

DAIMAN DEVELOPMENT BERHAD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended 31 December 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR CORRESPONDING	CURRENT YEAR	PRECEDING YEAR CORRESPONDING
	2ND QTR	2ND QTR	CUM 2 QTRS	CUM 2 QTRS
	FY2019	FY2018	FY2019	FY2018
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Continuing Operations				
Revenue	37,857	40,907	72,198	94,882
Operating expenses	(37,446)	(37,143)	(71,867)	(83,497)
Other operating income	2,806	3,104	5,164	6,179
Profit from operations	3,217	6,868	5,495	17,564
Finance cost	(371)	(721)	(848)	(1,486)
Investing results	917	12,263	2,062	14,317
Share of profit/(loss) of a joint venture	121	216	256	23
Profit before tax from continuing operations	3,884	18,626	6,965	30,418
Taxation	(1,572)	(1,812)	(2,553)	(5,070)
Net profit for the period from continuing operation	2,312	16,814	4,412	25,348
Transfer to profit or loss upon disposal of available-for-sale financial assets	-	(5,976)	-	(5,976)
Other comprehensive income for the year	-	(5,976)	-	(5,976)
Total comprehensive income for the year	2,312	10,838	4,412	19,372
Profit attributable to: Owners of the parent	2,312	16,814	4,412	25,348
Total comprehensive income attributable to: Owners of the parent	2,312	10,838	4,412	19,372
Earning per share (sen)				
Basic	1.10	7.99	2.10	12.04
Diluted	1.10	7.99	2.10	12.04

(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 31 December 2018

	AS AT END OF CURRENT QUARTER 31/Dec/2018 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/Jun/2018 RM'000 Restated
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	291,939	299,158
Investment properties	368,087	362,802
Land held for property development	569,728	572,314
Investment in joint venture	35,396	35,141
Deferred tax assets	6,442	6,457
	1,271,592	1,275,872
CURRENT ASSETS		
Property development costs	56,189	44,567
Inventories	36,526	43,423
Trade receivables	20,523	23,982
Other receivables	2,909	3,412
Contract assets	1,554	649
Prepayment	1,014	2,099
Tax recoverable	3,898	1,462
Other investments	78,748	86,400
Biological assets	189	291
Fixed deposits	50,342	51,821
Cash and bank balances	23,497	30,761
	275,389	288,867
TOTAL ASSETS	1,546,981	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	158,377	158,802
- Retained earnings	798,725	793,888
TOTAL EQUITY	1,189,859	1,185,447
NON-CURRENT LIABILITIES		
Provision for foreseeable losses for affordable housing	201,112	201,112
Deferred tax liabilities	40,322	41,156
Retirement benefit obligations	872	1,000
	242,306	243,268
CURRENT LIABILITIES		
Trade payables	17,564	17,377
Other payables	17,522	21,182
Borrowings	28,535	46,512
Tax payable	38,402	38,047
Provision for foreseeable losses for affordable housing	12,793	12,906
	114,816	136,024
TOTAL LIABILITIES	357,122	379,292
TOTAL EQUITY AND LIABILITIES	1,546,981	1,564,739
Net assets per share		
Net assets	1,189,859	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)	5.65	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 6 Months Period Ended 31 December 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	-	-	(61)	61	-
Transfer to retained earnings	-	-	(364)	364	-
Net income/(expense) not recognised in the income statement	-	-	(425)	425	-
Net profit for the Period	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,412</u>	<u>4,412</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(425)</u>	<u>4,837</u>	<u>4,412</u>
At 31 December 2018	<u><u>235,256</u></u>	<u><u>(2,499)</u></u>	<u><u>158,377</u></u>	<u><u>798,725</u></u>	<u><u>1,189,859</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 6-Month Period Ended 31 December 2018

