



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 31.3.2016	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.3.2015	CURRENT YEAR- TO-DATE ENDED 31.3.2016	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.3.2015
	UNAUDITED RM'000	UNAUDITED RM'000	UNAUDITED RM'000	UNAUDITED RM'000
Revenue	8,336	9,750	22,368	19,920
Cost of sales	(5,631)	(5,551)	(15,461)	(11,572)
Gross profit	2,705	4,199	6,907	8,348
Other income	(529)	809	377	1,602
Operating expenses	(1,980)	(2,033)	(5,390)	(5,310)
Other operating expenses	(237)	(319)	(238)	(441)
Finance costs	(10)	(6)	(42)	(12)
(Loss)/Profit before taxation	(51)	2,650	1,614	4,187
Taxation	(225)	(466)	(796)	(466)
(Loss)/Profit after taxation	(276)	2,184	818	3,721
Other comprehensive income net of tax:				
- Foreign currency translation	52	14	8	78
Total comprehensive (expenses)/income	(224)	2,198	826	3,799
(Loss)/Profit after taxation attributable to:-				
Owners of the Company	(276)	2,184	818	3,721
Total comprehensive (expenses)/ income attributable to:-				
Owners of the Company	(224)	2,198	826	3,799
(Loss)/Earnings per share attributable to Owners of the Company (sen):				
Basic	(0.26)	2.30	0.78	3.92
Diluted	NA	NA	NA	NA

(The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.3.2016 UNAUDITED RM'000	AS AT 30.6.2015 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,163	24,952
Trade receivables	727	-
	<u>25,890</u>	<u>24,952</u>
Current assets		
Inventories	2,132	1,609
Trade and other receivables	12,503	4,662
Amount owing by a related party	-	7
Tax recoverable	102	29
Fixed deposits with licensed banks	1,550	1,508
Cash and bank balances	7,123	10,141
	<u>23,410</u>	<u>17,956</u>
TOTAL ASSETS	<u>49,300</u>	<u>42,908</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	52,250	52,250
Share premium	12,500	12,500
Other reserves	225	217
Accumulated losses	(28,282)	(29,100)
Total equity	<u>36,693</u>	<u>35,867</u>
Non-current liabilities		
Hire purchase payables	383	510
Deferred tax liabilities	2,553	2,604
Trade payables	657	-
	<u>3,593</u>	<u>3,114</u>
Current liabilities		
Trade and other payables	7,523	3,731
Amount owing to contract customers	584	-
Provision for taxation	749	43
Hire purchase payables	158	153
	<u>9,014</u>	<u>3,927</u>
Total liabilities	<u>12,607</u>	<u>7,041</u>
TOTAL EQUITY AND LIABILITIES	<u>49,300</u>	<u>42,908</u>
Net assets per share (sen)	35.11	34.32

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable			Distributable	Total Equity/ Attributable to Owners of the Company RM'000
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	
Balance at 1.7.2015	52,250	12,500	217	(29,100)	35,867
Profit after taxation for the financial period	-	-	-	818	818
Other comprehensive income for the financial period, net of tax	-	-	8	-	8
Total comprehensive income for the financial period	-	-	8	818	826
Balance at 31.3.2016	52,250	12,500	225	(28,282)	36,693
Balance at 1.7.2014	47,500	12,361	195	(27,737)	32,319
Profit after taxation for the financial period	-	-	-	3,721	3,721
Other comprehensive income for the financial period, net of tax	-	-	78	-	78
Total comprehensive income for the financial period	-	-	78	3,721	3,799
Balance at 31.3.2015	47,500	12,361	273	(24,016)	36,118

