

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 third 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 March 2019

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000 (Restated)	Current Year To Date 31/03/2019 RM'000	Preceding Year Corresponding Year To Date 31/03/2018 RM'000 (Restated)
Revenue	67,498	69,583	202,729	172,875
Cost of sales	(44,604)	(46,299)	(131,458)	(106,102)
Gross profit	22,894	23,284	71,271	66,773
Other income	862	1,560	3,646	5,814
Selling and distribution expenses	(915)	(1,047)	(2,953)	(3,372)
Administrative expenses	(9,773)	(7,857)	(19,533)	(17,578)
Other expenses	(1,452)	(4,017)	(3,757)	(7,012)
Results from operating activities	11,616	11,923	48,674	44,625
Finance costs	(2,230)	(687)	(5,913)	(1,982)
Share of results of an associate	6	7	21	20
Profit before tax	9,392	11,243	42,782	42,663
Taxation	(2,359)	(3,252)	10,230	(10,938)
Profit for the financial period/ Total comprehensive income	7,033	7,991	53,012	31,725
Total comprehensive income attributable to:				
Owners of the Company	6,609	5,157	42,060	22,518
Non-controlling interests	424	2,834	10,952	9,207
	7,033	7,991	53,012	31,725
Basic and diluted earnings per ordinary share (sen)	4.27	3.33	27.16	14.54

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 March 2019

[The figures have not been audited.]

	31/03/2019 RM'000	30/06/2018 RM'000 (Restated)	01/07/2017 RM'000 (Restated)
ASSETS			
Property, plant and equipment	60,543	71,490	71,753
Inventories-Land held for property development	222,220	170,159	94,901
Investment properties	28,452	28,630	26,441
Biological assets	992	1,054	1,136
Investment in an associate	5,288	5,267	5,241
Deferred tax assets	36,410	9,839	6,008
Total non-current assets	353,905	286,439	205,480
Inventories-Developed properties	33,363	43,856	26,529
Inventories-Property development costs	171,118	155,966	110,964
Inventories-Plantation supplies	20	19	9
Contract assets	76,292	158,301	53,389
Trade and other receivables	159,329	123,865	99,350
Available-for-sale financial assets	-	-	95
Tax recoverable	6,811	3,072	2,189
Short term investments	6,633	17,612	40,239
Cash and bank balances	39,125	13,422	16,050
Total current assets	492,691	516,113	348,814
Total assets	<u>846,596</u>	<u>802,552</u>	<u>554,294</u>
EQUITY			
Share capital	169,838	169,838	144,872
Reserves	252,970	221,750	195,799
Equity attributable to owners of the Company	422,808	391,588	340,671
Non-controlling interests	84,439	76,774	70,153
Total equity	<u>507,247</u>	<u>468,362</u>	<u>410,824</u>
LIABILITIES			
Loans and borrowings	102,288	115,310	23,924
Deferred tax liabilities	231	575	979
Total non-current liabilities	102,519	115,885	24,903
Loans and borrowings	160,370	131,213	56,413
Trade and other payables	67,385	83,416	57,794
Contract liabilities	4,670	29	1,498
Tax payable	4,405	3,647	2,862
Total current liabilities	236,830	218,305	118,567
Total liabilities	<u>339,349</u>	<u>334,190</u>	<u>143,470</u>
TOTAL EQUITY AND LIABILITIES	<u>846,596</u>	<u>802,552</u>	<u>554,294</u>
Net assets per share attributable to owners of the Company (RM)	2.73	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 March 2019**

[The figures have not been audited.]

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

	<u>Non-</u> <u>distributable</u>		<u>Distributable</u>	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Retained earnings 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)	-	-	22,518	22,518	9,207	31,725
Transaction with owners:						
Acquisition of non-controlling interests in a subsidiaries	-	-	278	278	(928)	(650)
Issuance of ordinary shares	24,966	-	-	24,966	-	24,966
Dividends	-	-	(10,141)	(10,141)	-	(10,141)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(3,585)	(3,585)
Total transaction with owners of the Company	24,966	-	(9,863)	15,103	(4,513)	10,590
Realisation of revaluation reserve	-	(221)	221	-	-	-
At 31 March 2018 (Restated)	169,838	8,665	199,789	378,292	74,847	453,139
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	-	-	42,060	42,060	10,952	53,012
Transaction with owners:						
Dividends	-	-	(10,840)	(10,840)	-	(10,840)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	(3,287)	(3,287)
Total transaction with owners of the Company	-	-	(10,840)	(10,840)	(3,287)	(14,127)
Realisation of revaluation reserve	-	(197)	197	-	-	-
At 31 March 2019	169,838	8,360	244,610	422,808	84,439	507,247

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

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**Condensed consolidated statement of cash flows
for the financial period ended 31 March 2019**

[The figures have not been audited.]

