

MCT BERHAD
Company No: 881786-X
(Incorporated In Malaysia)

Interim Financial Statements
For the quarter ended 31 March 2017

MCT BERHAD
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(Incorporated In Malaysia)

Interim Financial Statements - 31 March 2017

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MCT BERHAD (881786-X)
Incorporated In Malaysia

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM'000	RM'000	RM'000	RM'000
Revenue	137,291	150,166	430,321	495,241
Cost of sales	<u>(96,854)</u>	<u>(87,507)</u>	<u>(294,093)</u>	<u>(293,135)</u>
Gross profit	40,437	62,659	136,228	202,106
Other Income	776	1,283	18,206	5,690
Administrative expenses	(29,386)	(35,318)	(89,247)	(102,604)
Finance costs	<u>(922)</u>	<u>(975)</u>	<u>(3,439)</u>	<u>(6,003)</u>
Profit before tax	10,905	27,649	61,748	99,189
Income tax expense	(5,700)	(8,318)	(16,189)	(34,897)
Net profit for the period	<u>5,206</u>	<u>19,331</u>	<u>45,560</u>	<u>64,292</u>
Profit attributable to :				
Owners of the parent	5,207	19,331	45,561	64,293
Non-controlling interest	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
	<u>5,206</u>	<u>19,331</u>	<u>45,560</u>	<u>64,292</u>
Earnings per share attributable to owner of the parent :				
Basic earnings per share (sen) - Note B13	0.37	1.36	3.21	4.53
Diluted earnings per share (sen)	NA	NA	NA	NA

NA denotes not applicable

Note :

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	As at	As at
	31 March 2017	30 June 2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	314,896	282,571
Investment properties	317,201	275,063
Land held for property development	43,465	42,363
Available-for-sale investments	249	244
	675,811	600,241
Total Non-Current Assets	675,811	600,241
Current Assets		
Inventory	144	307
Property development costs	214,315	225,812
Accrued billings	191,081	149,574
Trade receivables	49,490	373,277
Other receivables and deposits	95,104	51,149
Tax recoverable	37,004	13,402
Deposits with licensed banks	47,406	42,370
Cash and bank balances	38,002	50,922
	672,545	906,813
Total Current Assets	672,545	906,813
Total Assets	1,348,357	1,507,054
EQUITY AND LIABILITIES		
Non-Current Liabilities		
Borrowings	191,432	167,785
Hire-purchase payables	4,497	6,182
Deferred tax liabilities	3,659	3,364
	199,588	177,331
Total Non-Current Liabilities	199,588	177,331

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	As at	As at
	31 March 2017	30 June 2016
	RM'000	RM'000
Current Liabilities		
Progress billings	48,184	104,131
Trade payables	150,170	321,291
Other payables and accrued expenses	168,259	155,601
Borrowings	10,629	11,303
Hire-purchase payables	2,478	3,147
Tax liabilities	2,634	13,396
	382,355	608,869
Total Current Liabilities		
	766,414	720,854
Net Assets		
Equity Attributable to Owners of the Company		
Share capital	1,418,874	1,334,777
Share premium	-	84,097
ICULS	122,218	122,218
Reverse acquisition reserve	(1,062,627)	(1,062,627)
Retained earnings	286,455	240,894
	764,921	719,360
Non-controlling interests	1,493	1,494
	766,414	720,854
Total Equity		
	1,348,357	1,507,054
Total Equity and Liabilities	1,348,357	1,507,054
Net assets per share (RM)	0.57	0.54

Notes :

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

(The figures have not been audited)

	← Attributable to Equity Holders of the Company →						Non Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	RA Reserve RM'000	ICULS RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 July 2015	1,334,777	84,097	(1,062,627)	122,218	190,222	668,687	2,820	671,507
Adjustment	-	-	-	-	-	-	(1,326)	(1,326)
Dividend paid	-	-	-	-	(26,696)	(26,696)	-	(26,696)
Total comprehensive income for the year	-	-	-	-	77,367	77,367	1	77,368
Balance as at 30 June 2016	1,334,777	84,097	(1,062,627)	122,218	240,893	719,358	1,495	720,853
Effect from adoption of Companies Act 2016	84,097	(84,097)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	45,561	45,561	(1)	45,560
Balance as at 31 March 2017	1,418,874	-	(1,062,627)	122,218	286,454	764,919	1,494	766,413

Note :

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this financial statements.