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CURRENT PERIOD-TO-DATE ENDED 31.3.2016 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.3.2015 UNAUDITED RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	1,614	4,187
Adjustments for:-		
Amortisation of prepaid land lease payments	-	3
Bad debts written off	- *	-
Depreciation of property, plant and equipment	703	797
Imputed interest expense	18	-
Interest expense	24	12
Plant and equipment written off	- *	229
Unrealised loss/(gain) on foreign exchange	235	(785)
Gain on disposal of plant and equipment	(17)	(35)
Interest income	(50)	(1)
Reversal of inventories written down	(26)	-
Operating profit before working capital changes	<u>2,501</u>	<u>4,407</u>
Net change in inventories	(497)	551
Net change in trade and other receivables	(8,998)	(4,688)
Net change in trade and other payables	4,632	1,095
Net change in amount owing to a contract customers	584	-
Net change in related parties	7	332
Cash flows (for)/from operations	<u>(1,771)</u>	<u>1,697</u>
Interest paid	(24)	(12)
Income tax paid	(215)	(14)
Net cash (for)/from operating activities	<u>(2,010)</u>	<u>1,671</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	50	1
Purchase of equipment	(913)	(204)
Proceeds from disposal of plant and equipment	18	71
Placement of fixed deposits	(42)	(1,200)
Net cash for investing activities	(887)	(1,332)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of hire purchase payables	(121)	(61)
Repayment to a related party	-	(142)
Advances from a director	-	170
Net cash for financing activities	(121)	(33)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	CURRENT PERIOD-TO-DATE ENDED 31.3.2016 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31.3.2015 UNAUDITED RM'000
Net changes in cash and cash equivalents	(3,018)	306
Cash and cash equivalents at beginning of period	10,141	4,201
Effect of foreign exchange translation	-	1
Cash and cash equivalents at end of period	<u>7,123</u>	<u>4,508</u>
Cash and cash equivalents at end of financial period comprised:-		
Cash and bank balances	7,123	4,508
Fixed deposits with licensed banks	<u>1,550</u>	<u>1,508</u>
	8,673	6,016
Less: Fixed deposits pledged with licensed banks	<u>(1,550)</u>	<u>(1,508)</u>
	<u>7,123</u>	<u>4,508</u>

Note:-

* - Amount less than RMI,000

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.)



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 MARCH 2016**

**PART A - DISCLOSURE NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD 134 AND INTERNATIONAL ACCOUNTING STANDARD 34**

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134: *Interim Financial Reporting* (“MFRS 134”), International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 30 June 2015. The 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 30 June 2015.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2015, except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretation with effect from 1 July 2015.

The Group has not applied in advance the following accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application, except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group’s investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 30 June 2015 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The ceramic business is cyclical in nature as it is affected by the seasonal pattern of the importing countries.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review that were unusual because of their nature, size or incidence.



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**6. CHANGE IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS
OF THE CURRENT FINANCIAL PERIOD OR IN PRIOR FINANCIAL YEARS**

There were no significant changes in estimates of amounts reported in prior interim periods or prior financial period that have a material effect in the current financial period under review.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchase, resale and repayment of debt and equity securities since the last annual reporting date.

8. DIVIDENDS

No dividend was paid during the current financial period under review.

9. SEGMENTAL INFORMATION

The Group has two main business segments as follows:-

Ceramic segment - involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.

Construction segment - involved in property construction and related businesses.

The Group operates principally in Malaysia.



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9. SEGMENTAL INFORMATION (CONT'D)

Segmental information is provided based on business segments, as follows:

	<u>Investment Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>The Group</u> RM'000
Current year quarter ended 31.3.2016				
External revenue	-	5,203	3,133	8,336
Results				
Results before following adjustments	(200)	910	288	998
Interest income	-	4	-	4
Gain on disposal of plant and equipment	-	17	-	17
Reversal of inventories written down	-	13	-	13
Realised loss on foreign exchange	-	(88)	-	(88)
Unrealised loss on foreign exchange	-	(734)	-	(734)
Depreciation of property, plant and equipment	(15)	(236)	-	*
Segment results	(215)	(114)	288	(41)
Finance costs				(10)
Taxation				(225)
Loss after taxation				(276)
Current year-to-date ended 31.3.2016				
External revenue	-	12,879	9,489	22,368
Results				
Results before following adjustments	(592)	2,034	846	2,288
Interest income	-	50	-	50
Gain on disposal of plant and equipment	-	17	-	17
Reversal of inventories written down	-	26	-	26
Realised gain on foreign exchange	-	213	-	213
Bad debts written off	-	-	*	-
Depreciation of property, plant and equipment	(24)	(679)	-	*
Plant and equipment written off	-	-	*	-
Unrealised loss on foreign exchange	-	(235)	-	(235)
Segment results	(616)	1,426	846	1,656
Finance costs				(42)
Taxation				(796)
Profit after taxation				818

Note:-

* - Amount less than RM1,000



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
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**PART A - DISCLOSURE NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>The Group</u> RM'000
31.3.2016				
Assets				
Segment assets	1,020	39,033	9,145	49,198
Unallocated assets				102
Consolidated total assets				<u>49,300</u>
Liabilities				
Segment liabilities	807	3,642	4,856	9,305
Unallocated liabilities				3,302
Consolidated total liabilities				<u>12,607</u>

