

SENTORIA GROUP BERHAD (Company No : 463344-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	UNAUDITED CURRENT YEAR QUARTER 30/09/2019 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30/09/2018 RM'000 (restated)	UNAUDITED CURRENT YEAR 30/09/2019 RM'000	AUDITED PRECEDING YEAR 30/09/2018 RM'000 (restated)
Revenue	(22,732)	44,438	217,505	273,934
Cost of sales	28	(43,245)	(175,831)	(208,727)
Gross (loss)/ profit	(22,704)	1,193	41,674	65,207
Other income	547	10,313	1,973	11,813
Distribution expenses	(593)	(797)	(2,085)	(1,872)
Administration expenses	(18,782)	(12,437)	(57,199)	(51,133)
Finance costs	(3,351)	(1,983)	(9,831)	(4,828)
(Loss)/ Profit before tax	(44,883)	(3,711)	(25,468)	19,187
Taxation	(9,770)	(4,141)	(16,557)	3,314
Net (loss)/profit for the financial year	(54,653)	(7,852)	(42,025)	22,501
Items that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	7,037	6,602	7,037	6,602
Deferred tax relating to revaluation of land and building	207	(1,584)	207	(1,584)
Change in tax rate	(1,782)	-	(1,782)	-
Other comprehensive income for the financial year	5,462	5,018	5,462	5,018
Total comprehensive (loss)/ income for the financial year	(49,191)	(2,834)	(36,563)	27,519
Net (loss)/ profit for the financial year attributable to:				
Owners of the Company	(54,449)	(7,849)	(41,734)	22,503
Non-controlling interests	(204)	(3)	(291)	(2)
	(54,653)	(7,852)	(42,025)	22,501
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(48,987)	(2,831)	(36,272)	27,521
Non-controlling interests	(204)	(3)	(291)	(2)
	(49,191)	(2,834)	(36,563)	27,519
(Loss)/ Earnings per share attributable to owners of the Company:				
Basic (sen)	(9.76)	(1.41)	(7.48)	4.02
Diluted (sen)	(9.76)	(1.43)	(7.48)	4.02

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 2018 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 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT YEAR TO-DATE 30/09/2019 RM'000	AUDITED AS AT PRECEDING YEAR ENDED 30/09/2018 RM'000 (Restated)	AUDITED AS AT PRECEDING YEAR ENDED 01/10/2017 RM'000 (Restated)
Non-Current Assets			
Property, plant and equipment	476,595	512,966	419,245
Biological assets	2,403	3,711	3,657
Inventories	131,073	39,398	22,972
Investment properties	46,813	61,805	38,155
Deferred tax assets	48,817	60,667	50,361
Fixed deposits with licensed banks	11,655	10,242	7,005
Investment in short term funds	-	7,990	7,524
Trade and other receivables	6,489	-	-
Goodwill on consolidation	3	3	3
Total Non-Current Assets	723,848	696,782	548,922
Current Assets			
Inventories	248,421	222,858	186,766
Contract assests	57,948	85,640	104,877
Trade and other receivables	181,904	220,090	133,284
Amount due from holding company	-	455	3,179
Tax recoverable	1,560	1,255	4
Fixed deposits with a licensed bank	5,656	-	-
Investment in short term funds	-	-	8,000
Cash and bank balances	13,653	10,884	38,038
Total Current Assets	509,142	541,182	474,148
Total Assets	1,232,990	1,237,964	1,023,070
Equity and Liabilities			
Share capital	161,778	161,771	152,566
Treasury shares	(5,962)	(5,883)	(862)
Revaluation reserve	75,974	70,614	66,175
Warrant reserve	51,467	51,467	-
Retained earnings	210,039	251,671	228,589
	493,296	529,640	446,468
Non-controlling interests	660	951	953
Total Equity	493,956	530,591	447,421
Non-Current Liabilities			
Contract liabilities	1,040	-	-
Deferred tax liabilities	5,733	4,517	4,107
Borrowings (secured)	243,596	254,663	222,483
Total Non-Current Liabilities	250,369	259,180	226,590
Current Liabilities			
Trade and other payables	255,295	246,505	178,944
Contract liabilities	9,755	7,703	-
Tax payable	4,090	2,256	3,927
Borrowings (secured)	219,525	191,729	166,188
Total Current Liabilities	488,665	448,193	349,059
Total Liabilities	739,034	707,373	575,649
Total Equity and Liabilities	1,232,990	1,237,964	1,023,070
Net assets per share (RM)	0.88	0.95	0.89

