

**SENTORIA GROUP BERHAD (Company No : 463344-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	UNAUDITED CURRENT YEAR QUARTER 30/09/2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30/09/2017 RM'000	UNAUDITED CURRENT YEAR 30/09/2018 RM'000	AUDITED PRECEDING YEAR 30/09/2017 RM'000
Revenue	63,509	99,656	293,005	280,415
Cost of sales	(55,202)	(67,470)	(220,684)	(183,673)
Gross profit	8,307	32,186	72,321	96,742
Other income	10,127	5,513	10,897	6,254
Distribution expenses	(797)	(749)	(1,872)	(1,950)
Administration expenses	(10,592)	(8,539)	(41,343)	(34,898)
Amortisation and depreciation	(2,736)	(3,005)	(10,680)	(11,881)
Profit from operations	4,309	25,406	29,323	54,267
Finance income	186	132	916	572
Finance costs	(1,983)	(455)	(4,828)	(3,474)
Profit before taxation	2,512	25,083	25,411	51,365
Taxation	(4,802)	(6,083)	2,653	(13,333)
Net (loss)/profit from operations	(2,290)	19,000	28,064	38,032
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation of land and buildings	6,272	599	6,272	599
Deferred tax relating to revaluation of land and building	(1,255)	(144)	(1,255)	(143)
Total comprehensive income	2,727	19,455	33,081	38,488
Net (loss)/profit from operations attributable to:				
Owners of the Company	(2,287)	18,963	28,066	38,029
Non-controlling interests	(3)	37	(2)	3
	(2,290)	19,000	28,064	38,032
Total comprehensive income attributable to:				
Owners of the Company	2,730	19,418	33,083	38,485
Non-controlling interests	(3)	37	(2)	3
	2,727	19,455	33,081	38,488
(Loss)/earnings per share attributable to owners of the Company:				
Basic (sen)	(0.41)	3.45	5.02	7.00
Diluted (sen)	(0.41)	3.44	5.01	6.91

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 30 September 2017 and the accompanying explanatory notes attached to the interim financial report.

**SENTORIA GROUP BERHAD (Company No : 463344-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED AS AT END OF CURRENT YEAR TO-DATE 30/09/2018 RM'000	AUDITED AS AT PRECEDING YEAR ENDED 30/09/2017 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	512,966	419,245
Biological assets	3,711	3,657
Property development costs	28,600	22,972
Investment properties	61,805	38,155
Fixed deposits with licensed banks	10,242	7,005
Investment in short term funds	7,990	7,524
Goodwill on consolidation	3	3
Deferred tax assets	61,318	50,361
<b>Total Non-Current Assets</b>	<b>686,635</b>	<b>548,922</b>
<b>Current Assets</b>		
Property development costs	219,134	185,032
Amount due from customers	17,507	15,270
Amount due from holding company	-	3,179
Inventories	1,881	1,734
Trade and other receivables	298,072	222,891
Tax recoverable	1,629	4
Investment in short term funds	-	8,000
Cash and bank balances	10,884	38,038
<b>Total Current Assets</b>	<b>549,107</b>	<b>474,148</b>
<b>Total Assets</b>	<b>1,235,742</b>	<b>1,023,070</b>
<b>Equity and Liabilities</b>		
Share capital	161,771	152,566
Treasury shares	(5,883)	(862)
Revaluation reserves	70,310	66,175
Warrant reserve	51,467	-
Retained earnings	257,234	228,589
	534,899	446,468
Non-controlling interests	951	953
<b>Total Equity</b>	<b>535,850</b>	<b>447,421</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	5,669	4,107
Borrowings	254,663	222,483
<b>Total Non-Current Liabilities</b>	<b>260,332</b>	<b>226,590</b>
<b>Current Liabilities</b>		
Trade and other payables	245,347	178,944
Borrowings	191,729	166,188
Tax payable	2,484	3,927
<b>Total Current Liabilities</b>	<b>439,560</b>	<b>349,059</b>
<b>Total Liabilities</b>	<b>699,892</b>	<b>575,649</b>
<b>Total Equity and Liabilities</b>	<b>1,235,742</b>	<b>1,023,070</b>
Net assets per share (RM)	0.96	0.90