	Period Ended	
	31/03/2019 RM'000	31/03/2018 RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	42,782	42,663
<i>Adjustments for:-</i>		
Depreciation and amortisation	2,128	2,037
Interest income	(980)	(1,040)
Interest expense	5,913	1,982
Write back of allowance for impairment of receivables	-	(28)
Other non-cash items	(15)	(25)
Operating profit before changes in working capital	49,828	45,589
Net change in current assets	56,955	(69,309)
Net change in current liabilities	(11,390)	11,070
Cash from operating activities	95,393	(12,650)
Tax paid	(20,105)	(11,357)
Tax refunded	440	1,320
Net cash from/(used in) operating activities	75,728	(22,687)
Cash flows from investing activities		
Interest received	980	1,040
Proceeds from disposal of property, plant and equipment	25	7
Proceeds from disposal of available-for-sale financial assets	-	95
Additions to property, plant and equipment	(3,895)	(1,770)
Additions to inventories-land held for property development	(54,200)	(69,407)
Additions to investment properties	(9)	-
Acquisition of non-controlling interests in a subsidiaries	-	(650)
Net cash used in investing activities	(57,099)	(70,685)
Cash flows from financing activities		
Interest paid	(5,913)	(1,982)
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	(43,305)	(4,765)
Drawdown of loans and borrowings	59,440	124,800
Net cash (used in)/from financing activities	(3,905)	104,326
Net change in cash and cash equivalents during the financial period	14,724	10,954
Cash and cash equivalents		
- at the beginning of the period	31,034	56,289
- at the end of the period	45,758	67,243
Cash and cash equivalents included in the cash flows comprise the following:-		
Short term investments	6,633	3,971
Cash and bank balances	39,125	63,272
	45,758	67,243

NOTE
A. Additions to inventories-land held for property development

During the financial period ended 31 March 2018, the Group acquired land held for property development with an aggregate cost of RM142,173,000 of which RM72,766,000 was paid by issuance of ordinary shares and redeemable preference shares of the Company. The remaining balance of RM69,407,000 was paid by way of cash.

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 March 2019
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 31/03/2018**

	As previously reported (FRS) RM'000	Effects on adoption of MFRSs RM'000	As restated (MFRS) RM'000
Revenue	178,673	(5,798)	172,875
Cost of sales	(104,861)	(1,241)	(106,102)
Gross profit	73,812	(7,039)	66,773
Other income	2,146	3,668	5,814
Selling and distribution expenses	(3,372)	-	(3,372)
Administrative expenses	(17,578)	-	(17,578)
Other expenses	(7,012)	-	(7,012)
Results from operating activities	47,996	(3,371)	44,625
Finance costs	(1,982)	-	(1,982)
Share of results of an associate	20	-	20
Profit before tax	46,034	(3,371)	42,663
Taxation	(11,449)	511	(10,938)
Profit for the financial period/Total comprehensive income	34,585	(2,860)	31,725
Total comprehensive income attributable to:			
Owners of the Company	25,102	(2,584)	22,518
Non-controlling interests	9,483	(276)	9,207
	34,585	(2,860)	31,725
Basic and diluted earnings per ordinary share (sen)	16.21		14.54

Notes to the quarterly report - 31 March 2019

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

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Notes to the quarterly report - 31 March 2019
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

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Notes to the quarterly report - 31 March 2019

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 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

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[Company No. 272144-M]