	31 December 2018	31 December 2017
	RM'000	RM'000 Restated
<u>Cash Flows from Operating Activities</u>		
Profit before tax	6,965	30,418
Adjustments for non-cash flow:		
Non-cash items	7,301	(1,850)
Non-operating items	122	757
Operating profit before changes in working capital	<u>14,388</u>	<u>29,325</u>
Changes in working capital:		
Net change in current assets	2,794	3,457
Net change in current liabilities	(3,474)	(10,136)
Cash generated from/(used in) operations	<u>13,708</u>	<u>22,646</u>
Payment of retirement benefits	(210)	-
Tax paid	(5,465)	(2,243)
Tax refund	12	247
Interest paid	(847)	(1,416)
Interest received	6	28
Net cash flows from/(used in) operating activities	<u>7,204</u>	<u>19,262</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property, plant and equipment	(2,361)	(2,317)
Disposal of property, plant and equipment	551	-
Addition of Investment Properties	(5,291)	(4,499)
Acquisition of investments	(52,116)	(34,695)
Disposal of investments	62,057	94,567
Interest received	583	701
Other investing activities	(1,530)	(3,016)
Net cash generated from/(used in) investing activities	<u>1,893</u>	<u>50,741</u>
<u>Cash Flows from Financing Activities</u>		
Acquisition of treasury shares	-	(2)
Borrowings	(17,840)	(9,000)
Dividends paid	-	(11,582)
Net cash generated from/(used in) financing activities	<u>(17,840)</u>	<u>(20,584)</u>
Net change in Cash & Cash Equivalents	(8,743)	49,419
Cash & Cash Equivalents at beginning of year	82,582	64,387
Cash & Cash Equivalents at end of year	<u>73,839</u>	<u>113,806</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 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 year ended 30 June 2018.

The financial statements of the Group for the financial period ended 31 December 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 cost 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 may 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**As at 1 July 2018**

	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
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**For the 6 months financial period ended 31 December 2017**

	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
Revenue	95,914	(1,032)	94,882
Operating expenses	(84,081)	584	(83,497)
Other operating income	6,205	(26)	6,179
Profit before tax from continuing operations	30,892	(474)	30,418
Taxation	(5,185)	115	(5,070)
Net profit for the period from continuing operation	25,707	(359)	25,348

Condensed Consolidated Cash Flow Statement**For the 6 months financial period ended 31 December 2017**

	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
Profit before tax	30,892	(474)	30,418
Adjustments for non-cash flow:			
Non-cash items	(1,890)	40	(1,850)
Changes in working capital:			
Net change in current assets	3,008	449	3,457
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	(2,302)	(15)	(2,317)

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 31 December 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 31 December 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 31 December 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 :

	2nd Qtr	FY2019 Cum 2 Qtrs
	RM'000	RM'000
Segment Revenue		
Property development	12,611	22,718
Property investment	3,161	6,355
Trading	3,119	6,106
Leisure and recreation	2,683	5,290
Hospitality	15,923	31,002
Others	360	727
	<u>37,857</u>	<u>72,198</u>
Segment Results		
Property development	2,395	4,134
Property investment	1,476	3,206
Trading	428	825
Leisure and recreation	153	239
Hospitality	(600)	(1,500)
Others	32	61
	<u>3,884</u>	<u>6,965</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 31/Dec/2018 RM'000
Segment Assets	
Property development	1,175,782
Property investment	173,000
Trading	7,248
Leisure and recreation	5,111
Hospitality	185,250
Others	590
	<u>1,546,981</u>
Segment Liabilities	
Property development	305,434
Property investment	11,262
Trading	1,824
Leisure and recreation	1,733
Hospitality	36,736
Others	133
	<u>357,122</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 other than as disclosed in Note 7 of part B.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter ended 31 December 2018.

11. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets as at 31 December 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 2nd Qtr FY2019 RM'000	Preceding Year Corresponding 2nd Qtr FY2018 RM'000 Restated		Current Year Cum 2 Qtrs FY2019 RM'000	Preceding Year Corresponding Cum 2 Qtrs FY2018 RM'000 Restated	
Revenue	37,857	40,907	-7%	72,198	94,882	-24%
Profit from operations	3,217	6,868	-53%	5,495	17,564	-69%
Profit before interest and tax	4,255	19,347	-78%	7,813	31,904	-76%
Profit before tax	3,884	18,626	-79%	6,965	30,418	-77%
Net profit for the period	2,312	16,814	-86%	4,412	25,348	-83%
Profit attributable to: Owners of the parent	2,312	16,814	-86%	4,412	25,348	-83%

The Group's total revenue decreased from RM40.9 million in second quarter of the preceding year to RM37.9 million for the current quarter under review, representing a 7% decrease.