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

**SENTORIA GROUP BERHAD (Company No : 463344-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company						Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Distributable Treasury Shares RM'000	Share Premium RM'000	Non-distributable Revaluation Reserves RM'000	Warrant Reserve RM'000	Distributable Retained Earnings RM'000			
<b>Unaudited</b>									
<b>Financial quarter ended 30 September 2018</b>									
As at 1 October 2017	152,566	(862)	-	66,175	-	228,589	446,468	953	447,421
Revaluation of property, plant and equipment, net of tax	-	-	-	4,714	-	-	4,714	-	4,714
Crystallisation of revaluation reserves	-	-	-	(579)	-	579	-	-	-
Net profit from operations	-	-	-	-	-	28,066	28,066	(2)	28,064
Total comprehensive income	-	-	-	4,135	-	28,645	32,780	(2)	32,778
<b>Transactions with owners</b>									
Exercise of Warrants-A	10,013	-	-	-	-	-	10,013	-	10,013
Share issue expenses written off against share premium in accordance with Section 618(3) of Companies Act 2016	(808)	-	-	-	-	-	(808)	-	(808)
Own shares bought	-	(5,021)	-	-	-	-	(5,021)	-	(5,021)
Issuance of Warrants-B	-	-	-	-	51,467	-	51,467	-	51,467
Total transactions with owners	9,205	(5,021)	-	-	51,467	-	55,651	-	55,651
As at 30 September 2018	161,771	(5,883)	-	70,310	51,467	257,234	534,899	951	535,850
<b>Audited</b>									
<b>Financial year ended 30 September 2017</b>									
As at 1 October 2016	97,822	-	48,744	66,298	-	189,853	402,717	475	403,192
Crystallisation of revaluation reserves	-	-	-	(579)	-	579	-	-	-
Revaluation of land and buildings, net of tax	-	-	-	456	-	-	456	-	456
Net profit from operations	-	-	-	-	-	38,029	38,029	3	38,032
Total comprehensive income	-	-	-	(123)	-	38,608	38,485	3	38,488
<b>Transactions with owners</b>									
Exercise of Warrants-A	6,000	-	-	-	-	-	6,000	-	6,000
Additional investment in a subsidiary company	-	-	-	-	-	-	-	475	475
Sale of treasury shares	-	725	-	-	-	128	853	-	853
Own shares bought	-	(1,587)	-	-	-	-	(1,587)	-	(1,587)
Total transactions with owners	6,000	(862)	-	-	-	128	5,266	475	5,741
Transition to no par value regime	48,744	-	(48,744)	-	-	-	-	-	-
As at 30 September 2017	152,566	(862)	-	66,175	-	228,589	446,468	953	447,421

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2017 and the accompanying explanatory notes attached to the interim financial statements.

**SENTORIA GROUP BERHAD (Company No : 463344-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>UNAUDITED CURRENT YEAR 30/09/2018 RM'000</b>	<b>AUDITED PRECEDING YEAR YEAR 30/09/2017 RM'000</b>
<b>Operating Activities</b>		
Profit before taxation	25,411	51,365
Adjustments for :		
Amortisation and depreciation	11,620	11,881
Impairment loss on trade receivables	151	-
Biological assets written off	101	549
Fair value gain on revaluation of investment properties	(10,195)	(5,475)
Interest and commission expenses	4,828	3,474
Gain on disposal of property, plant and equipment	(50)	(171)
Gain on disposal of investment properties	(29)	-
Interest income	(916)	(572)
Operating profit before changes in working capital	30,921	61,051
Property development costs	(39,730)	(56,087)
Inventories	(147)	465
Amount due (to)/from customers	(2,237)	3,532
Receivables	(72,163)	(36,136)
Payables	66,403	16,350
Cash used in operations	(16,953)	(10,825)
Interest and commission expenses paid	(4,828)	(3,474)
Interest income received	916	572
Tax paid	(11,397)	(11,791)
Tax refund	40	239
<b>Net cash used in operating activities</b>	<b>(32,222)</b>	<b>(25,279)</b>
<b>Investing Activities</b>		
Proceeds from subscription of shares in a subsidiary by non-controlling interest	-	475
Net movement in fixed deposits with licensed banks	(3,237)	(3,321)
Net movement in short term funds	(466)	(236)
Purchase of biological assets	(821)	(535)
Purchase of property, plant and equipment	(94,631)	(54,097)
Acquisition of investment properties	-	(1,679)
Proceeds from disposal of property, plant and equipment	-	171
Purchase of investment properties	(15,649)	-
Proceeds from disposal of investment properties	269	-
<b>Net cash used in investing activities</b>	<b>(114,535)</b>	<b>(59,222)</b>
<b>Financing Activities</b>		
Proceeds from issuance of shares	10,013	6,000
Share issue expenses	(808)	-
Proceeds from issuance of Warrants-B	51,467	-
Proceeds from sale of treasury shares	-	853
Own shares bought	(5,021)	(1,587)
Repayment of finance lease liabilities	(1,129)	(707)
Repayment of borrowings	(175,677)	(121,907)
Drawdown of borrowings	216,124	232,030
<b>Net cash from financing activities</b>	<b>94,969</b>	<b>114,682</b>
Net (decrease)/increase in cash and cash equivalents	(51,788)	30,181
Cash and cash equivalents at beginning of financial year	18,580	(11,601)
Cash and cash equivalents at end of financial year	(33,208)	18,580
Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	10,884	38,038
Investment in short term funds	-	8,000
Bank overdrafts	(44,092)	(27,458)
	(33,208)	18,580