Notes to the quarterly report - 31 March 2019
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 March 2019						
Revenue						
Total revenue	187,916	130,519	1,993	14,839	3,002	338,269
Inter-segment revenue	-	(120,701)	-	(14,839)	-	(135,540)
Revenue from external customers	<u>187,916</u>	<u>9,818</u>	<u>1,993</u>	<u>-</u>	<u>3,002</u>	<u>202,729</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	41,744	310	936	(125)	(104)	42,761
Share of results of an associate	-	-	-	21	-	21
Profit before tax						<u>42,782</u>
Corresponding period ended						
31 March 2018						
(Restated)						
Revenue						
Total revenue	155,182	114,437	1,801	14,400	3,195	289,015
Inter-segment revenue	-	(101,740)	-	(14,400)	-	(116,140)
Revenue from external customers	<u>155,182</u>	<u>12,697</u>	<u>1,801</u>	<u>-</u>	<u>3,195</u>	<u>172,875</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	42,102	383	636	(511)	33	42,643
Share of results of an associate	-	-	-	20	-	20
Profit before tax						<u>42,663</u>

Notes to the quarterly report - 31 March 2019

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	31/03/2019 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	<u>7,681</u>	<u>1,265</u>	<u>8,946</u>
Landowners' entitlement			
Contracted but not provided for	<u>37,689</u>	<u>(8,083)</u>	<u>29,606</u>
Development land			
Contracted but not provided for	<u>700</u>	<u>-</u>	<u>700</u>

A.11. Related Party Transactions

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

	31/03/2019 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	(77)
- Entity in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	19
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(25,250)
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	10,075
Rental income/(expenses) from/(to):	
- Entity in which substantial interests are owned indirectly by Directors/major shareholders of the Company	81
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	<u>(153)</u>

Notes to the quarterly report - 31 March 2019

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 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000 (Restated)	Changes %	Current Year To Date 31/03/2019 RM'000	Preceding Year Corresponding Year To Date 31/03/2018 RM'000 (Restated)	Changes %
Revenue						
Property Development	61,030	63,063	(3)	187,916	155,182	21
General Construction	4,917	5,003	(2)	9,818	12,697	(23)
Oil Palm Cultivation	635	528	20	1,993	1,801	11
Others	916	989	(7)	3,002	3,195	(6)
Total	67,498	69,583	(3)	202,729	172,875	17
Profit/(Loss) before tax						
Property Development	9,199	9,903	(7)	41,744	42,102	(1)
General Construction	157	(162)	197	310	383	(19)
Oil Palm Cultivation	211	138	53	936	636	47
Investment Holding	(27)	1,514	(102)	(104)	(491)	79
Others	(148)	(150)	1	(104)	33	(415)
Total	9,392	11,243	(16)	42,782	42,663	0

For the current quarter, the Group reported revenue of RM67.50 million, a slight 3% dip compared to RM69.58 million reported in the preceding year corresponding quarter. Profit before tax ("PBT") slid 16% to RM9.39 million for the same comparative quarters. Revenue and PBT for the 9-month year-to-date ("YTD") period were RM202.73 million and RM42.78 million respectively. Notwithstanding a 17% increase in revenue, the PBT, at RM42.78 million, mirrored RM42.66 million reported for the preceding YTD 9-month period.

When compared with the preceding year corresponding financial quarter, revenue and PBT from Property Development segment decreased by 3% and 7% respectively, principally due to lower average contribution margin for housing projects during the reporting quarter. Nonetheless, the segment was still able to grow its revenue by 21% compared to preceding year corresponding 9-month period. However, higher costs negated that gain resulting in 1% drop in PBT for the same comparative periods.

Although revenue from General Construction segment fell by 2% compared to preceding year corresponding revenue, PBT rose by 197% mainly due to higher operating expenses incurred in the preceding year corresponding quarter. When comparing results of the first 9-months between the reporting and previous financial years, General Construction segment reported drop of 23% and 19% in revenue and PBT respectively.

Revenue and PBT from Oil Palm Cultivation segment increased by 20% and 53% respectively compared with preceding year corresponding quarter due to better harvesting which mitigated the impact from sliding prices of crude palm oil prices. Consequently, YTD 9-month period revenue and PBT increased by 11% and 47% respectively.

Notes to the quarterly report - 31 March 2019

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

	Current Year Quarter 31/03/2019 RM'000	Immediate Preceding Quarter 31/12/2018 RM'000 (Restated)	Changes %
Revenue			
Property Development	61,030	58,379	5
General Construction	4,917	3,380	45
Oil Palm Cultivation	635	712	(11)
Others	916	1,122	(18)
Total	<u>67,498</u>	<u>63,593</u>	6
Profit/(Loss) before tax			
Property Development	9,199	13,785	(33)
General Construction	157	235	(33)
Oil Palm Cultivation	211	410	(49)
Investment Holding	(27)	(269)	90
Others	(148)	108	(237)
Total	<u>9,392</u>	<u>14,269</u>	(34)

The Group reported a 6% increase in revenue with a 34% drop in PBT when compared to the immediate preceding financial quarter. On the same comparative basis, the Property Development segment registered a 5% increase in revenue but a 33% drop in PBT mainly due to lower profit margin from its on-going development. PBT of General Construction segment dropped by 33% although its revenue increased by 45% mainly due to payment of discretionary bonus during the reporting financial quarter. Meanwhile, revenue and PBT of Oil Palm Cultivation segment reduced by 11% and 49% respectively due to sharply lower tonnage harvested.