	<u>Investment Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>The Group</u> RM'000
Preceding year corresponding quarter ended 31.3.2015			
External revenue	-	9,750	9,750
Results			
Segment results	(70)	2,535	2,465
Interest income	-	-	-
Gain on disposal of plant and equipment	-	30	30
Realised gain on foreign exchange	-	435	435
Unrealised gain on foreign exchange	-	225	225
Amortisation of prepaid land lease payments	-	(1)	(1)
Depreciation of property, plant and equipment	-	(277)	(277)
Plant and equipment written off	-	(221)	(221)
	<u>(70)</u>	<u>2,726</u>	<u>2,656</u>
Finance costs			(6)
Taxation			(466)
Profit after taxation			<u>2,184</u>

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u>		
	<u>Holding</u>	<u>Ceramic</u>	<u>The Group</u>
	RM'000	RM'000	RM'000
Preceding year corresponding period 31.3.2015			
External revenue	-	19,920	19,920
Results			
Segment results	(202)	4,111	3,909
Interest income	-	1	1
Gain on disposal of plant and equipment	-	35	35
Realised gain on foreign exchange	-	498	498
Unrealised gain on foreign exchange	-	785	785
Amortisation of prepaid land lease payments	-	(3)	(3)
Depreciation of property, plant and equipment	-	(797)	(797)
Plant and equipment written off	-	(229)	(229)
	<hr/>	<hr/>	<hr/>
	(202)	4,401	4,199
Finance costs			(12)
Taxation			(466)
Profit after taxation			<hr/> <hr/>
			3,721
	<u>Investment</u>		
	<u>Holding</u>	<u>Ceramic</u>	<u>The Group</u>
	RM'000	RM'000	RM'000
31.3.2015			
Assets			
Segment assets	112	44,650	44,762
Unallocated assets			29
Consolidated total assets			<hr/> <hr/>
			44,791
Liabilities			
Segment liabilities	1,034	4,444	5,478
Unallocated liabilities			3,195
Consolidated total liabilities			<hr/> <hr/>
			8,673



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
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**PART A - DISCLOSURE NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
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9. SEGMENTAL INFORMATION (CONT'D)

Geographical Information for Revenue

	Current year quarter ended 31.3.2016 RM'000	Current year-to- date ended 31.3.2016 RM'000
United States	4,776	10,662
Australia	174	704
Europe	-	777
Malaysia	3,337	10,147
Others	49	78
	<hr/> 8,336	<hr/> 22,368

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Save for the following and those disclosed in Note 22, there were no material events subsequent to the end of the current quarter up to 20 May 2016, being the last practicable date from the date of the issue of this report that are expected to have an operational or financial impact on the Group.

- (i) On 18 April 2016, Profit Sunland Sdn Bhd, a wholly-owned subsidiary of SGB, has entered into a Managing Contractor Agreement with Prinsip Nusantara Sdn Bhd for the development of all that piece of land held under PTD 27883, Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 6.02 acres on which currently the Johor State Tennis Academy is situated (“the Land”). The Land is to be developed into a commercial development in accordance with such development policies of The Government Of The State of Johor Darul Ta’zim (“State Government”).

The development on the Land includes:-

- (i) To relocate the Johor State Tennis Academy on a piece of land at Taman Nusa Duta, Johor Bahru;
- (ii) To construct a new State Tennis Academy consisting of indoor and outdoor tennis courts together with a shooting range and multipurpose courts at Taman Nusa Duta or such other sporting amenities as required by the State Government; and
- (iii) To develop the Land into a mixed development project which consists of:-
 - (a) a 3-storey shop office which consists of 18 units; and
 - (b) two blocks of 25-storey medium end apartments with a total of 472 units subdivided into 3 types, consisting of 196 units, 200 units and 76 units respectively.



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**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD
(CONT'D)**

- (ii) On 22 April 2016, SGB entered into a heads of agreement with Annathan A/L Sinivesan and Nurul Shahiza Binti Muhammad Adib in relation to the proposed acquisition of 80,000 ordinary shares of RM1.00 each which represents 80% of the entire issued and paid-up share capital of Klasik Ikhtiar Sdn Bhd for a purchase consideration of RM3,500,000.00. The purchase consideration is to be satisfied via cash.