MCT BERHAD (881786-X)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	9 Months Period Ended	12 Months Year Ended
	31-Mar-17	30-Jun-16
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	61,748	119,295
Adjustments for:		
Depreciation of:		
- Property, plant and equipment	8,278	14,677
- Investment properties	1,856	646
Provision for rebates	-	4,403
Allowance for doubtful debts	106	3,311
Bad debts written off	62	825
Property, plant and equipment written off	3	-
Finance costs	3,439	6,975
Bargain purchase gain from acquisition of a subsidiary		(264)
Interest income	(1,881)	(4,347)
Unrealised foreign exchange (gain)/loss	(136)	335
Loss on disposal:		
- Property, plant and equipment	3	1,219
Operating Profit Before Working Capital Changes	73,479	147,075
(Increase)/Decrease in assets:		
Property development costs	24,107	(56,651)
Accrued billings	(41,507)	(37,642)
Amount due from contract customers	-	738
Inventories	163	136
Trade receivables	323,619	(338,753)
Other receivables and deposits	(43,955)	(34,023)
Increase/(Decrease) in liabilities:		
Progress billings	(55,947)	103,992
Amount due to contract customers	-	(12,776)
Trade payables	(170,984)	125,380
Other payables and accrued expenses	12,658	38,645
Cash From/(Used in) Operations	121,634	(63,879)
Income tax paid	(50,258)	(73,102)
Net Cash From/(Used in) Operating Activities	71,376	(136,981)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

(The figures have not been audited)

	(UNAUDITED) 9 Months Period Ended 31-Mar-17 RM'000	(AUDITED) 12 Months Year Ended 30-Jun-16 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to:		
- Property, plant and equipment (Note 1)	(40,770)	(47,790)
- Investment properties	(43,994)	(101,810)
- Land held for property development	-	(6,727)
Proceeded from disposal of:		
- Property, plant and equipment	160	1,719
Net cash outflow from acquisition of subsidiaries	-	(488)
Increase in fixed deposits pledged with licensed banks	(29,584)	(1,398)
Available-for-sale financial investments	(5)	(7)
Interest income received	1,881	4,347
Net Cash Used In Investing Activities	<u>(112,312)</u>	<u>(152,154)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown of term loans	275,737	61,117
Repayment of:		
- Term loans	(253,246)	(91,340)
- Hire-purchase payables	(1,979)	(3,733)
Dividends paid	-	(26,696)
Finance costs paid	(17,042)	(20,666)
Net Cash From/(Used in) Financing Activities	<u>3,469</u>	<u>(81,318)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(37,467)	(370,453)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	75,903	446,356
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u>38,436</u>	<u>75,903</u>

Note 1: The Group acquired property, plant and equipment by the following means:

	(UNAUDITED) 9 Months Period Ended 31 March 2017 RM'000	(AUDITED) 12 Months Year Ended 30 June 2016 RM'000
Cash purchase	40,770	47,790
Hire-purchase financing	-	2,788
	<u>40,770</u>	<u>50,578</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	9 Months Period Ended	12 Months Year Ended
	31-Mar-17	30-Jun-16
	RM'000	RM'000
* ANALYSIS OF CASH AND CASH EQUIVALENTS:		
-Deposits with licensed banks	47,406	42,332
-Short term investment	3,315	38
-Deposits under Housing Development Accounts	17,085	9,579
-Cash and bank balances	20,040	41,343
-Bank overdraft	(2,437)	-
	85,409	93,292
Less: Deposit pledge with license bank	(46,973)	(17,389)
	38,436	75,903

Note :

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these financial

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 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 FRS134 : Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (" Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016. These interim financial statements contain selected explanatory notes which provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group").