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2017 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL  
QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS

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**A1 Accounting policies and basis of preparation**

The interim financial report is unaudited and is prepared in accordance with Financial Reporting Standard (“**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 2017 and these explanatory notes.

These 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 2017.

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 2017 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 2017.

The Group has not adopted the following new FRS, Amendments to FRSs and Interpretation issued by Malaysian Accounting Standards Board (“**MASB**”):

FRS, Amendments to FRSs and Interpretation effective 1 January 2018

FRS 9	Financial Instruments (International Financial Reporting Standard (“ <b>IFRS</b> ”) 9 issued by International Accounting Standards Board (“ <b>IASB</b> ”) in July 2014)
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
Amendments to FRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to FRS Standards 2016-2016 Cycle (except for Amendments to FRS12 Disclosure of Interests in Other Entities)	

\* See FRS 4 Paragraphs 46, 47A and 48 for the effective date

Amendments to FRSs 2 and 4 are not applicable to the Group’s existing operations.

The adoption of the above FRS, Amendments to FRSs (except for FRS 9) and Interpretation are not expected to have any significant financial impact to the Group. As for FRS 9, the financial impacts in the period of initial application cannot be determined at present.

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New MASB Approved Accounting Standards

To converge with IFRSs in 2012, MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“**MFRS**”), which are mandatory 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, including its parent, significant investor and venture (“**Transitioning Entities**”).

Transitioning Entities will be allowed to defer adoption of the new MFRSs. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2018.

The Group falls within the scope of Transitioning Entities and has opted to defer the adoption of MFRSs. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 September 2019.

In presenting its first MFRS financial statements, the Group will be required to restate its 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 earnings.

The Group has not completed their quantification of the financial effects of the differences between FRSs and MFRSs and as such, are unable to assess the said differences. Accordingly, the Group’s financial performance and position as disclosed in the interim financial statements could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 September 2019. In addition to the adoption of the MFRS Framework, the following new MFRSs, Amendments to MFRSs and Interpretations have been issued by MASB but not yet effective:

MFRS effective 1 January 2018

MFRS 15 Revenue from Contracts with Customers  
*Clarification to MFRS 15*

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119	Post-employment Benefits: Defined Benefits Plans
Amendments to MFRS 128*	Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

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*Amendments to MFRSs and IC Interpretations effective 1 January 2020*  
*Amendments to references to the Conceptual Framework in MFRS Standards*

*MFRS effective 1 January 2021*  
MFRS 17 Insurance Contracts

*Amendments to MFRS (deferred, effective date to be announced by MASB)*  
Amendments to MFRS 10 and 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

MFRS 9, 17, 119 and 128 are not applicable to the Group's existing operations.

**A2 Auditors' report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 30 September 2017 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.

**A4 Unusual items due to their nature, size or incidence**

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

**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 a material impact on the current financial year.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**A6 Changes in debt and equity securities**

During the current financial year, the Company:

- (a) increased its issued ordinary share capital from RM152,565,976 to RM162,578,768 by the issuance of 16,687,986 new shares on the exercise of Warrants-A pursuant to the Warrants-A deed poll of 27 March 2014 at the exercise price of 60 sen per share;
- (b) issued 51,466,801 million bonus ordinary shares on the basis of one bonus share for every ten existing shares held at an issue price of 20 sen per share by the capitalisation of the share premium account pursuant to Section 618(3) of the Companies Act 2016 (“**Bonus Issue**”). As a consequence of the Bonus Issue, the Company issued 1,219,957 additional Warrants-A pursuant to the Warrants-A deed poll of 27 March 2014;
- (c) issued 205,867,236 million new Warrants-B at an issue price of 25 sen per warrant on the basis of four Warrants-B for every ten existing shares held. Each Warrant-B entitled the registered holder to subscribe for one new ordinary share in the Company at 60 sen per share during the exercise period expiring on 9 January 2025; and
- (d) bought 8,280,900 of its own ordinary shares from the open market at an average price of 60.6 sen per share. The total consideration paid for the purchased shares including transaction costs amounting to RM5,021,288 was financed by internally generated funds. These purchased shares were dealt with as treasury shares in accordance with Section 127 of the Companies Act 2016.

