowings are denominated in Ringgit Malaysia and are secured except for RM10,000,000 revolving credit facilities which are unsecured.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (*Cont'd*)**

B8 Material Litigation

Krishna Kumar a/l T.N. Sharma – Civil Suit No. 22NCVC-102-06/2015 at Penang High Court

On 5 March 2015, Krishna Kumar a/l T.N. Sharma (“the Plaintiff”) filed a Writ & Statement of Claim (“Writ & Claim”) against Ivory Indah Sdn Bhd (“IISB”) in the High Court of Malaya at Kuala Lumpur which was subsequently transferred to the High Court of Malaya at Penang under Civil Suit No. 22NCVC-102-06/2015.

The Writ & Claim was in relation to the sales of property by the Plaintiff to IISB in Years 2007 and 2008, with claims that IISB has abrogated the sales agreement and orders to restrain IISB from disposing and dealing with the property until the final disposal of this case.

The matter was struck off by the High Court on 8 September 2015. The Plaintiff’s application for reinstatement was allowed by the High Court on 25 March 2016. The High Court has subsequently dismissed IISB’s appeal against the reinstatement with cost.

On 12 August 2016, IISB succeeded in its application to strike out the Plaintiff’s Writ & Claim and the Court has thereby struck out the Plaintiff’s case.

The Plaintiff’s has filed an appeal to the Court of Appeal against the High Court’s decision in allowing IISB’s application to strike out the Plaintiff’s Writ & Claim.

The Court of Appeal has on 2 October 2017 struck out the Plaintiff’s (the Appellant’s) appeal.

IB Capital Sdn Bhd – Civil Suit No. 22NCVC-20-01/2014 at Penang High Court

On 29th January 2014, IB Capital Sdn Bhd (“the Plaintiff”) had filed a suit against IISB seeking a declaration that the transfer of land held under Geran No. 1272, Lot No. 2838, Mukim 18, Daerah Timor Laut, Negeri Pulau Pinang (“Land”) from Krishna Kumar T.N. Sharma (the previous registered land owner) to IISB and the charge of the Land by IISB to CIMB Islamic Bank Berhad is null and void and alternatively for payment of a sum of RM10,256,098.66 as at 31st August 2008 with interest and damages.

On 23rd July 2015, the Court of Appeal upon IISB’s appeal, had struck out the Plaintiff’s Writ and Statement of Claim with costs upon the grounds of there not being a proper Cause of Action against IISB.

As the Court of Appeal had “Struck Out” the case, this litigation had no material impact to the Group until 17th October 2017 when the Federal Court allowed the Plaintiff’s appeal against the Striking Out of their case by the Court of Appeal and the case is to proceed to full trial at the Penang High Court.

It is still the opinion of our solicitors that the case against IISB is weak for the reason that the Plaintiff has no “legal relation” nor “privity” and the Plaintiff’s claim should be against the previous registered land owner. Further, it can only be at best a right “in personam” (a personal right in a specific contract) and not a right “in rem” (a right in the Land).

The Plaintiff cannot say that they have an interest in the Land.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)

B9 Dividend

No interim ordinary dividend has been declared for the financial period ended 30 September 2017.

B10 Earnings per Share

B10.1 Basic Earnings per Share

The basic earnings per ordinary share of the Group for the current quarter and current year to date have been calculated based on the Group's profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial period ended 30 September 2017.

	Individual Quarter		Cumulative Period	
	Current Quarter 30.09.2017	Preceding Year Corresponding Quarter 30.09.2016	Current Year- To-Date 30.09.2017	Preceding Year Corresponding Period 30.09.2016
Profit attributable to owners of the Company (RM'000)	2,328	3,158	11,101	8,865
Weighted average number of ordinary shares in issue ('000)	490,080	479,426	490,080	462,569
Basic earnings per share (sen)	0.48	0.66	2.27	1.92

B10.2 Diluted Earnings per Share

There are no diluted earnings per share as there were no potential dilutive ordinary shares for the period under review.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)**

B11 Profit before tax

	Individual Quarter		Cumulative Period	
	Current Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year- To-Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Profit before tax is arrived at after charging :				
Amortisation of intangible assets	-	2	-	4
Depreciation of :				
- Investment properties	96	591	191	1,092
- Property, plant and equipment	1,442	1,582	2,846	3,143
Impairment loss on :				
- Investment in associate	-	10	-	10
- Property, plant and equipment	-	(18)	-	(18)
- Receivables	-	170	700	670
Interest expense	1,282	2,252	2,836	4,642
Property, plant and equipment written off	4	635	100	636
and after crediting :				
Bad debts recovered	-	65	-	65
Gain on disposal of :				
- Property, plant and equipment	-	27	-	41
- Investment properties	272	-	2,080	-
Interest income	441	626	1,134	989
Rental income	640	1,786	1,635	3,486

Other than the above items, there were no impairment of assets, provision for and write off of exceptional items for the current financial quarter and financial period-to-date.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)**

B12 Realised and Unrealised Profits

The breakdown of the retained earnings of the Group as at 30 September, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are as follows:

	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised gain	315,123	316,943
- Unrealised loss	(2,826)	(2,602)
	<u>312,297</u>	<u>314,341</u>
Share of retained earnings of associates:		
- Realised gain	1,156	1,236
- Unrealised gain	880	880
	<u>314,333</u>	<u>316,457</u>
Share of retained earnings of joint ventures:		
- Realised gain	33,457	30,242
- Unrealised gain	12	12
	<u>347,802</u>	<u>346,711</u>
Less: Consolidated adjustments	(118,364)	(119,601)
Total retained earnings as at 30 September	<u>229,438</u>	<u>227,110</u>

B13 Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 November 2017.

By order of the Board of Directors

Low Seow Wei (f) (MAICSA 7053500)
Thum Sook Fun (f) (MIA 24701)
Company Secretaries