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the audited financial statements of the Company for the financial year ended 30 June 2016 except as follow:

- (i) Adoption of the following new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:
 - (a) Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted:
 - FRS 14 Regulatory Deferral Accounts
 - Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations
 - Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception
 - Amendments to FRS 101 Disclosure Initiative
 - Amendments to FRS 127 Equity Method in Separate Financial Statements
 - Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
 - Annual Improvements to FRSs 2012 - 2014 cycle
 - (b) Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted:
 - Amendments to FRS 107 Disclosure Initiative
 - Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
 - Annual Improvements to FRSs 2014 - 2016 cycle
 - (c) Effective date deferred to a date to be determined and announced, with earlier application permitted:
 - Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- (ii) Adoption of the Companies Act 2016.

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31st January 2017 as the date on which Companies Act 2016 comes into operation except Section 241 and Division 8 of Part III.

Pursuant to the circular issued by Malaysian Institute of Accountants on 2 February 2017, the Companies Commission of Malaysia has clarified that the Companies Act 2016 should be complied with for the preparation of financial statements and the directors' report and the auditors' report thereon commencing from the financial year/period ended 31 January 2017.

Following the requirements of the Companies Act 2016, the credit balance in share premium account had been reclassified to share capital account as at 31 March 2017. Such credit balances may be utilised for purposes set out in transitional provisions of the Act, within 24 months from 31 January 2017.

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NOTES TO INTERIM FINANCIAL STATEMENTS

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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A2 Change of financial year end

As announced on 11 February 2015, the Company has changed its financial year end to 30 June. The first set of financial statements reflecting the change was made up from 1 January 2014 to 30 June 2015 covering a period of eighteen (18) months.

A3 Summary of significant accounting policies

The significant accounting policies applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the audited financial statements of the Company for the financial year ended 30 June 2016.

A4 Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements of the Company for the financial year ended 30 June 2016 were not subject to any qualification.

A5 Exceptional or unusual items

There were no items of exceptional or unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 31 March 2017.

A6 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial period or changes in estimates of amounts reported in prior financial periods that have a material effect in the current interim period.

A7 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period-to-date.

A8 Dividend paid

There was no dividend paid in the current quarter under review.

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Profit before tax

The following amounts have been included in arriving at profit before tax :

	3 Months ended 31-Mar-17 RM'000	9 Months ended 31-Mar-17 RM'000
Staff costs	9,837	44,236
Provision for rebates	3,205	11,012
Depreciation of:		
Property, plant and equipment	2,844	8,278
Investment properties	634	1,856
Developer interest bearing scheme	3,535	8,455
Realised (gain)/loss on foreign exchange	166	306
Allowance for doubtful debts	0	106
Bad debt written off	(0)	62
Property, plant and equipment written off	3	3
Loss on disposal of property, plant and equipment	3	3
UKAS government grant income	-	(14,906)
Interest income	(518)	(1,881)
Unrealised (gain)/loss on foreign exchange	(136)	(136)

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A10. Segmental Information

The segmental analysis for the financial year ended 31 March 2017 is as follow:

	Property development RM'000	Construction activities RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	396,973	352	32,997	430,321	-	430,321
Inter-segment revenue	-	212,268	64,566	276,834	(276,834)	-
Total Revenue	396,973	212,619	97,563	707,155	(276,834)	430,321
Results						
Operating profit/(loss)	64,349	4,404	(8,727)	60,027	(13,045)	46,982
Interest income	1,384	24	472	1,881	-	1,881
Other income	15,860	17	1,100	16,977	(651)	16,325
Finance costs	(800)	(355)	(2,284)	(3,439)	-	(3,439)
Profit before tax	80,793	4,091	(9,439)	75,445	(13,697)	61,748
Income tax expense	(14,586)	(1,153)	(449)	(16,189)	-	(16,189)
Profit after tax	66,207	2,937	(9,888)	59,256	(13,697)	45,560
Assets and liabilities						
Segment assets	1,400,786	505,396	1,901,750	3,807,933	(2,496,580)	1,311,353
Tax recoverable	24,144	12,239	621	37,004	-	37,004
Total assets	1,424,930	517,635	1,902,372	3,844,937	(2,496,580)	1,348,357
Segment liabilities	967,228	438,035	312,209	1,717,473	(1,141,822)	575,651
Tax and deferred tax liabilities	2,630	3,659	4	6,292	-	6,292
Total liabilities	969,858	441,694	312,213	1,723,765	(1,141,822)	581,943

