

NOTES TO THE FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with Financial Reporting Standards (“FRS”) 134 Interim Financial Reporting and Paragraph 9.22 of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2015 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 30 September 2015.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the Audited Financial Statements for the financial year ended 30 September 2015 except for the changes in accounting policies and presentation resulting from the adoption of new and revised FRSs and amendments to FRSs that are effective for the financial periods beginning on or after 1 October 2015.

The Group has not adopted the following new FRSs and amendments to FRSs issued by Malaysian Accounting Standards Board (“MASB”):

Effective for annual financial periods beginning on or after 1 January 2016

FRS10, 12 and 128	Consolidation Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
FRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
FRS 101	Presentation of Financial Statements: Disclosure initiative
FRS 116	Property, Plant and Equipment: Agriculture – Bearer Plants
FRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation
FRS 127	Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
FRS 138	Intangible Assets: Clarification of Acceptable Methods of Amortisation
FRS 141	Agriculture: Bearer Plants
Annual Improvements to FRSs 2012-2014 Cycle issued in November 2014	

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A1 Accounting Policies and Basis of Preparation (cont'd)

The Group has not adopted the following new FRSs and amendments to FRSs issued by Malaysian Accounting Standards Board ("MASB") (cont'd):

Effective for annual financial periods beginning on or after 1 January 2018

FRS 9	Financial Instruments [International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in July 2014]
Amendments to FRS 7	Financial Instruments - Disclosures: Mandatory effective date of FRS 9 and transitional disclosures

FRS 11, 12, 14, 127, 138, 141 and Annual Improvements to FRSs 2012-2104 Cycle are not applicable to the Group's existing operations.

Save and except for the possible impact of FRS 9 in the initial period of initial application which cannot be determined at present, the adoption of the rest of the above applicable pronouncements will have no material impact on the Group.

Convergence of FRSs with IFRSs

On 19 November 2011, MASB issued a new approved accounting framework comprising Malaysian Financial Reporting Standards ("MFRS") which are in line with IFRS issued by IASB.

The MFRS Framework is to be applied by all Non-Private Entities for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and MFRS 15 Revenue from Contracts with Customers for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitional Entities were allowed to defer adoption of the MFRS Framework until their annual financial periods beginning on or after 1 January 2018.

The Group falls within the scope of Transitional Entities and has opted to defer adoption of the MFRS Framework. Accordingly, the Group will be required to prepare consolidated financial statements using the MFRS Framework in its first MFRS financial statements for its financial year ending 30 September 2019. In presenting its first MFRS financial statements, the Group will be required to restate comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against opening retained profits.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 30 September 2015 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the property development segment were not subjected to seasonal or cyclical factors. As for the leisure and hospitality segment, its operations normally peak during major festivities, and public and school holiday seasons.

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A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow for the current financial year to-date.

A5 Changes in Estimates

There were no changes in estimates of amounts reported in a prior financial quarter of the current financial year or a prior financial year, which have material impact on the current financial year to-date.

A6 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity for the year to-date during the current financial year to-date.

A7 Dividends Paid

On 8 January 2016, the Company paid an interim single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2015 amounting to RM4,841,111.

Other than the above, no dividends were paid during the current financial quarter and year to-date.

A8 Segmental Information

The Group has identified property development, leisure and hospitality and others as operating segments. These segments are monitored and strategic decisions are made on the basis of adjusted segment results.

Segment results for the current financial year to-date were as follows:

	Property Development RM'000	Leisure and Hospitality RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	65,454	29,487	-		94,941
Inter-segment	-	799	-	(799)	-
	65,454	30,286	-	(799)	94,941
Results					
Segment profit/(loss)	17,845	2,980	(1,549)	1,000	20,276
Finance income	80	-	118		198
Finance costs	(1,988)	(1,395)	(345)		(3,728)
Profit/(loss) before taxation	15,937	1,585	(1,776)		16,746
Taxation	(4,341)	48	-		(4,293)
Profit/(loss) for the period	11,596	1,633	(1,776)		12,453

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A8 Segmental Information (cont'd)

The Group's business is entirely operated in Malaysia and as such, there is no presentation of segment revenue and segment assets based on geographical location of customers and assets.

A9 Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter which have not been reflected in the interim financial statements.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A11 Contingent Assets and Contingent Liabilities

There were no material changes to the contingent assets and contingent liabilities of the Group since the end of the prior financial year.

A12 Capital Commitments

The Group's capital commitments at the end of current financial quarter were as follows:

	RM'000
Amount authorised and contracted for	79,608
Amount authorised but not contracted for	-

A13 Significant Related Party Transactions

The Group's significant related party transactions during the current financial year to-date were:

	RM'000
Rental paid to companies in which certain directors have interests	185
Rental paid to persons connected to a director	30
Sales to a company in which certain directors have interests	539
Tax consulting fee paid to a company in which a person connected to a director has interest	90

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B1 Review of Performance

For current financial quarter, the Group's profit before taxation ("PBT") increased by 4.4% to RM6.3 million as compared to RM6.1 million despite the revenue decreased by 6.8% to RM47.9 million as compared to RM51.4 million in the preceding year corresponding quarter. This was mainly due to improved gross margins of both property development division and leisure and hospitality division.

