

DAIMAN DEVELOPMENT BERHAD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended 30 September 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR CORRESPONDING	CURRENT YEAR	PRECEDING YEAR CORRESPONDING
	1ST QTR	1ST QTR	CUM 1 QTR	CUM 1 QTR
	FY2019	FY2018	FY2019	FY2018
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Continuing Operations				
Revenue	34,341	53,975	34,341	53,975
Operating expenses	(34,421)	(46,354)	(34,421)	(46,354)
Other operating income	2,358	3,075	2,358	3,075
Profit from operations	2,278	10,696	2,278	10,696
Finance cost	(477)	(765)	(477)	(765)
Investing results	1,145	2,054	1,145	2,054
Share of profit/(loss) of a joint venture	135	(193)	135	(193)
Profit before tax from continuing operations	3,081	11,792	3,081	11,792
Taxation	(981)	(3,258)	(981)	(3,258)
Net profit for the period from continuing operation	2,100	8,534	2,100	8,534
Total comprehensive income for the year	2,100	8,534	2,100	8,534
Profit attributable to: Owners of the parent	2,100	8,534	2,100	8,534
Total comprehensive income attributable to: Owners of the parent	2,100	8,534	2,100	8,534
Earning per share (sen)				
Basic	1.00	4.05	1.00	4.05
Diluted	1.00	4.05	1.00	4.05

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

DAIMAN DEVELOPMENT BERHAD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 September 2018

	AS AT END OF CURRENT QUARTER 30/Sep/2018 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/Jun/2018 RM'000 Restated
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	294,521	299,158
Investment properties	365,401	362,802
Land held for property development	569,173	572,314
Investment in joint venture	35,275	35,141
Deferred tax assets	6,461	6,457
	1,270,831	1,275,872
CURRENT ASSETS		
Property development costs	51,885	44,567
Inventories	39,585	43,423
Trade receivables	22,795	23,982
Other receivables	2,512	3,412
Contract assets	1,021	649
Prepayment	2,469	2,099
Tax recoverable	3,127	1,462
Other investments	87,156	86,400
Biological assets	223	291
Fixed deposits	47,313	51,821
Cash and bank balances	38,216	30,761
	296,302	288,867
TOTAL ASSETS	1,567,133	1,564,739
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	235,256	235,256
Reserves		
- Treasury shares	(2,499)	(2,499)
- Revaluation reserve	158,600	158,802
- Retained earnings	796,190	793,888
TOTAL EQUITY	1,187,547	1,185,447
NON-CURRENT LIABILITIES		
Provision for foreseeable losses for affordable housing	201,112	201,112
Deferred tax liabilities	40,563	41,156
Retirement benefit obligations	1,021	1,000
	242,696	243,268
CURRENT LIABILITIES		
Trade payables	17,942	17,377
Other payables	19,470	21,182
Borrowings	48,236	46,512
Tax payable	38,336	38,047
Provision for foreseeable losses for affordable housing	12,906	12,906
	136,890	136,024
TOTAL LIABILITIES	379,586	379,292
TOTAL EQUITY AND LIABILITIES	1,567,133	1,564,739
Net assets per share		
Net assets	1,187,547	1,185,447
Share capital (unit)		
Number of ordinary shares in issue	212,192	212,192
Less: Cumulative number of treasury shares	(1,619)	(1,619)
	210,573	210,573
Net assets per share (RM)	5.64	5.63

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

DAIMAN DEVELOPMENT BERHAD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the 3 Months Period Ended 30 September 2018

	Share Capital RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 July 2018	235,256	(2,499)	158,802	792,582	1,184,141
Effect of adoption of the MFRS Framework	-	-	-	1,306	1,306
At 1 July 2018 (restated)	<u>235,256</u>	<u>(2,499)</u>	<u>158,802</u>	<u>793,888</u>	<u>1,185,447</u>
Realisation of revaluation surplus due to sales of property	-	-	(20)	20	-
Transfer to retained earnings	-	-	(182)	182	-
Net income/(expense) not recognised in the income statement	-	-	(202)	202	-
Net profit for the Period	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>2,100</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(202)</u>	<u>2,302</u>	<u>2,100</u>
At 30 September 2018	<u><u>235,256</u></u>	<u><u>(2,499)</u></u>	<u><u>158,600</u></u>	<u><u>796,190</u></u>	<u><u>1,187,547</u></u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

DAIMAN DEVELOPMENT BERHAD

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 3-Month Period Ended 30 September 2018

