

ORIENTAL INTEREST BERHAD [Company No. 272144-M]

QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the second quarter of financial year ending 30 June 2019.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 December 2018

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2018 RM'000	Preceding Year Corresponding Quarter 31/12/2017 RM'000 (Restated)	Current Year To Date 31/12/2018 RM'000	Preceding Year Corresponding Year To Date 31/12/2017 RM'000 (Restated)
Revenue	63,593	55,227	135,231	103,292
Cost of sales	(41,646)	(33,106)	(86,854)	(59,803)
Gross profit	21,947	22,121	48,377	43,489
Other income	1,404	2,396	2,784	4,254
Selling and distribution expenses	(1,154)	(962)	(2,038)	(2,325)
Administrative expenses	(5,026)	(5,619)	(9,760)	(9,721)
Other expenses	(750)	(1,529)	(2,305)	(2,995)
Results from operating activities	16,421	16,407	37,058	32,702
Finance costs	(2,160)	(753)	(3,683)	(1,295)
Share of results of an associate	8	6	15	13
Profit before tax	14,269	15,660	33,390	31,420
Taxation	17,652	(3,559)	12,589	(7,686)
Profit for the financial period/ Total comprehensive income	31,921	12,101	45,979	23,734
Total comprehensive income attributable to:				
Owners of the Company	23,775	8,388	35,451	17,361
Non-controlling interests	8,146	3,713	10,528	6,373
	31,921	12,101	45,979	23,734
Basic and diluted earnings per ordinary share (sen)	15.35	5.79	22.89	11.98

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

Condensed consolidated statement of financial position as at 31 December 2018

[The figures have not been audited.]

	31/12/2018 RM'000	30/06/2018 RM'000 (Restated)	01/07/2017 RM'000 (Restated)
ASSETS			
Property, plant and equipment	58,070	71,490	71,753
Inventories-Land held for property development	215,677	170,159	94,901
Investment properties	28,514	28,630	26,441
Biological assets	1,013	1,054	1,136
Investment in an associate	5,281	5,267	5,241
Deferred tax assets	36,519	9,839	6,008
Total non-current assets	345,074	286,439	205,480
Inventories-Developed properties	36,355	43,856	26,529
Inventories-Property development costs	163,594	155,966	110,964
Inventories-Plantation supplies	13	19	9
Contract assets	91,138	158,301	53,389
Trade and other receivables	175,907	123,865	99,350
Available-for-sale financial assets	-	-	95
Tax recoverable	3,652	3,072	2,189
Short term investments	5,684	17,612	40,239
Cash and bank balances	26,697	13,422	16,050
Total current assets	503,040	516,113	348,814
Total assets	848,114	802,552	554,294
EQUITY			
Share capital	169,838	169,838	144,872
Reserves	246,361	221,750	195,799
Equity attributable to owners of the Company	416,199	391,588	340,671
Non-controlling interests	84,015	76,774	70,153
Total equity	500,214	468,362	410,824
LIABILITIES			
Loans and borrowings	103,807	115,310	23,924
Deferred tax liabilities	581	575	979
Total non-current liabilities	104,388	115,885	24,903
Loans and borrowings	133,180	131,213	56,413
Trade and other payables	96,524	83,416	57,794
Contract liabilities	9,452	29	1,498
Tax payable	4,356	3,647	2,862
Total current liabilities	243,512	218,305	118,567
Total liabilities	347,900	334,190	143,470
TOTAL EQUITY AND LIABILITIES	848,114	802,552	554,294
Net assets per share attributable to owners of the Company (RM)	2.69	2.53	2.35

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

**Condensed consolidated statement of changes in equity
for the financial period ended 31 December 2018**

[The figures have not been audited.]