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial year.

Subsequent to the end of the current financial year and as of 23 November 2018, the Company bought a further 185,000 of its own ordinary shares from the open market at an average price of 42.2 sen per share. The total consideration paid for the purchased shares including transaction costs amounting to RM78,089 was also financed by internally generated funds. These purchased shares were dealt with as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 23 November 2018, out of the Company’s total 567,265,891 issued ordinary shares, 9,596,900 are held as treasury shares by the Company.

**A7 Dividends paid**

No dividends were paid by the Company during the current financial year.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 were as follows:

	<b>Property Development</b> RM'000	<b>Leisure &amp; Hospitality</b> RM'000	<b>Others</b> RM'000	<b>Elimination/ Adjustments</b> RM'000	<b>Consolidated</b> RM'000
<b>Revenue</b>					
External	247,122	45,883	-	-	293,005
Inter-segment	-	1,420	3,000	(4,420)	-
	247,122	47,303	3,000	(4,420)	293,005
<b>Results</b>					
Segment profit	26,893	273	968	1,189	29,323
Finance income	620	4	292	-	916
Finance costs	(1,922)	(2,625)	(281)	-	(4,828)
Profit/(loss) before taxation	25,591	(2,348)	979	1,189	25,411
Taxation	(8,622)	11,276	(1)	-	2,653
Net profit from operations	16,969	8,928	978	1,189	28,064

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

**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.

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**A12 Capital commitments**

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

	RM'000
Authorised and contracted for	50,718
Authorised but not contracted for	-

**A13 Related party transactions**

(a) The Group's significant related party transactions during the current financial year were as follows:

	RM'000
<u>Transactions with companies in which certain Directors have interests:</u>	
Rental expenses paid/payable	346
Sales of food and beverages, room sales and provision of transportation services	13
Rental income received/receivable	285
<u>Transactions with holding company</u>	
Rental expenses paid/payable	24
<u>Transactions with persons connected with a Director</u>	
Rental expenses paid/payable	60
Commission paid/payable	171
Tax consulting fees paid/payable	62

(b) During the current financial year:

- (i) the holding company's shares in the Company were pledged as security for the construction and completion of a joint venture development project of the Group. The market value of these shares as at the end of the current financial quarter was approximately RM12.9 million. The holding company also provided a corporate guarantee and indemnity to guarantee the payment by the Group of certain sums of up to RM30.0 million due to the land owner for the project concerned.
- (ii) certain Directors jointly and severally guaranteed banking facilities granted to a subsidiary company. The amount of these facilities outstanding as at the end of the current financial quarter was approximately RM1.3 million.

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NOTES TO THE FINANCIAL STATEMENTS

B1 Review of performance

	Individual Period		Changes +/(-) %	Cumulative Period		Changes +/(-) %
	Current Year Quarter	Preceding Year Quarter		Current Year	Preceding Year	
	30.9.2018	30.9.2017		30.9.2018	30.9.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Property Development	53,000	88,682	-40.2	247,122	237,346	+4.1
Leisure & Hospitality	10,509	10,974	-4.2	45,883	43,069	+6.5
	63,509	99,656	-36.3	293,005	280,415	+4.5
Profit from operations	4,309	25,406	-83.0	29,323	54,267	-46.0
Profit before taxation	2,512	25,083	-90.0	25,411	51,365	-50.5
Net (loss)/profit from operations	(2,290)	19,000	-	28,064	38,032	-26.2
(Loss)/profit attributable to owners of the Company	(2,287)	18,963	-	28,066	38,029	-26.2

The Group's revenue for current financial quarter ("CFQ") of RM63.5 mil was 36.3% lower than that of the preceding year's corresponding financial quarter. With the Leisure & Hospitality Division's ("LHD") revenue declining marginally by 4.2% or RM465,000 year-on-year ("YoY"), the decrease in Group's revenue was mainly caused by lower billings for the developments in Kuching and Morib as a number of projects in these areas were completed during the CFQ and newly started projects have yet to reach a stage whereby their revenue can be recognised significantly.

