



JKG LAND BERHAD

(Company No: 154232-K)
(Incorporated in Malaysia under the Companies Act, 1965)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2019

	(Unaudited) As at 31-Jul-19 RM'000	(Audited) As at 31-Jan-19 RM'000
Assets		
Non-Current Assets		
Property, plant and equipment	25,513	23,786
Investment property	44,464	44,506
Investment in an associate	-	-
Other investments	18	18
Inventories	292,157	287,480
Deferred tax assets	8,746	8,746
Deposits	8,500	8,500
	379,398	373,036
Current Assets		
Inventories	116,802	152,455
Contract asset	91,387	26,285
Contract cost	40,365	30,010
Trade and other receivables	17,028	16,773
Current tax assets	1,314	2,187
Short term investments	700	1,829
Cash and cash equivalents	88,172	75,910
	355,768	305,449
TOTAL ASSETS	735,166	678,485
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	231,159	231,159
Retained earnings	238,505	231,488
	469,664	462,657
Non-Controlling Interests	(56)	(42)
Total Equity	469,608	462,605
Non-Current Liabilities		
Deferred tax liabilities	15	15
Loan and borrowings	69,003	69,003
	69,018	69,018
Current Liabilities		
Trade and other payables	22,241	24,432
Contract liabilities	7,667	4,473
Current tax payables	1,023	45
Loan and borrowings	165,609	117,912
	196,540	146,862
Total Liabilities	265,558	215,880
TOTAL EQUITY AND LIABILITIES	735,166	678,485
Net assets per share attributable to equity holders of the parent (RM)	0.21	0.20

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2019 and the accompanying notes attached to the interim financial statements)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Period Ended 31 July 2019

	<u>Attributable to owners of the Company</u>			Non-Controlling Interests <u>RM'000</u>	Total Equity <u>RM'000</u>
	<u>Distributable</u>				
	Share Capital <u>RM'000</u>	Retained Earnings <u>RM'000</u>	Total <u>RM'000</u>		
<u>6 Months Ended 31 July 2019</u>					
At 1 February 2019	231,159	231,488	462,647	(42)	462,605
Total Comprehensive income for the period	-	7,017	7,017	(14)	7,003
Dividend	-	-	-	-	-
At 31 July 2019	<u>231,159</u>	<u>238,505</u>	<u>469,664</u>	<u>(56)</u>	<u>469,608</u>

For The Financial Period Ended 31 July 2018

	<u>Attributable to owners of the Company</u>			Non-Controlling Interests <u>RM'000</u>	Total Equity <u>RM'000</u>
	<u>Distributable</u>				
	Share Capital <u>RM'000</u>	Retained Earnings <u>RM'000</u>	Total <u>RM'000</u>		
<u>6 Months Ended 31 July 2018</u>					
At 1 February 2018	231,159	231,932	463,091	(5)	463,086
Total Comprehensive income for the period	-	(216)	(216)	(6)	(222)
At 31 July 2018	<u>231,159</u>	<u>231,716</u>	<u>462,875</u>	<u>(11)</u>	<u>462,864</u>

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For The Financial Period Ended 31 July 2019