-----Attributable to owners of the Company-----

	<u>Non-</u> <u>distributable</u>		<u>Distributable</u>		Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 01 July 2017	144,872	8,886	187,429	341,187	70,024	411,211
Effect of adoption of the MFRS framework	-	-	(516)	(516)	129	(387)
At 01 July 2017 (Restated)	144,872	8,886	186,913	340,671	70,153	410,824
Profit for the financial period (Restated)	-	-	17,361	17,361	6,373	23,734
Transaction with owners:						
Acquisition of non-controlling interests in a subsidiary	-	-	275	275	(895)	(620)
Dividends	-	-	(10,141)	(10,141)	-	(10,141)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(3,586)	(3,586)
Total transaction with owners of the Company	-	-	(9,866)	(9,866)	(4,481)	(14,347)
Realisation of revaluation reserve	-	(155)	155	-	-	-
At 31 December 2017 (Restated)	144,872	8,731	194,563	348,166	72,045	420,211
At 01 July 2018	169,838	8,557	215,832	394,227	77,088	471,315
Effect of adoption of the MFRS framework	-	-	(2,639)	(2,639)	(314)	(2,953)
At 01 July 2018 (Restated)	169,838	8,557	213,193	391,588	76,774	468,362
Profit for the financial period	-	-	35,451	35,451	10,528	45,979
Transaction with owners:						
Dividends	-	-	(10,840)	(10,840)	-	(10,840)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(3,287)	(3,287)
Total transaction with owners of the Company	-	-	(10,840)	(10,840)	(3,287)	(14,127)
Realisation of revaluation reserve	-	(127)	127	-	-	-
At 31 December 2018	169,838	8,430	237,931	416,199	84,015	500,214

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

**Condensed consolidated statement of cash flows
for the financial period ended 31 December 2018**

[The figures have not been audited.]

	Period Ended	
	31/12/2018	31/12/2017
	RM'000	RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	33,390	31,420
<i>Adjustments for:-</i>		
Depreciation and amortisation	1,420	1,234
Interest income	(968)	(828)
Interest expense	3,683	1,295
Write back of allowance for impairment of receivables	-	(28)
Other non-cash items	(13)	(13)
	37,512	33,080
Operating profit before changes in working capital	37,512	33,080
Net change in current assets	25,264	(44,441)
Net change in current liabilities	22,531	1,924
	85,307	(9,437)
Cash from operating activities	85,307	(9,437)
Tax paid	(14,234)	(6,974)
Tax refunded	279	423
	71,352	(15,988)
Net cash from/(used in) operating activities	71,352	(15,988)
Cash flows from investing activities		
Interest received	968	828
Additions to property, plant and equipment	(1,129)	(493)
Additions to inventories-land held for property development	(42,488)	(6,128)
Additions to investment properties	(9)	-
Acquisition of non-controlling interests in a subsidiary	-	(620)
	(42,658)	(6,413)
Net cash used in investing activities	(42,658)	(6,413)
Cash flows from financing activities		
Interest paid	(3,683)	(1,295)
Dividend paid to non-controlling interests	(3,287)	(3,586)
Dividend paid to Company's shareholders	(10,840)	(10,141)
Repayment of loans and borrowings	(40,977)	(3,161)
Drawdown of loans and borrowings	31,440	46,000
	(27,347)	27,817
Net cash (used in)/from financing activities	(27,347)	27,817
Net change in cash and cash equivalents during the financial period	1,347	5,416
Cash and cash equivalents		
- at the beginning of the period	31,034	56,289
- at the end of the period	32,381	61,705
Cash and cash equivalents included in the cash flows comprise the following:-		
Short term investments	5,684	34,701
Cash and bank balances	26,697	27,004
	32,381	61,705

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Notes to the quarterly report - 31 December 2018
A. Selected Explanatory Notes to the Interim Financial Statements as required under MFRS 134

[The figures have not been audited.]

A.1. Basis of Preparation

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2018 which were prepared under Financial Reporting Standards ("FRS"). The 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 financial year ended 30 June 2018.

The Group's financial statements for annual period beginning on 1 July 2018 are the first set of the financial statements prepared in accordance with the MFRS framework. The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017, being the transition date, and throughout all comparable interim periods presented, as if these policies had always been in effect.