	30 September 2018	30 September 2017
	RM'000	RM'000 Restated
<u>Cash Flows from Operating Activities</u>		
Profit before tax	3,081	11,792
Adjustments for non-cash flow:		
Non-cash items	3,907	4,390
Non-operating items	(83)	470
Operating profit before changes in working capital	<u>6,905</u>	<u>16,652</u>
Changes in working capital:		
Net change in current assets	1,698	(5,275)
Net change in current liabilities	(1,148)	262
Cash generated from/(used in) operations	<u>7,455</u>	<u>11,639</u>
Payment of retirement benefits	(40)	-
Tax paid	(2,965)	(1,112)
Tax refund	12	247
Interest paid	(473)	(756)
Interest received	(1)	17
Net cash flows from/(used in) operating activities	<u>3,988</u>	<u>10,035</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property, plant and equipment	(372)	(1,536)
Disposal of property, plant and equipment	551	-
Addition of Investment Properties	(2,605)	(3,795)
Acquisition of investments	(30,847)	(13,500)
Disposal of investments	30,924	15,765
Interest received	283	279
Other investing activities	(975)	(808)
Net cash generated from/(used in) investing activities	<u>(3,041)</u>	<u>(3,595)</u>
<u>Cash Flows from Financing Activities</u>		
Borrowings	2,000	(4,000)
Net cash generated from/(used in) financing activities	<u>2,000</u>	<u>(4,000)</u>
Net change in Cash & Cash Equivalents	2,947	2,440
Cash & Cash Equivalents at beginning of year	82,582	64,387
Cash & Cash Equivalents at end of year	<u>85,529</u>	<u>66,827</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad before taking into consideration the effects of Addendum to Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 - Clarification on the use of FRSIC Consensus 17 *Development of Affordable Housing* issued on 7 March 2018 ("Addendum"). This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 *Revenue from Contracts with Customers* in conjunction with the adoption of the MFRS Framework as explained below, hence the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis may no longer be required. As it is understood that post issuance of this Addendum, there would be further official clarification on the accounting for the development of affordable housing in the near future, the Group expects and intends to fully comply with the requirements of this Addendum when the clarification has been made.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018. These explanatory notes attached to the interim financial statements provide and 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 year ended 30 June 2018.

The financial statements of the Group for the financial period ended 30 September 2018 is prepared in accordance with the MFRS Framework. The date of transition to MFRS Framework was on 1 July 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to these changes and the financial impact on transition from Financial Reporting Standards in Malaysia to MFRS are disclosed as follow:-

i. Property, plant and equipment

Bearer plants

Prior to the adoption of MFRS 141 *Agriculture* and the revised standard, *Agriculture: Bearer Plants* (Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture*), bearer plants were charged as replanting expenditure and recognised in profit or loss in the year the expenditures are incurred. Under MFRS 116, replanting expenditures are capitalised. On maturity, these expenditures are amortised over the useful life of the bearer plants.

ii. Biological assets

Prior to the adoption of the MFRS 141 *Agriculture*, biological assets were not recognised. With the adoption of the MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less cost to sell of the biological assets are recognised in profit or loss.

iii. Revenue from contracts with customers

Adoption of this MFRS 15 requires the Group to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognises revenue from property development over time if it has an enforceable right to payment for performance completed to date.

The expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (cont'd)

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follow:

Condensed Consolidated Statement of Financial Position

	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
As at 1 July 2018			
Assets			
Property, plant and equipment	297,881	1,277	299,158
Trade receivables	24,537	(555)	23,982
Contract assets	-	649	649
Prepayment	2,041	58	2,099
Biological assets	-	291	291
Equity and liabilities			
Retained earnings	792,582	1,306	793,888
Deferred tax liabilities	40,742	414	41,156

Condensed Consolidated Statement of Comprehensive Income

	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
For the period ended 30 September 2017			
Revenue	54,514	(539)	53,975
Operating expenses	(46,523)	169	(46,354)
Other operating income	2,978	97	3,075
Profit before tax from continuing operations	12,065	(273)	11,792
Taxation	(3,324)	66	(3,258)
Net profit for the period from continuing operation	8,741	(207)	8,534

Condensed Consolidated Cash Flow Statement

	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
For the period ended 30 September 2017			
Profit before tax	12,065	(273)	11,792
Adjustments for non-cash flow:			
Non-cash items	4,487	(97)	4,390
Changes in working capital:			
Net change in current assets	(5,645)	370	(5,275)

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Nature and Amount of Unusual Items

There were no unusual item or transaction reported for the financial period ended 30 September 2018.