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 2019
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	Non-distributable Share Premium RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	Distributable Retained Earnings RM'000			
Unaudited									
Financial quarter ended 30 September 2019									
As at 1 October 2018	161,771	(5,883)	-	70,614	51,467	257,234	535,203	951	536,154
Effects of adopting MFRS	-	-	-	-	-	(5,563)	(5,563)	-	(5,563)
As at 1 October 2018 (restated)	161,771	(5,883)	-	70,614	51,467	251,671	529,640	951	530,591
Revaluation of property, plant and equipment, net of tax	-	-	-	5,462	-	-	5,462	-	5,462
Crystallisation of revaluation reserve	-	-	-	(102)	-	102	-	-	-
Net profit for the financial period	-	-	-	-	-	(41,734)	(41,734)	(291)	(42,025)
Total comprehensive income	-	-	-	5,360	-	(41,632)	(36,272)	(291)	(36,563)
Transactions with owners									
Exercise of Warrants-A	7	-	-	-	-	-	7	-	7
Own shares bought	-	(79)	-	-	-	-	(79)	-	(79)
Total transactions with owners	7	(79)	-	-	-	-	(72)	-	(72)
As at 30 September 2019	161,778	(5,962)	-	75,974	51,467	210,039	493,296	660	493,956
Audited									
Financial year ended 30 September 2018									
As at 1 October 2017	152,566	(862)	-	66,175	-	228,589	446,468	953	447,421
Revaluation of land and buildings	-	-	-	5,018	-	-	5,018	-	5,018
Crystallisation of revaluation reserve	-	-	-	(579)	-	579	-	-	-
Net profit for the financial period	-	-	-	-	-	22,503	22,503	(2)	22,501
Total comprehensive income for the financial year	-	-	-	4,439	-	23,082	27,521	(2)	27,519
Transactions with owners									
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)	-	70,614	51,467	251,671	529,640	951	530,591

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 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 2019
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED CURRENT YEAR 30/09/2019 RM'000	AUDITED PRECEDING YEAR YEAR 30/09/2018 RM'000 (restated)
Operating Activities		
Profit before tax	(25,468)	19,187
Adjustments for :		
Amortisation and depreciation	13,746	12,082
Bad debts written off	243	151
Biological assets written off	1,585	102
Gain on disposal of investment properties	-	(29)
Gain on disposal of property, plant and equipment	(175)	(50)
Interest and commission expenses	9,831	4,828
Interest income	(601)	(917)
Impairment loss on receivables	829	-
Impairment loss on investment properties	4,254	-
Inventories written off	639	-
Property, plant and equipment written off	112	-
Fair value gain on revaluation of investment properties	(803)	(10,194)
Loss on revaluation of property, plant and equipment	500	-
Operating profit before changes in working capital	4,692	25,160
Inventories	(107,211)	(37,930)
Contract assets	30,784	29,773
Receivables	31,079	(84,233)
Payables	15,430	68,385
Cash generated from operations	(25,226)	1,155
Interest and commission expenses paid	(20,498)	(22,308)
Interest income received	601	917
Tax paid	(4,402)	(11,126)
Tax refund	1,263	38
Net cash used in operating activities	(48,262)	(31,324)
Investing Activities		
Net movement in fixed deposits with licensed banks	(1,413)	(3,237)
Net movement in short term funds	7,990	(466)
Purchase of biological assets	(629)	(822)
Purchase of property, plant and equipment	29,449	(94,755)
Proceeds from disposal of investment properties	-	269
Proceeds from disposal of property, plant and equipment	210	51
Costs incurred on self-constructed investment properties	4,757	(16,473)
Net cash from/(used in) investing activities	40,364	(115,433)
Financing Activities		
Proceeds from issuance of shares	-	10,013
Share issue expenses	-	(808)
Proceeds from issuance of Warrants-A	7	51,467
Own shares bought	(79)	(5,021)
Repayment of finance lease liabilities	(415)	(1,129)
Repayment of borrowings	(274,811)	(158,354)
Drawdown of borrowings	295,119	198,801
Net cash from financing activities	19,821	94,969
Net increase in cash and cash equivalents	11,923	(51,788)
Cash and cash equivalents at beginning of financial year	(33,208)	18,580
Cash and cash equivalents at end of financial year	(21,285)	(33,208)
Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	13,653	10,884
Fixed deposit with licensed banks	5,656	-
Bank overdrafts	(40,594)	(44,092)
	(21,285)	(33,208)

The Condensed Consolidated Statement of Cash Flows 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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

A1 Explanation notes pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

The interim financial report is unaudited and is prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 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 2018.