B.3. Prospects for the Current Financial Year

During the quarter under review, the Group focussed on clearing inventory particularly for completed projects and projects that are close to completion with aid from valued added promotional campaigns and Government's initiative for a 6-month waiver of stamp duty for properties priced between RM300,001 to RM1 million. This would include Seroja Hills, an ongoing 256-units condominium project in Bandar Baru Salak Tinggi, Selangor and the completed double storey bungalow project in Taman Belia Antarabangsa, Ayer Keroh, Melaka.

In the northern region, Perumahan Penjawat Awam Malaysia ("PPAM") projects continued to show resilience towards market challenges. This is evidenced by the 100% take up rate for the Group's Taman Serai Wangi, in Kulim, Kedah. As such, the Group will be launching the next phase of its PPAM projects; Taman Permaipura Phase 3 with gross development value ("GDV") of RM39 million and Taman Sinar Intan 3 Phase 4 with GDV of RM36 million. The Group recently launched a new project (66 unit of double storey terraces) in Taman Bemban, Pulau Baling, Kedah with GDV of RM22 million, in line with the Group's direction to launch more open market projects.

As of now, the Group's land banks, including land banks under land owners and developer agreements, amounts in totality to 2,031 acres. These land banks are expected to contribute positively to the Group's future. The Group is expected to launch 2 new projects with total GDV of RM73 million soon. Further, the Group's unbilled property sales is about RM124.09 million as at close of the reporting financial quarter.

Despite the sluggish outlook of the property market, the Group is on track to deliver positive results arising from the implementation of the right strategy, products and launch timing. Given the above, the Board is confident of the Group delivering yet another strong performance.

Notes to the quarterly report - 31 March 2019

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 31/03/2019 RM'000	Current Year To Date 31/03/2019 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(708)	(2,128)
Interest expense	(2,230)	(5,913)
Rental income	33	102
Interest income	12	980
Other income	817	2,564
	<u>817</u>	<u>2,564</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 31/03/2019 RM'000	Current Year To Date 31/03/2019 RM'000
Malaysian income tax based on the profit for the financial year	2,637	11,221
Deferred taxation	(241)	(26,915)
Taxation overprovided in respect of prior financial year	(37)	(37)
Real property gains tax	-	5,501
	<u>2,359</u>	<u>(10,230)</u>

The effective tax rate is approximate to the statutory tax rate for the current quarter; whereas the difference between effective tax rate of the Group for the 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 10 May 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 March 2019

B.8. Group Borrowings and Debt Securities

	Long Term RM'000	Short Term RM'000	Total RM'000
Current period ended			
31 March 2019			
Secured			
Term loans	54,488	4,930	59,418
Revolving credit	-	105,440	105,440
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	47,800	-	47,800
	<u>102,288</u>	<u>160,370</u>	<u>262,658</u>
Corresponding period ended			
31 March 2018			
Secured			
Term loans	69,114	6,458	75,572
Revolving credit	-	74,800	74,800
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	47,800	-	47,800
	<u>116,914</u>	<u>131,258</u>	<u>248,172</u>

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

	As at 31/03/2019	As at 31/03/2018
Floating interest rate		
Term loans	5.19%	4.87%
Revolving credit	4.93%	4.92%
Fixed interest rate		
Non-convertible redeemable preference shares	<u>4.00%</u>	<u>4.00%</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 March 2019

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 10 May 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 31/03/2019	Preceding Year Corresponding Year To Date 31/03/2018
(a) Basic		
Profit attributable to owners of the Company (RM'000)	<u>42,060</u>	<u>22,518</u>
Number of ordinary shares in issue ('000)	<u>154,858</u>	<u>154,858</u>
Basic EPS (sen)	<u>27.16</u>	<u>14.54</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]

17 May 2019