The Group's profit before tax decreased from RM18.6 million in Q2 FY2018 to RM3.9 million in Q2 FY2019. This represents a 79% decrease.

Property Development

For the financial quarter under review, Property Development's revenue decreased by 23% from RM16.4 million to RM12.6 million. The profit before tax decreased from RM17.5 million to RM2.4 million. This was mainly due to one time gain of RM9.5 million from CIMB TrustCapital Advisors Australian Office Fund No. 1 LP ("CIMB AOF 1") disposal in Q2 FY2018 and lower development profit in current quarter under review.

Property Investment

Revenue and profit before tax from property investment division increased by 3% and 23% respectively as compared to the same quarter in the preceding year.

Hospitality

The hospitality division revenue decreased from RM16.4 million to RM15.9 million. Pre-tax losses increased from RM0.2 million in Q2 FY2018 to RM0.6 million in Q2 FY2019.

Current Financial Year vs. Preceding Financial Year

The Group's revenue for the six-month period ended 31st December 2018 was RM72.2 million compared to RM94.9 million in the preceding cumulative two quarters. The profit before tax for the two quarters under review was RM7.0 million compared to RM30.4 million for the preceding cumulative two quarters.

The revenue decrease was from Property Development Division. The lower profit before tax was due to lower development profit in current year and one time gain from the realization of an investment in a fund in the preceding year.

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 2nd Qtr FY2019 RM'000	Current Year 1st Qtr FY2019 RM'000	Change %
Revenue	37,857	34,341	10%
Profit from operations	3,217	2,278	41%
Profit before interest and tax	4,255	3,558	20%
Profit before tax	3,884	3,081	26%
Net profit for the period	2,312	2,100	10%
Profit attributable to: Owners of the parent	2,312	2,100	10%

The Group's revenue for the current quarter under review was RM37.9 million as compared to RM34.3 million in the immediate preceding quarter.

The Group's profit before tax increased by 26% from RM3.1 million in the immediate preceding quarter to RM3.9 million in the current quarter under review. This is due to higher development profit and lower loss from hospitality division in the current quarter under review

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

	2nd Qtr RM'000	FY2019 Cum 2 Qtrs RM'000
(a) Interest income	308	590
(b) Other income including investment income	1,571	2,322
(c) Interest expense	(370)	(848)
(d) Depreciation and amortization	(4,586)	(9,174)
(e) Provision for and write off of receivables	(15)	(20)
(f) Provision for and write off of inventories	N/A	N/A
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	(6)	(25)
(h) Net gain/(loss) on investment securities held for trading	(109)	(8)
(i) Impairment of assets	N/A	N/A
(j) Foreign exchange gain/(loss)	(839)	(810)
(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	
	2nd Qtr	Cum 2 Qtrs
	RM'000	RM'000
Current year income tax provision	1,794	3,372
Deferred taxation	(222)	(819)
	<u>1,572</u>	<u>2,553</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 ("Act") ("SCR Offer Letter") ("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 of the Company) had deliberated on the content of the SCR Offer Letter and had resolved to table the SCR to the non-interested shareholders of the Company for their consideration and approval. Pursuant to the 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.

On 10 December 2018, the non-interested shareholders of the Company approved the SCR at the extraordinary general meeting held.

On 11 February 2019, on behalf of the Board, RHB Investment Bank announced that the High Court of Malaya had on 11 February 2019 granted an order confirming the reduction of share capital of the Company in accordance with Section 116 of the Act to give effect to the SCR ("High Court Order"). The SCR will become effective upon the lodgement of an office copy of the High Court Order with the Registrar of Companies pursuant to Section 116(6) of the Act.

Save for the 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	<u>28,535</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.

DAIMAN DEVELOPMENT BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

10. Material Litigation

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

11. Dividend

No dividend has been declared for the current financial quarter ended 31 December 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>4,412</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>2.10</u>
Diluted earnings per share (sen)	<u>2.10</u>

By Order of the Board
LEE WEE HEE
Company Secretary
Johor Bahru
27 February 2019