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 2018 except for the changes in accounting policies and presentation resulting from the adoption of the MFRS Framework by the Group with effect from 1 October 2018.

This is the Group’s first interim financial statements prepared in accordance with MFRSs and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, retrospective adjustments have been made on the comparative financial information other than those exempted under MFRS 1. The interim financial statements of the Group prior to 1 October 2018 were prepared in accordance with Financial Reporting Standards.

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

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

MFRS 16	Leases
Amendments to MFRS 9*	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128*	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23*	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015 – 2017 Cycle*	

Amendments to MFRSs and Amendments to References to the Conceptual Framework in MFRSs effective 1 January 2020

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards (MFRSs 2, 3, 6, 14, 101, 108, 134, 138, 138 and IC Interpretation 12, 19, 20, 2, 132)	

MFRS effective 1 January 2021

MFRS 17*	Insurance Contracts
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NOTES TO THE FINANCIAL STATEMENTS

Amendments to MFRSs - effective date to be announced by MASB

Amendments to MFRS 10* and 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group's existing operations

The initial application of the above MFRSs, Amendments to MFRSs and Interpretation are not expected to have any significant financial impact to the Group, except for:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*. MFRS 16 eliminates the distinction between finance and operating leases for lease. As off-balance sheet leases will longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position “(SOFP)” by recognising a “right-of-use” asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its SOFP are expected to be different compared with the current position.

MFRS 16 also:

- Changes the definition of a lease;
- Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- Changes the accounting for sale and leaseback arrangements;
- Largely retains MFRS 117's approach to lessor accounting; and
- Introduces new disclosure requirements.

The adoption of MFRS 16 will result in a change in accounting policy.

A2 Auditors' report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 September 2018 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

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

A5 Changes in estimates

Saved as disclosed, 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.

A6 Changes in debt and equity securities

During the current financial year, the Company bought 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 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 to-date.

As at 22 November 2019, out of the Company's total 567,277,991 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.

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:

	Property Development RM'000	Leisure & Hospitality RM'000	Others RM'000	Elimination/ Adjustments RM'000	Consolidated RM'000
Revenue					
External	177,298	40,207	-	-	217,505
Inter-segment	-	663	1,000	(1,663)	-
	177,298	40,870	1,000	(1,663)	217,505
Results					
Segment profit/(loss)	8,650	(19,414)	6,782	(12,247)	(16,229)
Finance income	579	2	20	-	601
Finance costs	(4,712)	(4,371)	(757)	-	(9,840)
Profit/(loss) before taxation	4,517	(23,783)	6,045	(12,247)	(25,468)
Taxation	(1,899)	(13,908)	(750)	-	(16,557)
Net profit/(loss) for the financial year	2,618	(37,691)	5,295	(12,247)	(42,025)

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

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

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 the current financial quarter were as follows:

	RM'000
Authorised and contracted for	<u>42,266</u>
Authorised but not contracted for	<u>-</u>

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	433
Sales of food and beverages, room sales and provision of transportation services	32
Rental income received/receivable	187
<u>Transactions with holding company</u>	
Rental expenses paid/payable	48
<u>Transactions with persons connected with a Director</u>	
Rental expenses paid/payable	60
Commission paid/payable	112
Tax consulting fees paid/payable	<u>93</u>

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NOTES TO THE FINANCIAL STATEMENTS

- (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 RM5.1 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 subsidiary companies. The amount of these facilities outstanding as at the end of the current financial quarter was approximately RM10.9 million.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

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	
	30.9.2019	30.9.2018 (restated)		30.9.2019	30.9.2018 (restated)	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Property Development	(30,357)	33,929	-189.5	177,298	228,051	-22.3
Leisure & Hospitality	7,625	10,509	-27.4	40,207	45,883	-12.4
	(22,732)	44,438	-151.2	217,505	273,934	-20.6
(Loss)/Profit before taxation	(44,883)	(3,711)	N/A	(25,468)	19,187	N/A
Net (loss)/profit from operations	(54,653)	(7,852)	N/A	(42,025)	22,501	N/A
(Loss)/Profit attributable to owners of the Company	(54,449)	(7,849)	NA	(41,734)	22,503	NA

The Group's revenue for current financial quarter ("CFQ") was lower by 151.2% arising from a reversal in sales which had deteriorated the revenue contribution by RM22.7 million as compared to a positive contribution of RM44.4 million in preceding year's corresponding financial quarter. With the Leisure & Hospitality Division's ("LHD") revenue declining by 27.4% or RM2.9 million year-on-year ("YoY"), the decrease in Group's revenue was mainly caused by reversal of sales and lower revenue recorded by Property Development Division ("PDD") from property development activities and general economic slowdown.