3. Changes In Estimates

There were no material effect on changes in estimates in the current financial quarter under review.

4. Seasonal or Cyclical Factors

The Group's core business comprises property developments and property investments which are not seasonal but cyclical in nature.

5. Dividends Paid

No dividend was paid in the current financial quarter ended 30 September 2018.

6. Issuance and Repayment of Debts and Equity Securities

There were no issuances, repurchases, resale and repayments of debt and equity securities for the financial period ended 30 September 2018 except for the following:

Shares Buy-back

There were no shares buy-back by the Company from the open market during the current financial quarter under review.

The shares bought-back, other than those previously cancelled, are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

7 Segmental Reporting

Analysis by industry :

	1st Qtr	FY2019 Cum 1 Qtr
	RM'000	RM'000
Segment Revenue		
Property development	10,107	10,107
Property investment	3,194	3,194
Trading	2,987	2,987
Leisure and recreation	2,607	2,607
Hospitality	15,079	15,079
Others	367	367
	<u>34,341</u>	<u>34,341</u>
Segment Results		
Property development	1,739	1,739
Property investment	1,730	1,730
Trading	397	397
Leisure and recreation	86	86
Hospitality	(900)	(900)
Others	29	29
	<u>3,081</u>	<u>3,081</u>

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Reporting (cont'd)

	As at End of Current Quarter 30/Sep/2018 RM'000
Segment Assets	
Property development	1,185,199
Property investment	181,878
Trading	6,846
Leisure and recreation	5,375
Hospitality	187,188
Others	647
	<u>1,567,133</u>
Segment Liabilities	
Property development	328,030
Property investment	11,331
Trading	1,761
Leisure and recreation	1,926
Hospitality	36,323
Others	215
	<u>379,586</u>

8. Valuation of Investment Properties

There were no amendments to the valuation of property, plant and equipment brought forward from the previous annual financial statements.

9. Subsequent Material Events

There were no material events subsequent to the end of the reporting quarter and at the date of this announcement.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter ended 30 September 2018.

11. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets as at 30 September 2018.

DAIMAN DEVELOPMENT BERHAD**NOTES TO THE INTERIM FINANCIAL STATEMENTS****PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB****1. Performance Review****Current Quarter vs. Corresponding Quarter of the Preceding Year**

	Individual Quarter		Change %	Cumulative Quarter		Change %
	Current Year 1st Qtr FY2019 RM'000	Preceding Year Corresponding 1st Qtr FY2018 RM'000 Restated		Current Year Cum 1 Qtr FY2019 RM'000	Preceding Year Corresponding Cum 1 Qtr FY2018 RM'000 Restated	
Revenue	34,341	53,975	-36%	34,341	53,975	-36%
Profit from operations	2,278	10,696	-79%	2,278	10,696	-79%
Profit before interest and tax	3,558	12,557	-72%	3,558	12,557	-72%
Profit before tax	3,081	11,792	-74%	3,081	11,792	-74%
Net profit for the period	2,100	8,534	-75%	2,100	8,534	-75%
Profit attributable to: Owners of the parent	2,100	8,534	-75%	2,100	8,534	-75%

The Group's total revenue decreased from RM54.0 million in first quarter of the preceding year to RM34.3 million for the current quarter under review, representing a 36% decrease.

The Group's profit before tax decreased from RM11.8 million in Q1 FY2018 to RM3.1 million in Q1 FY2019. This represents a 74% decrease.

Property Development

For the financial quarter under review, Property Development's revenue decreased by 67% from RM30.5 million to RM10.1 million. The profit before tax decreased from RM12.0 million to RM1.7 million. This was mainly due to lower development profit in current quarter under review.

Property Investment

Revenue and profit before tax from property investment division increased by 6% and 45% respectively as compared to the same quarter in the preceding year.

Hospitality

The hospitality division revenue increased from RM14.0 million to RM15.1 million. Pre-tax losses decreased from RM1.7 million to RM0.9 million due to higher room occupancy rate and lower interest charge.

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

2. Comparison with Immediate Preceding Quarter's Profit Before Tax

	Current Year 1st Qtr FY2019 RM'000	Current Year 4th Qtr FY2018 RM'000 Restated	Change %
Revenue	34,341	33,845	1%
Profit from operations	2,278	10,810	-79%
Profit before interest and tax	3,558	11,750	-70%
Profit before tax	3,081	11,190	-72%
Net profit for the period	2,100	13,976	-85%
Profit attributable to: Owners of the parent	2,100	13,976	-85%

The Group's revenue for the current quarter under review was RM34.3 million as compared to RM33.8 million in the immediate preceding quarter.