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31-Jul-19 RM'000	Preceding Year Corresponding Quarter 31-Jul-18 RM'000	% + / (-)	Current Year To Date 31-Jul-19 RM'000	Preceding Year Corresponding Period 31-Jul-18 RM'000	% + / (-)
Revenue	55,883	14,480	285.9	95,435	35,761	166.9
Cost of sales	(43,055)	(10,913)		(74,746)	(25,728)	
Gross profit	12,828	3,567	259.6	20,689	10,033	106.2
Selling and marketing expenses	(398)	(247)		(803)	(689)	
Administrative expenses	(3,942)	(4,019)		(8,641)	(8,371)	
Other operating income	469	705		735	1,355	
Operating profit	8,957	6	149183.3	11,980	2,328	414.6
Share of results of an associate	-	-		-	-	
Profit before interest and tax	8,957	6	14,9183.3	11,98	2,328	414.6
Finance income	582	395		1,151	1,312	
Finance cost	(2,179)	(1,245)		(3,815)	(2,380)	
Profit / (Loss) before tax	7,360	(844)	972.0	9,316	1,260	639.4
Tax expenses	(1,600)	(390)		(2,313)	(1,482)	
Profit and total comprehensive income for the period	5,760	(1,234)	566.8	7,003	(222)	3254.5
Profit and total comprehensive income for the period attributable to :						
Owners of the Company	5,764	(1,228)	569.4	7,017	(216)	3348.6
Non-controlling interests	(4)	(6)		(14)	(6)	
Profit and total comprehensive income for the period	5,760	(1,234)	566.8	7,003	(222)	3254.5
	Sen	Sen		Sen	Sen	
Basic earnings per share	0.25	(0.05)	569.4	0.31	(0.01)	3348.6

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2019 and the accompanying notes attached to the interim financial statements)



JKG LAND BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For The Financial Period Ended 31 July 2019

	Current year to 31-Jul-2019 RM'000	Preceding year to 31-Jul-2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	9,316	1,260
Adjustment for :		
Depreciation of property, plant and equipment	1,148	1,288
Depreciation of investment property	42	43
Interest income	(1,151)	(1,312)
Gain on redemption of short term fund	-	(13)
Gain on disposal of motor vehicle	(10)	-
Dividend received	-	(1)
Fair value adjustment on short term investment	(10)	(160)
Interest expense	3,815	2,380
Operating profit before changes in working capital	13,150	3,485
Changes in working capital		
Inventories	35,653	(5,011)
Contract assets	(65,102)	(12,641)
Contract cost	(10,355)	(8,774)
Trade and other receivables	(255)	4,300
Trade and other payables	(2,191)	5,559
Contract liabilities	3,194	202
	(39,056)	(16,365)
Cash used in operating activities	(25,906)	(12,880)
Tax paid	(462)	(3,784)
Net cash used in operating activities	(26,368)	(16,664)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(2,897)	(944)
Additions to non-current inventories	(4,677)	(2,877)
Proceeds from disposal of motor vehicle	32	-
Redemption / (Additions) of short term investments	1,139	3,079
Interest received	1,151	1,312
Gain on redemption of short term fund	-	13
Dividend received	-	1
Withdrawal of fixed deposits-aged more than 3 months	-	15,000
Net cash used in investing activities	(5,252)	15,584
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown / (Repayment) of term loans and borrowings	47,697	(16,156)
Interest paid	(3,815)	(2,380)
Net cash (used in)/ from investing activities	43,882	(18,536)
Net (decrease)/increase in cash and cash equivalents	12,262	(19,616)
Cash and cash equivalents at beginning of the period	75,910	110,447
Cash and cash equivalents at end of the period	88,172	90,831
Cash and cash equivalents at end of the period comprised of :		
Fixed Deposit Placed With Licensed Banks-aged within 3 months	63,712	42,114
Cash and Bank Balances	24,460	48,717
	88,172	90,831

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2019 and the accompanying notes attached to the interim financial statements)

**SELECTED EXPLANATORY NOTES**

PART A : Explanatory notes pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting and other MFRSs issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2019 which have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRSs”) and the Companies Act 2016. These explanatory notes attached to the condensed consolidated 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 financial year ended 31 January 2019.

2. Accounting Policies

The significant accounting policies, method of computation and basis of consolidation applied in the consolidated condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2019 save for the adoption of the following:

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

The initial adoption of the above MFRS, amendments to MFRSs, IC Interpretation and annual improvements to MFRS does not have any material impact on the financial statements of the Group, except as mentioned below :

MFRS 16. Leases

The adoption of MFRS 16 resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to identification of lease arrangements and accounting treatments for both lessors and lessees are amended to comply with MFRS 16. In accordance with the transition requirements under MFRS 16, comparatives are not restated and the financial impact on the adoption of this Standard is recognized in retained earnings as at 1 February 2019.