A number of new standards and amendments to standards and Issue Committee ("IC") Interpretations are effective for the current financial period beginning 1 July 2018. None of these is expected to have a material impact on the consolidated financial statements of the Group except for the following set out below:

- (i) MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- (ii) MFRS 15: Revenue from Contracts with Customers

The financial impact to the interim financial statements of the Group arising from the adoption of MFRSs are as follows:

**Statement of profit or loss and other comprehensive income
for the financial period ended 31/12/2017**

	As previously reported (FRS) RM'000	Effects on adoption of MFRSs RM'000	As restated (MFRS) RM'000
Revenue	107,483	(4,191)	103,292
Cost of sales	(59,522)	(281)	(59,803)
Gross profit	47,961	(4,472)	43,489
Other income	1,473	2,781	4,254
Selling and distribution expenses	(2,325)	-	(2,325)
Administrative expenses	(9,721)	-	(9,721)
Other expenses	(2,995)	-	(2,995)
Results from operating activities	34,393	(1,691)	32,702
Finance costs	(1,295)	-	(1,295)
Share of results of an associate	13	-	13
Profit before tax	33,111	(1,691)	31,420
Taxation	(8,024)	338	(7,686)
Profit for the financial period/Total comprehensive income	25,087	(1,353)	23,734
Total comprehensive income attributable to:			
Owners of the Company	18,664	(1,303)	17,361
Non-controlling interests	6,423	(50)	6,373
	25,087	(1,353)	23,734
Basic and diluted earnings per ordinary share (sen)	12.88		11.98

Notes to the quarterly report - 31 December 2018

A.1. Basis of Preparation (Cont'd)

The financial impact to the interim financial statements of the Group arising from the adoption of MFRSs are as follows: (Cont'd)

Statement of financial position as at 01/07/2017

	As previously reported (FRS) RM'000	Effects on adoption of MFRSs RM'000	As restated (MFRS) RM'000
ASSETS			
Non-Current Assets			
Land held for property development	94,901	(94,901)	-
Inventories-Land held for property development	-	94,901	94,901
Deferred tax assets	5,484	524	6,008
Current Assets			
Property development costs	112,445	(112,445)	-
Inventories-Property development costs	-	110,964	110,964
Amounts due from customers on construction contracts	9,813	(9,813)	-
Contract assets	-	53,389	53,389
Trade and other receivables	141,938	(42,588)	99,350
Tax recoverable	2,189	-	2,189
EQUITY			
Retained earnings	187,429	(516)	186,913
Non-controlling interests	70,024	129	70,153
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities	561	418	979
Current Liabilities			
Trade and other payables	59,292	(1,498)	57,794
Contract liabilities	-	1,498	1,498

ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Notes to the quarterly report - 31 December 2018
A.1. Basis of Preparation (Cont'd)

The financial impact to the interim financial statements of the Group arising from the adoption of MFRSs are as follows: (Cont'd)

Statement of financial position as at 30/06/2018

	As previously reported (FRS) RM'000	Effects on adoption of MFRSs RM'000	As restated (MFRS) RM'000
ASSETS			
Non-Current Assets			
Land held for property development	170,159	(170,159)	-
Inventories-Land held for property development	-	170,159	170,159
Deferred tax assets	8,929	910	9,839
Current Assets			
Property development costs	169,620	(169,620)	-
Inventories-Property development costs	-	155,966	155,966
Amounts due from customers on construction contracts	8,978	(8,978)	-
Contract assets	-	158,301	158,301
Trade and other receivables	263,338	(139,473)	123,865
Tax recoverable	2,816	256	3,072
EQUITY			
Retained earnings	215,832	(2,639)	213,193
Non-controlling interests	77,088	(314)	76,774
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities	260	315	575
Current Liabilities			
Trade and other payables	83,445	(29)	83,416
Contract liabilities	-	29	29

ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Notes to the quarterly report - 31 December 2018

A.1. Basis of Preparation (Cont'd)

The Group has yet to adopt the following MFRSs, amendments to MFRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 30 June 2019:

	Effective for financial periods beginning on or after
- Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
- MFRS 16 <i>Leases</i>	1 January 2019
- IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
- Amendments to MFRS 9 <i>Financial Instruments – Prepayment Features with Negative Compensation</i>	1 January 2019
- Amendments to MFRS 119 <i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>	1 January 2019
- Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
- Amendments to MFRS 10 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> and MFRS 128	Deferred

These new, amended MFRSs and IC Interpretation are not expected to have material impact on the financial statements of the Group upon their initial application.