The Group's profit before tax decreased by 72% from RM11.2 million in the immediate preceding quarter to RM3.1 million in the current quarter under review. This is due to (a) lower development profit in the current quarter under review, (b) absence of fair value gains on investment properties and gains on disposal of investment property, and (c) reversal of provision for foreseeable losses for affordable houses in the immediate preceding quarter.

3. Commentary on Prospects

Barring any unforeseen circumstances, the Board is cautiously optimistic about the financial results of the Group for the financial year ending 30 June 2019, given the challenging business environment.

4. Profit Forecast

Not applicable.

5. Notes to the Statement of Comprehensive Income

	1st Qtr RM'000	FY2019 Cum 1 Qtr RM'000
(a) Interest income	282	282
(b) Other income including investment income	751	751
(c) Interest expense	(477)	(477)
(d) Depreciation and amortization	(4,588)	(4,588)
(e) Provision for and write off of receivables	(5)	(5)
(f) Provision for and write off of inventories	N/A	N/A
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	(19)	(19)
(h) Net gain/(loss) on investment securities held for trading	102	102
(i) Impairment of assets	N/A	N/A
(j) Foreign exchange gain/(loss)	29	29
(k) Gain or loss on derivatives	N/A	N/A
(l) Fair value gain on investment properties	N/A	N/A
(m) Exceptional items	N/A	N/A

N/A - Not applicable

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

6. Taxation

	FY2019	
	1st Qtr	Cum 1 Qtr
	RM'000	RM'000
Current year income tax provision	1,577	1,577
Deferred taxation	(596)	(596)
	<u>981</u>	<u>981</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% on the estimated assessable profit for the year.

The higher effective income tax rate in the current financial quarter is mainly due to the non tax deductible items.

7. Status of Corporate Proposals

(a) Status of Corporate Proposals

On 27 August 2018, the Board of Directors of the Company ("Board") announced that the Company had on even date received a letter from Tay Kia Hong & Sons Sdn Bhd ("TKHSB") and Daiman Holdings Sdn Bhd ("DHSB") (collectively, the "Joint Offerors"), requesting the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("SCR Offer Letter") ("Proposed SCR").

On 12 October 2018, on behalf of the Board, RHB Investment Bank Berhad ("RHB Investment Bank") announced that the Board (save for the interested directors) had deliberated on the content of the SCR Offer Letter and had resolved to table the Proposed SCR to the non-interested shareholders of the Company for their consideration and approval. Pursuant to the Proposed SCR, the entitled shareholders of the Company will receive a cash amount of RM3.00 for each ordinary share of the Company held on an entitlement date to be determined and announced while the non-entitled shareholders of the Company will waive their entitlements to the capital repayment.

The Proposed SCR is subject to, among others, the approval of the non-interested shareholders of the Company via a special resolution to be tabled at the forthcoming extraordinary general meeting, i.e. on 10 December 2018.

For more information on the Proposed SCR, kindly refer to the circular and independent advice letter in relation to the Proposed SCR dated 16 November 2018, a copy of which was also despatched to the shareholders of the Company on 16 November 2018.

Save for the Proposed SCR, there is no other corporate proposal which the Company has announced but is pending completion as at the date of this report.

(b) Status of Utilisation of Proceeds

Not applicable.

8. Group Borrowings and Debt Securities

The details of the Group borrowings are as follows:

	RM'000
Short term borrowings	
Secured	28,231
Unsecured	20,005
	<u>48,236</u>

The borrowing is denominated in Ringgit Malaysia.

9. Off Balance Sheet Financial Instruments

There is no financial instrument with off balance sheet risk as at the date of this Quarterly Report.

10. Material Litigation

There is no pending material litigation as at the date of this Quarterly Report.

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

11. Dividend

No dividend has been declared for the current financial quarter ended 30 September 2018.

12. Earnings Per Share

The basic and diluted earnings per share have been calculated based on the consolidated net profit after tax for the financial period by using the weighted average number of ordinary shares in issue during the financial period.

	RM'000
Net profit after tax	<u>2,100</u>
Weighted average number of ordinary shares:	
Number used in calculation of basic & diluted earnings per share	<u>210,573</u>
Basic earnings per share (sen)	<u>1.00</u>
Diluted earnings per share (sen)	<u>1.00</u>

By Order of the Board
LEE WEE HEE
Company Secretary
Johor Bahru
23 November 2018