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A10. Segmental Information

The segmental analysis for the previous corresponding period ended 31 March 2016 is as follow:

	Property development RM'000	Construction activities RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	435,111	19,322	40,808	495,241	-	495,241
Inter-segment revenue	26,118	153,430	92,700	272,248	(272,248)	-
Total Revenue	<u>461,229</u>	<u>172,752</u>	<u>133,508</u>	<u>767,489</u>	<u>(272,248)</u>	<u>495,241</u>
Results						
Operating profit/(loss)	117,019	18,532	(14,336)	121,215	(19,900)	101,315
Interest income						3,877
Finance costs						<u>(6,003)</u>
Profit before tax						99,189
Income tax expense						(34,897)
Profit after tax						<u>64,292</u>
Assets and liabilities						
Segment assets	1,317,494	531,178	1,910,066	3,758,738	(2,344,755)	1,413,983
Tax recoverable	2,093	7,540	479	10,112	-	10,112
Total assets	<u>1,319,587</u>	<u>538,718</u>	<u>1,910,545</u>	<u>3,768,850</u>	<u>(2,344,755)</u>	<u>1,424,095</u>
Segment liabilities	1,001,005	449,626	257,676	1,708,307	(1,027,395)	680,912
Tax and deferred tax liabilities	31,803	3,604	-	35,407	-	35,407
Total liabilities	<u>1,032,808</u>	<u>453,230</u>	<u>257,676</u>	<u>1,743,714</u>	<u>(1,027,395)</u>	<u>716,319</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A11 Material events subsequent to the end of interim financial period

There were no material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and financial period ended 31 March 2017.

A12 Changes in the composition of the Group

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

A13 Changes in contingent liabilities and contingent assets

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

	As at 31-Mar-17 RM'000	As at 30-Jun-16 RM'000
Guarantees given to third parties in respect of construction projects	50,421	51,727

There were no contingent assets.

A14 Capital commitments

The amount of commitments for the purchase of property, plant and equipment and rental from lease back arrangement not provided for the financial statements as at 31 March 2017 are as follows:

	As at 31-Mar-17 RM'000
<u>Approved and contracted for:</u>	
Plant and equipment	1,574
Rental from lease-back arrangements	22,668
Commitment under Joint Venture	65,000
	89,242

A15 Significant related party transactions

During the financial period, the significant related party transactions entered by the Group which were determined based on negotiations agreed between the parties, are as follows:

	As at 31-Mar-17 RM'000
(i) Rental of premises paid/payable to related party	1,583
(ii) Rental of premises received/receivable from related parties	711
(iii) Disposal of motor vehicle	148
(iv) Administrative expenses paid/payable to related party	5

Related parties refer to companies in which certain directors have interests.

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A16 Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors during the financial period ended 31 March 2017.

A17 Default of a Loan Agreement

Ecity Hotel Sdn Bhd ("Hotel"), a subsidiary of MCT Berhad, has a term loan which was taken to part finance the acquisition of the Hotel. A financial covenant pertaining to the required debt equity ratio was technically defaulted. The Bank has given Ecity indulgence by putting up for approval, an amendment to the stipulated debt equity ratio formula to ensure compliance. We are of the opinion that the likelihood of resolving this technical default is very favourable as the hotel operations is profitable, and loan obligations have have always been complied with. Market value of the Hotel as at 9 May 2016 as appraised by an independent professional valuer was RM76 million (Net book value as of 31 March 2017: RM28.3 million), representing an appreciation in value of RM47.7 million.

A18 Fair Values

The carrying amounts of the financial instruments approximate their fair values as these financial assets and financial liabilities have short-term maturity or are repayable on demand except for the following:

The fair value of long-term financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as at the end of the reporting period.

A19 Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1 RM'000
31-Mar-17	
Financial Assets	
Available-for-sale investments	<u>249</u>
30-Jun-16	
Financial Assets	
Available-for-sale investments	<u>244</u>

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

PART B - EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance review

For the Quarter

The Group recorded revenue of RM137.3 million for the current quarter ended 31 March 2017 as compared to revenue of RM150.2 million in the corresponding quarter of the previous financial year.