A.2. Seasonal or Cyclical Factors

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

A.3. Unusual Items Due to Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows for the financial period under review.

A.4. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A.5. Debt and Equity Securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

A.6. Dividend Paid

An interim single-tier dividend of 7 sen per ordinary share in respect of the financial year ended 30 June 2018 was declared on 17 August 2018. The dividend, which amounted to RM10.84 million, was paid on 5 October 2018.

A.7. Material Events Subsequent to the Interim Reporting Period

There were no material events that have arisen subsequent to the end of the interim reporting period, which have not been reflected in the interim financial statements.

A.8. Changes in the Composition of the Group

There were no changes in the composition of the entity during the financial period under review.

ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Notes to the quarterly report - 31 December 2018
A.9. Operating Segments

	Property Development RM'000	General Construction RM'000	Oil Palm Cultivation RM'000	Investment Holding RM'000	Others RM'000	Consolidated RM'000
Current period ended						
31 December 2018						
Revenue						
Total revenue	126,885	81,580	1,358	10,795	2,087	222,705
Inter-segment revenue	-	(76,679)	-	(10,795)	-	(87,474)
Revenue from external customers	<u>126,885</u>	<u>4,901</u>	<u>1,358</u>	<u>-</u>	<u>2,087</u>	<u>135,231</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	32,544	153	725	(91)	44	33,375
Share of results of an associate	-	-	-	15	-	15
Profit before tax						<u>33,390</u>
Corresponding period ended						
31 December 2017						
(Restated)						
Revenue						
Total revenue	92,119	72,403	1,273	11,652	2,206	179,653
Inter-segment revenue	-	(64,709)	-	(11,652)	-	(76,361)
Revenue from external customers	<u>92,119</u>	<u>7,694</u>	<u>1,273</u>	<u>-</u>	<u>2,206</u>	<u>103,292</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	32,199	545	498	(2,018)	183	31,407
Share of results of an associate	-	-	-	13	-	13
Profit before tax						<u>31,420</u>

Notes to the quarterly report - 31 December 2018

A.10. Commitments

There were no changes in commitments since the last annual reporting date as at 30 June 2018, except for the following:

	01/07/2018 RM'000	Changes RM'000	31/12/2018 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	<u>7,681</u>	<u>214</u>	<u>7,895</u>
Landowners' entitlement			
Contracted but not provided for	<u>37,689</u>	<u>(4,660)</u>	<u>33,029</u>
Development land			
Contracted but not provided for	<u>700</u>	<u>5,480</u>	<u>6,180</u>

A.11. Related Party Transactions

The Group's related party transaction in the current financial year to date are as follows:

	31/12/2018 RM'000
Sale/(Purchase) of goods and services to/ (from):	
- Entities in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	(34)
- Entity in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	12
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(14,681)
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	5,136
Rental income/(expenses) from/(to):	
- Entity in which substantial interests are owned indirectly by Directors/major shareholders of the Company	54
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	<u>(102)</u>

Notes to the quarterly report - 31 December 2018

B. Additional Information required by the Bursa Malaysia Securities Berhad Listing Requirements in relation to the issuance of the Interim Financial Statements

[The figures have not been audited.]

B.1. Financial Review for Current Quarter and Financial Year to Date

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/12/2018 RM'000	Preceding Year Corresponding Quarter 31/12/2017 RM'000 (Restated)	Changes %	Current Year To Date 31/12/2018 RM'000	Preceding Year Corresponding Year To Date 31/12/2017 RM'000 (Restated)	Changes %
Revenue						
Property Development	58,379	45,697	28	126,885	92,119	38
General Construction	3,380	7,694	(56)	4,901	7,694	(36)
Oil Palm Cultivation	712	588	21	1,358	1,273	7
Others	1,122	1,248	(10)	2,087	2,206	(5)
Total	63,593	55,227	15	135,231	103,292	31
Profit/(Loss) before tax						
Property Development	13,785	15,651	(12)	32,544	32,199	1
General Construction	235	545	(57)	153	545	(72)
Oil Palm Cultivation	410	161	155	725	498	46
Investment Holding	(269)	(937)	71	(76)	(2,005)	96
Others	108	240	(55)	44	183	(76)
Total	14,269	15,660	(9)	33,390	31,420	6

Revenue for the reporting quarter rose by 15% compared to the preceding year corresponding quarter. However, the Group's profit before tax ("PBT") reduced by 9% for the comparative quarters. On a 6-month year-on-year ("y-o-y") basis, the Group's revenue and PBT increased by 31% and 6% respectively.