Profit from operations and profit before taxation ("PBT") for the CFQ decreased by 83.0% % and 90.0% YoY to RM4.3 million and RM2.5 million. These declines in profitability was mainly due to the significantly lower revenue of the Property Development Division ("PDD") as mentioned earlier and reduced developer margins YoY.

**NOTES TO THE FINANCIAL STATEMENTS**

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The net loss from operations and loss attributable to the owners of the Company for the CFQ of RM2.3 million were attributed to the over provision of RM3.0 million for the deferred tax asset in relation to the origination of temporary differences pertaining to the unutilised investment tax allowances of a subsidiary company in the prior financial quarters of the current financial year (“**CFY**”).

For the CFY, Group’s revenue of RM293.0 million was higher by 4.5% as compared to RM280.4 million in the preceding year. This increase was contributed by both LHD and PDD which rose 4.1% and 6.5% YoY respectively. This was mainly achieved on the back of the strong performance of the Group especially the PDD in the first half of the CFY.

Despite the above increase in revenue, the profit from operations and PBT decreased by 46.0% and 50.5% respectively YoY to RM29.3 million and RM25.4 million. These decreases were mainly due to the lower profit margins achieved by the PDD during the CFY.

As a consequence of the above, the Group’s net profit from operations and profit attributable to owners of the Company for CFY also reduced by 26.2% to RM28.1 million. This decline was lower than that of the percentage drops in profit from operations and PBT as a result of the deferred asset in relation to the origination of temporary differences pertaining to the unutilised investment tax allowances of a subsidiary company (see also Note B5).

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NOTES TO THE FINANCIAL STATEMENTS

**B2 Comparison with immediate preceding quarter's results**

	Current Year Quarter	Immediate Preceding Quarter	Changes +/(-)
	30.9.2018	30.6.2018	
	RM'000	RM'000	%
Revenue			
Property Development	53,000	55,876	-5.1
Leisure & Hospitality	10,509	11,021	-4.6
	63,509	66,897	-5.1
Profit from operations	4,309	2,139	+101.5
Profit before taxation	2,512	1,277	+96.7
Net (loss)/profit from operations	(2,290)	7,126	-
(Loss)/profit attributable to owners of the Company	(2,287)	7,121	-

Group's revenue of RM63.5 million for the CFQ was 5.1% lower than that of RM66.9 million achieved in the preceding financial quarter. This decreased was mainly due to the lower billings for the developments in Kuching and Morib due to the completion of a number of projects in these areas.

In spite of the above decline in revenue, the profit from operations and PBT for the CFQ increased to RM4.3 million and RM2.5 million from those of RM2.1 million and RM1.3 million respectively in the preceding financial quarter. This increase in profit was contributed by the fair value gain of RM10.2 million on revaluation of investment properties during the CFQ.

The net loss from operations and loss attributable to the owners of the Company for the CFQ of RM2.3 million were attributed to the over provision of the deferred tax asset in relation to the origination of temporary differences pertaining to the unutilised investment tax allowances of a subsidiary company in the earlier financial quarters of the CFY as disclosed in Note B1.

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**B3 Commentary on prospects**

The Group will continue to develop affordable residential properties priced below RM300,000 and these properties should continue to be in demand as they are targeted at the Bottom 40% (B40) and the Middle 40% (M40) households.

The recent Budget 2019 measures as set out below should benefit the housing industry in general and affordable housing (especially the B40 and M40 households) in particular:

- the allocation of RM1.0 billion by Bank Negara Malaysia for a period of 2 years from 1 January 2019 to provide financing at concessionary rates as low as 3.5% per annum for first time homebuyers earning not more than RM2,300 per month to purchase properties priced below RM150,000
- the allocation of RM25.0 million to Cagamas Berhad to provide mortgage guarantees to enable first time homebuyers earning RM5,000 or less to obtain higher financing inclusive of down payment support
- stamp duty waiver for a period of 2 years from 1 January 2019 for residential homes valued up to RM300,000 on the instrument of transfer and loan agreement for first time home buyers of residential properties of up to below RM500,000
- financing for civil servants by Lembaga Pembiayaan Perumahan Sektor Awam will be extended from 30 years to 35 years for first time financing and from 25 years to 30 years for second financing.