Lower revenues were registered mainly due to slower stages of completion from the property development segment from managed completion in LakeFront@ Cyberjaya and Cybersouth.

Gross profit for the quarter was at 29% versus 42% of the same quarter of the previous financial year due to mix of projects with varying completion stages sold to the market.

Movements in gross profit was cushioned with lower expenses of RM29.4 million versus RM35.3 million from unspent operating and general administrative expenses due to timing and cost savings initiatives.

Expense to revenue ratio is at 21% for the current quarter versus 24% in the same period of the previous year.

The current quarter ended with RM5.2 million in profit after tax as compared to RM19.3 million in the previous quarter. Tax adjustments to consider non-deductible expenses were effected as an adjustment in the third quarter of the current financial year, which led to an increase in effective tax rate and consequently, a decrease in profit after tax for the quarter.

For the Nine Months Period

The Group recorded revenue of RM430.3 million and profit after tax (PAT) of RM45.6 million for the current nine months ended 31 March 2017 as compared to revenue of RM495.2 million and profit after tax of RM64.92 million of the corresponding nine months period of the previous financial year.

The property development segment continues to be the key financial driver contributing RM397 million or 92% of total revenues for the nine months ended for the current year from RM435.1 million or 88% contribution in revenues for the same period of the previous financial year.

Decrease in revenues is attributed to lower movements in percentage of completion rates due to rationalized construction costs, completion and phasing as an initiative to streamline and improve operations. Ongoing projects in Lakefront@Cyberjaya such as LF Homes, LF towers 1 to 4, Cybersouth Projects such as Green Casa and Casa View continue to contribute to the property development segment through new units sold and recognition from percentage of completion. Skypark@Cyberjaya is almost fully sold out and in the advanced stage of completion as at 31 March 2016. Only the few units remaining were sold during the same period of the current financial year with a slower movement in completion rate as the project is nearing its tail-end.

In addition to development projects, a construction contract with the Universiti Teknologi MARA (UiTM) contributed to RM19.3 million in revenues as at the third quarter of 2016. No such similar contracts were entered into in the same period of 2017.

The nine months period ended with 32% gross profit margin as compared to 41% of the same period of the previous financial year. Projects with higher gross profit yield contributed more during the third quarter of 2016 and less in the same period of the current financial year.

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For the Nine Months Period (Continued)

Expenses during the nine months period was lower by 13% with a total of RM89.2 million spent as compared to RM102.6 million from the same period in the previous financial year due to lower administrative expenses, and savings from the non-core business segment of the Company.

The Group received RM14.9 million during the period as a government grant and recorded under other income. Said grant is for work done as infrastructure work for a public road adjacent to one of the project sites under the UKAS program.

PAT margin was at 11% and 13% in the same reporting periods of the current and previous years respectively.

B2 Material Changes in the Profit Before Taxation for the Current Quarter as Compared to the Preceding Quarter

The Group recorded revenue of RM137.3 million for the quarter ended under review which is at the same level of immediate preceding quarter of RM137.8 million.

Gross profit registered during the quarter was RM40.4 million which is slightly lower compared to RM43.8 million preceding quarter. Movements in gross profit are attributed to mix in projects contributing as financial drivers during the financial periods.

Expenses were maintained at the same level with RM29.4 million for the quarter ended versus RM29.7 million for the previous quarter. Tightened cost savings and measures to track spend were adopted to ensure that expenses are kept at optimal levels.

Income tax expense was slightly higher at RM5.7 million as compared to RM4.9 million from the previous quarter. Tax items that are considered non-deductible expenses were considered during the current quarter.

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B3 Prospects for the current financial year

The property segment continues to be challenged with anticipated higher inflation, global economic uncertainties and consumer spend and sentiments.

Financial institution have implemented stricter lending policies posing restrictions on interested potential buyers to secure loans for financing in buying real estate.

Despite said factors, the Group continues to be optimistic with a given steady demand in the property segment of the economic market segment that the Group is servicing and ongoing infrastructure projects.