For the reporting financial quarter and y-o-y basis, Property Development segment continued to lead growth by 28% and 38% increase in revenue. However, its PBT reduced by 12% for the comparable quarters with marginal 1% y-o-y. The better earnings results for the preceding financial periods were contributed by higher margin contribution projects.

Meanwhile, revenue from General Construction segment shrank by 56% and PBT fell by 57% compared with preceding year corresponding quarter. Y-o-y total billings and PBT were 36% and 72% lower respectively. The general decline in contribution from this segment was in tandem with Management's decision to focus more towards internal projects.

Revenue and PBT from Oil Palm Cultivation segment rose by 21% and 155% respectively against preceding year corresponding quarter due to better harvesting which mitigated the impact from sliding prices of crude palm oil prices. Consequently, this helped to improve y-o-y revenue and PBT by 7% and 46% respectively.

Notes to the quarterly report - 31 December 2018

B.2. Financial Review for Current Quarter Compared with Immediate Preceding Quarter

	Current Year Quarter 31/12/2018 RM'000	Immediate Preceding Quarter 30/09/2018 RM'000 (Restated)	Changes %
Revenue			
Property Development	58,379	68,506	(15)
General Construction	3,380	1,521	122
Oil Palm Cultivation	712	646	10
Others	1,122	965	16
Total	<u>63,593</u>	<u>71,638</u>	(11)
Profit/(Loss) before tax			
Property Development	13,785	18,759	(27)
General Construction	235	(82)	387
Oil Palm Cultivation	410	315	30
Investment Holding	(269)	193	(239)
Others	108	(64)	269
Total	<u>14,269</u>	<u>19,121</u>	(25)

The Group recorded 11% and 25% drop in revenue and PBT respectively compared to immediate preceding financial quarter. Revenue from Property Development segment dipped by 15% resulting in corresponding 27% drop in PBT. A significant 122% increase in billings to external customers under General Construction segment resulted in 387% growth in PBT. In spite of weaker CPO price during the current quarter under review, PBT from Oil Palm Cultivation increased by 30%, mainly attributed to higher yield rate.

B.3. Prospects for the Current Financial Year

The Group is planning to launch the final phase of Perumahan Penjawat Awam Malaysia ("PPAM") Taman Serai Wangi comprising 278 units of single storey terrace with Gross Development Value ("GDV") of RM45 million and new phases of Taman Permaipura in the northern region. The new phases of Taman Permaipura are under the My Home Scheme and consist of 307 units of single and double storey terrace units with a GDV of about RM83 million. Under the My Home Scheme, eligible home buyers will receive an incentive of RM30,000 each from the Federal Government.

The Group has been delivering its projects on schedule; vacant possession ("VP") for the 256 units Seroja Hills condominium project and 32 units of double-storey terraces in Taman Seri Bestari are underway. Both projects are located in Bandar Baru Salak Tinggi, Sepang, Selangor. 92 government servants had received the keys to their homes under the PPAM Taman Sinar Intan Phase 2B in Kedah recently.

The construction for the Myra series, namely, Myra Meranti, Myra Saujana and Myra Alam is ahead of schedule. The unveiling of the new show unit at Myra Meranti has boosted sales and the Group is optimistic to hit sales rate of 80% by end of this quarter. The impressive take up rate for the Myra Meranti residential units has prompted the Group to launch its first commercial project under the Myra series within Myra Meranti with GDV of RM13 million. Phase 1 comprising 2 and 3 storey shop-lots has received positive reception since launch. Following the successful launch of Phase 1 for both Myra Alam and Myra Saujana projects, the Group is preparing to launch the second phase for both the projects in the next quarter.