Losses before tax for the CFQ stood at RM44.9 million as compared to RM3.7 million recorded in the preceding year's corresponding financial quarter. The increase in losses was mainly due to the significantly lower revenue and reversal of sales by PDD and impairment of assets in LHD.

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The net loss from operations and loss attributable to the owners of the Company for the CFQ of RM54.7 million were mainly attributable to sales reversal affecting revenue in PDD recording a negative contribution of RM30.4 million as compared to a positive contribution of RM33.9 million in preceding year's corresponding financial quarter.

For the current financial year ("CFY"), Group's revenue of RM217.5 million was lower by 20.6% as compared to RM274.0 million in the preceding financial year. This decrease was contributed by both PDD and LHD which declined by 22.3% and 12.4% respectively. This was mainly at the back of a weaker performance by the Group especially the PDD in the second half of the CFY.

In tandem with the decreasing revenue, the Group recorded losses before tax of RM25.5 million from a PBT of RM19.1 million recorded in the preceding financial year. These decreases were mainly due to a combination of lower revenue earned with reduced profit margin by RM19.4 million recorded from the PDD during the CFY and impairment in revaluation of Investment Properties by RM4.1 million in LHD during CFY compounded by a recognition revaluation gain from Investment Properties held by LHD amounting to RM10.7 million in preceding financial year.

As a consequence of the above, the Group recorded a net loss from operations and loss attributable to owners of the Company amounting to RM42.0 million and RM41.7 million respectively as compared to a net profit of RM22.5 million in the preceding financial year. The widening net losses recorded in CFY is compounded by an impairment in deferred tax assets in relation to an unutilised investment tax allowances from its theme park assets in Bukit Gambang by RM13.9 million during CFY.

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

B2 Comparison with immediate preceding quarter's results

	Current Year Quarter	Immediate Preceding Quarter	Changes +/(-)
	30.9.2019	30.6.2019	
	RM'000	RM'000	%
Revenue			
Property Development	(30,357)	60,759	-150
Leisure & Hospitality	7,625	7,816	-2.4
	(22,732)	68,575	-133.1
(loss)/Profit before tax	(44,883)	5,685	-889.5
Net (loss)/profit for the financial period	(54,653)	4,365	-1352.1
(Loss)/Profit attributable to owners of the Company	(54,449)	4,386	-1341.4

The Group's revenue for current financial quarter ("CFQ") was lower by 133.1% arising from a reversal in sales which had deteriorated the revenue contribution by RM22.7 million as compared to a positive contribution of RM68.6 million in the preceding financial quarter. The decrease was mainly attributable to sales reversal derived from the property development projects from the PDD and general economic slowdown.

In tandem with the decline in revenue, the Group recorded losses before tax of RM44.9 million from a PBT of RM5.7 million from the preceding financial quarter. The losses were contributed mainly by the lower revenue recorded in PDD and impairment of assets in LHD during the CFQ.

The net loss from operations and loss attributable to the owners of the Company for the CFQ of RM54.7 million and RM54.5 million respectively as compared to RM4.4 million in the preceding financial quarter, were attributed to lower revenue from PDD by RM91.1 million and impairment of deferred tax assets in relation to an unutilised investment tax allowances from its theme park assets in Bukit Gambang by RM13.9 million during CFQ.

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NOTES TO THE FINANCIAL STATEMENTS

B3 Commentary on prospects

The Malaysian economy continued to grow in the second quarter by 4.9%, resulting in a better real Gross Domestic Product (GDP) growth of 4.7% year-on-year in first half of 2019. For the whole year of 2019, economic growth is expected to range between 4.3% and 4.8%. Domestic demand is expected to continue to anchor growth in 2019, supported by the continued expansion in private sector activity.

In spite of the country's moderate economic growth, the property market performance only yield a marginal increase in the first half of 2019 with a total 160,172 transactions worth RM68.30 billion recorded, showing an increase of 6.9% in volume and 0.8% in value.