The Group has adopted robust marketing efforts through improved product, widened sales networks to ensure that all potential markets are tapped into, optimizing opportunities for growth with its existing inventories for sale. Project launches for the fourth quarter of the financial year are expected to serve the market demands.

Construction costs, methodologies and phasing are undergoing review and improvements to ensure products are delivered as committed and within optimal costs.

The Group capitalizes on its synergies within its various segments such as property development, construction, leasing and complementary businesses to unlock the best values for its existing and future portfolios.

The Group's projects are located at strategic sites in Subang Jaya, Cyberjaya and Dengkil with other landbanks for development in the future. These sites are near existing or planned infrastructure and planned transport connectivity.

B4 Variance of profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5 Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the financial period under review.

B6 Profit / (Loss) on sale of unquoted investments and / or properties

There was no sale of unquoted investments and / or properties during the current financial quarter.

B7 Quoted securities

There was no other purchase or disposal of quoted and marketable securities during the current quarter under review.

B8 Status of corporate proposals

There was no corporate proposal during the current quarter under review.

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B9 Group borrowings and Debt Securities

Total loans and borrowings as at 31 March 2017 were as follows:

	Short-term RM'000	Long-term RM'000
Secured:		
Term loans	10,629	191,432
Non- Secured:		
Hire purchase	2,478	4,497

There were no loans and borrowings denominated in foreign currency as at the reporting date.

B10 Material litigation

There was a suit filed on 4 December 1996 by Chellappa A/L Kalimuthu (suing as a public officer of Sri Maha Mariamman Temple, Hicom, Shah Alam, Selangor pursuant to Section 9(c) of the Society Act 1996) on behalf of a society ("Society") ("Plaintiff").

A writ of possession ("Writ") vide "Permohonan Perlaksanaan No. 37WP-44-12/2015" was issued by the High Court on 22 December 2015 and subsequently served by the Court Bailiff to the Indian Temple, Kuil Sri Maha Mariamman ("Existing Temple") on 30 May 2016. On 10 June 2016, OCD's solicitors applied to court to extend the Writ. The Court has granted its Order on 22 December 2016. The Writ and the Order for extension of time has been served by the Court Bailiff to the Existing Temple on 18 May 2017.

B11 Income Tax Expenses

	3 Months ended 31-Mar-17 RM'000	9 Months ended 31-Mar-17 RM'000
Income tax expense comprises:		
Current tax		
- for current quarter / financial year-to-date	4,897	14,892
- for prior years	999	999
Deferred tax		
- for current quarter / financial year-to-date	(196)	298
- for prior years	-	-
	<u>5,700</u>	<u>16,189</u>

The Group's effective tax rate for the current quarter of 52% which is higher than statutory tax rate of 24% due to under provision for taxation for prior year and non-deductible expenses.

The Group's effective tax rate for the financial period is 26% which is slightly higher than the statutory tax rate of 24% due to under provision for taxation for prior years.

B12 Dividend Payable

No interim dividend has been recommended in respect of the financial period ended 31 March 2017.

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B13 Earnings Per Share

Basic earnings per share

Basic earning per share is calculated based on the profit after tax for the period under review attributable to the equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the said period.

	3 MONTHS ENDED		9 MONTHS ENDED	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Net profit attributable to shareholders for the period (RM'000)	5,207	19,331	45,561	64,293
Weighted average number of ordinary shares ('000)	1,418,874	1,418,874	1,418,874	1,418,874
Par value per ordinary share (RM)	1.00	1.00	1.00	1.00
Basic earnings per share (sen)	0.37	1.36	3.21	4.53

B14 Utilisation of proceeds from the Regularisation Plan

No	Purpose	Proposed Utilisation RM'000	Amount Utilised RM'000	Expected time frame for utilisation from Listing Date
1	Capital expenditure			
	(i) Development costs for property development projects	64,128	66,693	within 24 months
	(ii) Development of investment properties	166,656	158,548	within 24 months
2	Repayment of bank borrowings	120,192	125,601	immediate
3	General working capital	20,352	20,486	within 24 months
4	Expenses in relation to the Regularisation Plan	12,672	12,672	immediate
	Total	384,000	384,000	