Based on the assessment, the Group does not expect the application of MFRS 16 to have significant financial impact on the interim financial statements.

3. Audit Report Qualification and Status

The financial statements of the Group for the financial year ended 31 January 2019 were not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The Group’s business operations are not materially affected by seasonal or cyclical factors.



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SELECTED EXPLANATORY NOTES

5. Unusual Items

There were no unusual items for the current financial period under review.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect for the current financial period under review.

7. Debt & Equity Securities, Share Buy-Backs and Treasury Shares

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period under review.

8. Dividend Paid

There was no dividend paid during the financial period under review.

9. Segmental Information

The Group's activities comprise the following main business segments which are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance :-

Property development:	Development of residential, commercial and other properties
Cultivation of oil palm:	Cultivation of oil palm and Sale of fresh fruit bunches (FFB)
Others:	Operations related to investment holdings and provision of management services

6 months ended 31 July 2019	Property Development RM'000	Cultivation of Oil Palm RM'000	Others RM'000	Group RM'000
Segment Revenue	93,986	843	606	95,435
Segment Result				
Operating profit before tax	11,048	326	606	11,980
Share of results of an associate				-
Profit before interest and tax				11,980
Finance income				1,151
Finance costs				(3,815)
Profit before tax				9,316
Tax expense				(2,313)
Profit after tax				7,003
Segment assets	680,660	9,941	44,565	735,166
Investment in associates				-
Total assets				735,166



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SELECTED EXPLANATORY NOTES

9. Segmental Information (cont'd)

6 months ended 31 July 2018	Property Development RM'000	Cultivation of Oil Palm RM'000	Others RM'000	Group RM'000
Segment Revenue	34,157	974	630	35,761
Segment Result				
Operating profit before tax	1,207	491	630	2,328
Share of results of an associate				-
Profit before interest and tax				2,328
Finance income				1,312
Finance costs				(2,380)
Profit before tax				1,260
Tax expense				(1,482)
Profit after tax				(222)
Segment assets	602,834	9,931	3,522	616,287
Investment in associates				-
Total assets				616,287

10. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment carried out during the current financial period ended 31 July 2019.

11. Material Subsequent Event

There were no material events subsequent to the financial period ended 31 July 2019.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group up to the date of this announcement since the preceding financial year ended 31 January 2019.

13. Contingent Liabilities

There were no material contingent liabilities for the Group as at 31 July 2019.

14. Capital Commitments

There were no capital commitments for the Group as at 31 July 2019.



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SELECTED EXPLANATORY NOTES

Part B : Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

1. Performance Review

For the current financial quarter and financial period under review, the Group posted a revenue of RM55.883 million and RM95,435 million, an increment of 285.9% and 166.9% over the revenue of RM14.48 million and RM 35.761 million respectively in the preceding corresponding quarter and financial period. Similarly, the Group's pre-tax profit for the current financial quarter and financial period recorded a surge of RM7.360 million and RM9.316 million respectively as compared to a loss of RM0.844 million and PBT of RM1.260 million in the preceding corresponding quarter and financial period. The higher revenue and PBT were mainly due to contribution from the property development segment.