Under Budget 2019, one of the impactful events was the launch of Home Ownership Campaign (HOC), which was designed to increase home ownership among Malaysians, and also to reduce the number of unsold houses. The incentives offered under HOC 2019 are as follows:

- Minimum 10% discount on the selling price of houses listed under the scheme.
- For houses priced between RM300,000 and RM2.5 million. There is a 100% Stamp Duty exemption on Instrument of Transfer up to RM1.0 million of the house's price while the remaining value is subject to a 3% rate
- 100% Stamp Duty exemption on the Instrument of Loan Agreement.

Besides the HOC incentives for the first-time homebuyers, there is a two-year (from 1 January 2019 to 31 December 2020) Stamp Duty exemption on instrument of transfer for houses priced up to RM300,000, applicable to both purchases either direct from housing developer or from the secondary market.

(Source : Property Market Report 1H2019, Valuation & Property Services Department, Ministry of Finance)

The Group is poised to benefit from the range of incentives offered by the government as it will continue to develop affordable residential properties in selected locations priced below RM300,000 which will continue to be in demand.

The Group's unbilled sales from its on-going projects in Kuantan, Morib and Kuching stood at RM318.8 million as of 30 September 2019. These on-going projects together with the planned launches will contribute positively to the Group in the coming financial year

However, the outlook for the Group's leisure and hospitality business remained challenging impacted by the rising cost of living dampening consumption spending 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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

B5 Taxation

	Current Year Quarter RM'000	Current Year To- Date RM'000
Current income tax - Malaysian income tax	21,620	4,707
Deferred taxation	(11,850)	11,850
	<u>9,770</u>	<u>16,557</u>
Effective income tax rate	<u>-21.8%</u>	<u>-65.0%</u>

The Group's effective income tax rate for the current financial year to-date is lower 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 22 November 2019.

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:

	Short term RM'000	Long term RM'000	Total RM'000
Bankers' acceptances	39,916	-	39,916
Bridging loan	17,863	22,156	40,019
Bank overdrafts	40,594	-	40,594
Revolving credit	64,517	500	65,017
Finance lease liabilities	1,456	1,197	2,653
Term loans	55,179	219,743	274,922
	<u>219,525</u>	<u>243,596</u>	<u>463,121</u>

B8 Changes in material litigation

The Group has no material litigation as of 22 November 2019.

B9 Dividends

No dividends have been declared or recommended for the current financial year to-date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

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 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	Preceding Year Quarter (restated)	Current Year	Preceding Year (restated)
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
(Loss)/Profit attributable to owners of the Company (RM'000)	(54,449)	(7,849)	(41,734)	22,503
Weighted average number of ordinary shares in issue ('000)	557,681	557,875	557,687	559,228
Basic (loss)/earnings per share (sen)	(9.76)	(1.41)	(7.48)	4.02

(ii) Diluted (loss)/earnings per share

The diluted (loss)/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	Preceding Year Quarter (restated)	Current Year	Preceding Year (restated)
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
(Loss)/Profit attributable to owners of the Company (RM'000)	(54,449)	(7,849)	(41,734)	22,503
Weighted average number of ordinary shares in issue ('000)	557,681	547,791	557,687	560,426
Diluted (loss)/earnings per share (sen)	(9.76)	(1.43)	(7.48)	4.02

The diluted (loss)/earnings per share for the CFQ is the same as the basic 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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

B11 Loss before taxation

Loss before taxation for the current financial year to-date was arrived at after taking into account the following income/(expenses) items:

	Current Year Quarter RM'000	Current Year To-Date RM'000
Interest income	161	601
Other income	(417)	569
Gain on disposal of property, plant and equipment	-	175
Fair value gain on revaluation of investment properties	803	803
Interest and commission expenses	(3,351)	(9,831)
Amortisation and depreciation	(5,454)	(13,746)
Impairment loss on investment properties	(4,254)	(4,254)
Impairment loss on property, plant and equipment	(500)	(500)
Impairment loss on other receivables	(581)	(581)
Impairment loss on trade receivables	(248)	(248)
Property, plant and equipment written off	(112)	(112)
Bad debts written off	(243)	(243)
Inventories written off	(639)	(639)
Biological assets written off	(1,585)	(1,585)

The following items which were not disclosed were not applicable:

- (a) Foreign exchange gain or loss;
- (b) Gain or loss on derivatives; and
- (c) Exceptional items (with details).

By order of the Board

Datuk Tan Leh Kiah
Company Secretary

29 November 2019