The above measures together with other measures such as Sales and Services Tax exemptions for construction services and building materials such as cement and rock for housing units priced below RM300,000 and the requirement for utility companies to construct their own amenities should positively impact the Group's property activities going forward.

The Group's unbilled sales from its on-going projects in Kuantan, Morib and Kuching stood at RM425.2 million as of 30 September 2018. These on-going projects together with the planned launches should augur well for the Group in the coming financial year.

The outlook for the Group's leisure and hospitality business will continue to be challenging but nevertheless, the Group is hopeful that its performance will improve in the coming financial year.

**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.

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**B5 Taxation**

	<b>Current Year Quarter RM'000</b>	<b>Current Year RM'000</b>
Current income tax - Malaysian income tax	1,486	8,634
Deferred tax liabilities/(assets) – current period	272	(11,287)
	<u>1,758</u>	<u>(2,653)</u>
Deferred tax asset over provided in prior quarters	3,044	
	<u>4,802</u>	<u>(2,653)</u>
Effective income tax rate	<u>70.0%</u>	<u>-</u>

The deferred tax assets are in relation of the origination of temporary differences is in respect of the unutilised investment tax allowances of the subsidiary companies.

The Group's effective income tax rate for the CFQ is more than the applicable income rate of 24% due to losses by certain subsidiary companies not available for set-off against taxable profits of other subsidiary companies.

**B6 Status of corporate proposals announced**

There were no corporate proposals announced but not completed as of 23 November 2018.

**B7 Borrowings and debt securities**

The Group's borrowings, all of which were secured and denominated in RM as at the end of the CFQ were as follows:

	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
Bankers' acceptances	34,973	-	34,973
Bridging loan	26,854	21,835	48,689
Bank overdrafts	44,092	-	44,092
Revolving credit	35,495	-	35,495
Finance lease liabilities	1,205	1,529	2,734
Term loans	49,110	231,299	280,409
	<u>191,729</u>	<u>254,663</u>	<u>446,392</u>

**B8 Changes in material litigation**

The Group has no material litigation as of 23 November 2018.

**B9 Dividends**

No dividend has been declared or recommended for the current financial year.

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**B10 (Loss)/earnings per share**

(i) Basic (loss)/earnings per share

The basic (loss)/earnings per ordinary share for a financial period is calculated by dividing the loss or 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 30.9.2018	Preceding Year Quarter 30.9.2017	Current Year 30.9.2018	Preceding Year 30.9.2017
(Loss)/profit attributable to owners of the Company (RM'000)	(2,287)	18,963	28,066	38,029
Weighted average number of ordinary shares in issue ('000)	557,875	549,447	559,228	543,223
Basic (loss)/earnings per share (sen)	(0.41)	3.45	5.02	7.00

(ii) Diluted (loss)/earnings per share

The diluted (loss)/earnings per ordinary share for a financial period is calculated by dividing the loss or 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 30.9.2018	Preceding Year Quarter 30.9.2017	Current Year 30.9.2018	Preceding Year 30.9.2017
(Loss)/profit attributable to owners of the Company (RM'000)	(2,287)	18,963	28,066	38,029
Weighted average number of ordinary shares in issue ('000)	557,875	551,415	560,394	550,123
Diluted (loss)/earnings per share (sen)	(0.41)	3.44	5.01	6.91

The diluted (loss)/earnings per share for the CFQ is the same as the basic (loss)/earnings per share as the average market prices of the ordinary shares during the CFQ was lower than the exercise price of the warrants and accordingly, the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary shares in issue as at the end of the CFQ.



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The calculation of the weighted average number of ordinary shares in issue for the preceding year's quarter and preceding year was adjusted for the Bonus Issue referred to in Note A6. Accordingly, the basic and diluted earnings per share for the said periods were adjusted retrospectively.

**B11 Profit before taxation**

Profit before taxation for the CFQ and CFY was arrived at after taking into account the following income/(expenses) items:

	<b>Current Year Quarter RM'000</b>	<b>Current Year RM'000</b>
Interest income	186	916
Other income	(147)	623
Interest and commission expenses	(1,983)	(4,828)
Amortisation and depreciation	(3,676)	(11,620)
Gain on disposal of investment properties	-	29
Gain on disposal of property, plant and equipment	50	50
Biological asset written off	(101)	(101)
Impairment loss on trade receivables	(151)	(151)
Fair value gain on revaluation of investment properties	10,195	10,195

The following items which were not disclosed were not applicable:

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

By order of the Board

Datuk Tan Leh Kiah  
Company Secretary

30 November 2018