The decreased in revenue was attributed to the property development division as the revenue of the leisure and hospitality division was more or less the same year-on-year ("YoY"). This was mainly due to the new projects launched in 2nd quarter of FY2016 yet to contribute significantly for the current quarter.

Property development division's PBT for the current financial quarter decreased by 5.4% to RM8.6 million as compared to RM9.1 million in preceding year corresponding quarter. However, leisure and hospitality division recorded a lower net loss of RM2.2 million for the current financial quarter from RM3.0 million recorded in the preceding year corresponding quarter.

B2 Comparison with Immediate Preceding Quarter's Results

The Group recorded a minor growth of 1.9% in revenue from RM47.0 million in the preceding financial quarter to RM47.9 million in current financial quarter. This was attributed to the property development division whose revenue surged 28.1% quarter-on-quarter ("QoQ") to RM36.3 million. However, this increase was offset by a decline in leisure and hospitality division's revenue which dropped to RM11.6 million for the current financial quarter from that of RM18.7 million achieved in the preceding financial quarter. This QoQ drop in leisure and hospitality division's revenue was due to seasonality.

Profitability-wise, the current financial quarter's PBT of the Group decreased by 38.6% QoQ to preceding year corresponding quarter in the preceding financial quarter. While property development division's PBT for the current financial quarter was higher by 30.4% QoQ, the seasonality effect caused leisure and hospitality division to record a net loss of RM2.2 million for the current financial quarter from a PBT of RM3.8 million recorded in the preceding financial quarter.

B3 Commentary on Prospects

The Group's core strength is in building affordable homes. The new launches of properties in Kuching and Morib during the current financial quarter had received good response. Premised on this and the planned launches in the pipeline, the Group is optimistic that property development division's sales for the current financial year should improve over that of the previous financial year.

As for leisure and hospitality division, its operations are expected to be challenging in the current economic climate. Nevertheless, it will continue its efforts to enhance operating and cost efficiencies.

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B4 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax with profit forecast and shortfall in profit guarantee are not applicable.

B5 Taxation

	Current Year Quarter RM'000	Current Year To-Date RM'000
Current income tax	2,383	4,383
Deferred taxation	(52)	(90)
	2,331	4,293
Effective income tax rate	36.6%	25.6%

The Group's effective income tax rates are higher than the applicable statutory income tax rate of 24% due to the non-deductibility of certain expenses for tax purposes and losses incurred by certain subsidiaries which were not available to be set-off against taxable profits in other subsidiaries within the Group.

B6 Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as of 19 May 2016.

B7 Borrowings and Debt Securities

The Group's borrowings, all of which are secured and denominated in RM as at 31 March 2016 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Bankers' acceptances	15,842	-	15,842
Bank overdrafts	25,774	-	25,774
Finance lease liabilities	759	795	1,554
Term loans	2,876	208,173	211,049
	45,251	208,968	254,219

B8 Changes in Material Litigation

The Group has no material litigation as of 19 May 2016.

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B9 Dividends Payable

At the Company's Seventeenth Annual General Meeting held on 18 March 2016, the shareholders had approved a final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2015.

This dividend will be paid on 16 June 2016 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 18 May 2016.

Other than the above, no dividend has been declared or recommended for the current financial quarter and year to-date.

B10 Earnings Per Share

(i) Basic earnings per share

The basic earnings per ordinary share for a financial period is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period concerned.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2016	Preceding Year Quarter 31/03/2015	Current Year To-Date 31/03/2016	Preceding Year To-Date 31/03/2015
Profit attributable to owners of the Company (RM'000)	4,030	3,275	12,459	14,529
Weighted average number of ordinary shares in issue ('000)	484,111	454,119	484,111	447,946
Basic earnings per share (sen)	0.83	0.72	2.57	3.24

(ii) Diluted earnings per share

The diluted earnings per ordinary share for a financial period is calculated by dividing the profit attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding and the assumed conversion of warrants outstanding during and as of the end of the financial period concerned respectively.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2016	Preceding Year Quarter 31/03/2015	Current Year To-Date 31/03/2016	Preceding Year To-Date 31/03/2015
Profit attributable to owners of the Company (RM'000)	4,030	3,275	12,459	14,529
Weighted average number of ordinary shares in issue ('000)	487,103	492,382	490,883	486,218
Diluted earnings per share (sen)	0.82	0.66	2.54	2.99

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B11 Profit Before Tax

Finance income, other income, finance costs, and amortisation and depreciation have been disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The following items which are not disclosed are not applicable.

- a) Allowance and write off of receivables;
- b) Allowance and write off of inventories;
- c) Gain or loss on disposal of quoted or unquoted investments or properties;
- d) Impairment of assets;
- e) Foreign exchange gain or loss;
- f) Gain or loss on derivatives; and
- g) Exceptional items (with details).

B12 Supplementary Information Disclosed Pursuant to Listing Requirements

The breakdown of retained profits of the Group as at the reporting dates into realised and unrealised profits is as follows:

	As at 31/03/2016 RM'000	As at 31/03/2015 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	132,304	121,920
Unrealised	58,475	44,668
Consolidation adjustments	(17,050)	(14,301)
Total retained profits of the Group	173,729	152,287

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to the Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By order of the Board

Datuk Tan Leh Kiah
Company Secretary

26 May 2016