The performance of the various operating segments were analysed as follows :-

	Quarter ended 31 July			6-months ended 31 July		
	2019 RM'000	2018 RM'000	% + / (-)	2019 RM'000	2018 RM'000	% + / (-)
Segment Revenue						
Property Development	55,180	13,721	302.2	93,986	34,157	175.2
Cultivation of Oil Palm	397	419	(5.3)	843	974	(13.4)
Others	306	340	(10.0)	606	630	(3.8)
Total	55,883	14,480	285.9	95,435	35,761	166.9
Segment Results						
Property Development	8,520	(498)	1810.8	11,048	1,207	815.3
Cultivation of Oil Palm	132	164	(19.5)	326	491	(33.6)
Others	306	340	(10.0)	606	630	(3.8)
Total operating profit	8,958	6	149200.0	11,980	2,328	414.6
Share of results of an associate	0	0		0	0	
Profit before interest and tax	8,958	6	149200.0	11,980	2,328	414.6
Finance income	582	395	47.3	1,151	1,312	(12.3)
Finance costs	(2,180)	(1,245)	75.1	(3,815)	(2,380)	60.3
Profit / (Loss) before tax	7,360	(844)	972.0	9,316	1,260	639.4
Tax expense	(1,600)	(390)		(2,313)	(1,482)	
Profit after tax	5,760	(1,234)	566.8	7,003	(222)	3254.5
Non-controlling interests	4	6		14	6	
Profit attributable to owners of the Company	5,764	(1,228)	569.4	7,017	(216)	3348.6

SELECTED EXPLANATORY NOTES
1. Performance Review (cont'd)
a) Property Development

For the current financial quarter under review, the Group's property development segment achieved a revenue of RM55.180 million and an operating profit of RM8.520 million, which was 302.2% and 1810.8% higher when compared to the corresponding quarter in the preceding year. For the current financial period-to-date, the Group reported a revenue of RM93.986 million and an operating profit of RM11.048 million representing an increase of 175.2% and 815.3% over the revenue and operating profits in the preceding corresponding financial period. The significant improvement in both revenue and operating profits were largely contributed from improved sales and higher progress of works mainly from the existing on-going development project in Kula Lumpur, namely The ERA @ Duta North.

	Quarter ended 31 July			6-months ended 31 July		
	2019	2018	%	2019	2018	%
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	55,180	13,721	302.2	93,986	34,157	175.2
Cost of sales	(42,790)	(10,658)		(74,229)	(25,245)	
Gross profit	12,390	3,063		19,757	8,912	
Selling and marketing expenses	(397)	(247)		(803)	(689)	
Administrative expenses	(3,941)	(4,019)		(8,641)	(8,371)	
Other operating income	468	705		735	1,355	
Operating profit	8,520	(498)	1810.8	11,048	1,207	815.3

b) Cultivation of oil palm

For the current financial quarter and financial period under review, this segment reported a drop of 5.3% and 13.4% in revenue, 19.5% and 33.6% in operating profits respectively compared to the preceding year's corresponding quarter and financial period. This was mainly due to lower commodity prices as a result of adverse market demand conditions despite marginal increase in sales volume of Fresh Fruit Bunch (FFB) by 22.8% and 13.8% over the preceding financial quarter and financial period.

c) Others

The revenue and operating profit from others segment comprised mainly rental income and management services income for the Group. The revenue and operating profit, both registered a decrease of 10.0% for the current financial quarter and 3.8% for the current financial period as compared to the preceding corresponding financial quarter and financial period. This was mainly due to the cessation of management services contract since November 2018.

2. Material Changes in Profit Before Tax for Quarter Reported On as Compared to the Immediate Preceding Quarter

The Group registered a revenue of RM55.883 million, an increase by 41.3% compared with RM39.552 million reported in the immediate preceding quarter. Likewise, the Group posted a PBT of RM7.360 million, a hike of 276.3% as compared to the PBT of RM1.956 million in the immediate preceding quarter. The higher revenue and PBT were largely due to recognition of more sales and higher work progress achieved in the current quarter by the property development segment.



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SELECTED EXPLANATORY NOTES

2. Material Changes in Profit Before Tax for Quarter Reported On as Compared to the Immediate Preceding Quarter (cont'd.)