In line with the Federal Government's initiative through the Home Ownership Campaign 2019 ending 30 June 2019, the Group continues to promote and offer attractive sales packages for completed and near completion projects in the northern and central regions.

Notes to the quarterly report - 31 December 2018

B.3. Prospects for the Current Financial Year (Cont'd)

As of now, the Group's total land banks, including land banks under land owner and developer agreements, amounts in totality to 2,026 acres. These land banks are expected to contribute positively to the Group's future. The Group's unbilled property sales is about RM150.53 million as at close of Q2 FY2019. Given the above, The Board is confident of the Group delivering yet another strong performance given that take up rate for completed and on-going projects are as projected.

B.4. Variance of Actual Profit from Forecast Profit

The Group has not given any profit forecast nor profit guarantee in respect of any corporate proposals.

B.5. Profit Before Taxation

	Current Year Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2018 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(712)	(1,420)
Interest expense	(2,160)	(3,683)
Rental income	35	69
Interest income	294	968
Other income	1,075	1,747
	<u>1,075</u>	<u>1,747</u>

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Listing Requirements are not applicable.

B.6. Taxation

	Current Year Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2018 RM'000
Malaysian income tax based on the profit for the financial year	4,171	8,584
Deferred taxation	(27,324)	(26,674)
Real property gains tax	5,501	5,501
	<u>(17,652)</u>	<u>(12,589)</u>

The difference between effective tax rate of the Group for the quarter ended and financial year to date mainly due to recognition of deferred tax assets and lower real property gain tax applied arising from unrealised gain and certain expenses which were disallowed as deductions for tax purposes.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 11 February 2019, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

Notes to the quarterly report - 31 December 2018

B.8. Group Borrowings and Debt Securities

	Long Term RM'000	Short Term RM'000	Total RM'000
Current period ended			
31 December 2018			
Secured			
Term loans	56,007	5,740	61,747
Revolving credit	-	77,440	77,440
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	47,800	-	47,800
	<u>103,807</u>	<u>133,180</u>	<u>236,987</u>
Corresponding period ended			
31 December 2017			
Secured			
Term loans	20,303	6,873	27,176
Revolving credit	-	46,000	46,000
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	-	-	-
	<u>20,303</u>	<u>102,873</u>	<u>123,176</u>

The weighted average interest rate at the end of the reporting period are as follows:

	As at 31/12/2018	As at 31/12/2017
Floating interest rate		
Term loans	5.19%	4.88%
Revolving credit	4.95%	4.67%
Fixed interest rate		
Non-convertible redeemable preference shares	<u>4.00%</u>	<u>-</u>

(a) The increase of borrowings is to finance certain on-going housing projects and acquisition of the lands.

(b) There were no bank borrowings denominated in foreign currencies as at the reporting date.

B.9. Derivative Financial Instrument

The Group did not have any derivative financial instruments as at the end of the reporting period.

Notes to the quarterly report - 31 December 2018

B.10. Gain and Losses Arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for the financial period under review.

B.11. Material Litigation

There were no pending material litigations as at 11 February 2019, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.12. Dividend

Other than the dividend paid as disclosed in Note A6 herein, the Board of Directors does not recommend any payment of dividend in respect of the current financial year ending 30 June 2019.

B.13. Earnings Per Share ("EPS")

	Current Year To Date 31/12/2018	Preceding Year Corresponding Year To Date 31/12/2017
(a) Basic		
Profit attributable to owners of the Company (RM'000)	<u>35,451</u>	<u>17,361</u>
Number of ordinary shares in issue ('000)	<u>154,858</u>	<u>144,872</u>
Basic EPS (sen)	<u>22.89</u>	<u>11.98</u>

(b) Diluted

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year to date as there are no dilutive potential ordinary shares.

B.14. Auditors' Report for the Preceding Annual Financial Statements

There was no qualification on the report of the auditors on the annual financial statements of the Company for the immediate preceding financial year.

By order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
[Joint Company Secretaries]

18 February 2019