	Quarter Ended		%
	31-07-2019	30-04-2019	
	RM'000	RM'000	+ / (-)
Segment Revenue			
Property Development	55,180	38,806	42.2
Cultivation of Oil Palm	397	446	(11.0)
Investment Holding	306	300	2.0
Total	55,883	39,552	41.3
Segment Results			
Property Development	8,520	2,528	237.0
Cultivation of Oil Palm	132	194	(32.0)
Investment Holding	306	300	2.0
Total operating profit	8,958	3,022	196.4
Share of results of an associate	-	-	
Profit before interest and tax	8,958	3,022	196.4
Finance income	582	569	2.3
Finance costs	(2,180)	(1,635)	33.3
Profit before tax	7,360	1,956	276.3
Tax expense	(1,600)	(713)	
Profit after tax	5,760	1,243	363.4
Non-controlling interests	4	10	
Profit attributable to owners of the Company	5,764	1,253	360.0

3. Commentary on Prospects

The overall property market is expected to remain challenging in the subsequent periods of FY2020 although consumer sentiments have improved. The key issues of rising costs of living, price affordability and tight financing requirements will continue to have a dampening effect. Amid an uncertain macro-economic situation and prolong subdued property market, the Group will continue to focus on being market-driven in its products offerings whilst continue to unlock the value of its landbanks at strategic locations across the Klang Valley and Northern Regions.

In spite of the challenging business environment, the Group expects to deliver satisfactory performance for FY2020.

4. Variance of Actual Profit from Forecast Profit

There was no profit forecast given for the current financial period ended 31 July 2019.

5. Taxation

Tax charged for the current quarter and financial period ended 31 July 2019 comprised the followings:-

	Quarter Ended	6-months Cumulative
	31-07-2019	31-07-2019
	RM'000	RM'000
In respect of the current quarter/ year to-date		
Malaysian income tax	1,600	2,313

For the financial period ended 31 July 2019, the effective tax rate of the group is slightly higher than the statutory tax rate mainly due to losses in certain subsidiaries which are not available to set off against taxable profits in other subsidiaries within the Group. The above tax figures are based on best estimates and internal assessment.

SELECTED EXPLANATORY NOTES
6. Status of Corporate Proposals

As at 31 July 2019, there were no outstanding corporate proposals.

7. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the current financial period under review are as follows :

	As at 31-07-2019		
	Long term RM'000	Short term RM'000	Total RM'000
Secured Term loans	69,003	165,609	234,612

8. Material Litigation

There were no material litigations, which would have a material adverse effect on the financial results for the current financial period under review.

9. Proposed Dividend

No interim dividend was proposed during the current financial period under review.

10. Earnings per share attributable to owners of the Company

The basic earnings per share has been calculated by dividing the Group's net profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the period.

	Quarter Ended		6-months Cumulative	
	31-07-2019 RM'000	31-07-2018 RM'000	31-07-2019 RM'000	31-07-2018 RM'000
Net profit/(loss) attributable to owners of the Company	5,764	(1,228)	7,017	(216)
Weighted average number of ordinary shares in issued	2,274,930	2,274,930	2,274,930	2,274,930
Basic earnings/(loss) per share	Sen 0.25	Sen (0.05)	Sen 0.31	Sen (0.01)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 July 2019.

11. Notes to the Comprehensive Income Statement

	Quarter Ended 31-07-2019 RM'000	6-months Cumulative 31-07-2019 RM'000
a) Interest income	582	1,151
b) Other income	469	735
c) Interest expense	(2,179)	(3,815)
d) Depreciation and amortization	(616)	(1,190)
e) Provision for and write off of receivables	-	-
f) Provision for and write off of inventories	-	-
g) Gain/(Loss) on disposal of quoted and unquoted investments or properties	-	-
h) Fair value gain/ (loss) on short term investment	-	10
i) Impairment of assets	-	-
j) Foreign exchange gain / (loss)	-	-
k) Gain / (Loss) on derivatives	NA	NA
l) Exceptional items	NA	NA