11. CHANGES IN COMPOSITION OF THE GROUP

On 18 August 2015, the Company acquired two (2) ordinary shares, representing 100% of the total issued and paid-up share capital of Million Rich Resources Sdn Bhd (“MRRSB”) for a total consideration of RM2.00. MRRSB was incorporated on 10 August 2015. MRRSB is presently dormant and the intended principal activities are property development, property investment and general trading.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities since the last annual reporting date and there were no contingent assets since the last annual reporting date.

13. CAPITAL COMMITMENTS

There were no capital commitments as at the end of the current quarter.

14. RELATED PARTY TRANSACTIONS

There were no related party transactions during the current financial period under review.

**15. CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES,
TRANSFERS AND CLASSIFICATIONS**

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group’s financial assets and financial liabilities in the current financial period under review.



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
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STANDARD 134 AND INTERNATIONAL ACCOUNTING STANDARD 34**

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are determined by discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
31.3.2016								
<u>Financial Asset</u>								
Trade receivables (Non-current)	-	-	-	-	727	-	727	727
<u>Financial Liabilities</u>								
Trade payables (Non-current)	-	-	-	-	657	-	657	657
Hire purchase payables (Non- current)	-	-	-	-	383	-	383	383

The fair values above are for disclosure purposes and have been determined using the following basis:-

- (a) The fair values of hire purchase payables are determined by the relevant cash flows using interest rates for similar instruments ranging from 4.61% to 6.76% (30.6.2015 - 4.61% to 6.76%) per annum at the end of the reporting period; and
- (b) The fair values of trade receivables (non-current) and trade payables (non-current) are determined using discounted cash flow projections based on a borrowing rate of 9.00%. The discount rate equals to the current market interest rate plus appropriate credit rating.



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
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**PART B - DISCLOSURE NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING
REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

17. REVIEW OF GROUP PERFORMANCE

	Individual Quarter		Cumulative Period	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
Revenue				
- Investment holding	-	-	-	-
- Ceramic	5,203	9,750	12,879	19,920
- Construction	3,133	-	9,489	-
	8,336	9,750	22,368	19,920
(Loss)/Profit before taxation				
- Investment holding	(215)	(70)	(616)	(203)
- Ceramic	(121)	2,720	1,402	4,390
- Construction	285	-	828	-
	(51)	2,650	1,614	4,187

The Group’s revenue in the current quarter decreased by 15% as compared to the corresponding quarter ended 31.3.2015. The decrease was mainly due to the decrease in export sales in ceramic segment by RM4.55 million, representing a decrease of 47% as compared to the corresponding quarter ended 31.3.2015, which resulting from the loss of some orders from major customers to competitors in the current quarter. Revenue derived from construction segment (i.e., progress billing for development project in Kemaman) amounting to RM3.13 million in the current quarter. There was no revenue derived from the construction segment in the corresponding quarter ended 31.3.2015.

For the cumulative period under review, the Group’s revenue increased by RM2.45 million, representing an increase of 12% as compared to the corresponding cumulative period ended 31.3.2015. The increase was contributed by the revenue derived from construction segment (i.e., progress billing for development project in Kemaman) amounting to RM9.49 million in the current cumulative period. There was no revenue derived from the construction segment in the corresponding cumulative period ended 31.3.2015. Meanwhile the decreased revenue in ceramic segment was mainly due to loss of some orders from major customers to competitors in the current cumulative period.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the current quarter under review, the Group recorded a loss before taxation of RM0.05 million as compared to a profit before taxation of RM2.65 million in the corresponding quarter ended 31.3.2015. The decreased revenue in ceramic segment was not able to cover fixed operating costs and resulted in the loss in the current quarter. Apart from the decreased revenue, the loss in ceramic segment also due to the loss on foreign exchange amounting to RM0.82 million in the current quarter as compared to a gain on foreign exchange amounting to RM0.66 million in the corresponding quarter ended 31.3.2015. Meanwhile, construction segment generated a profit before taxation of RM0.29 million in the current quarter which derived from the development project in Kemaman.

For the cumulative period under review, the Group’s profit before taxation decreased by RM2.57 million as compared to the corresponding cumulative period ended 31.3.2015. The decrease in profit was mainly due to the decreased profit in ceramic segment by RM2.99 million, which resulting from the loss of some orders from major customers to competitors in the current cumulative period. Meanwhile, construction segment generated a profit before taxation of RM0.83 million in the current cumulative period which derived from the development project in Kemaman.

18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEEDING QUARTER

	Current quarter ended 31.3.2016 RM'000	Immediate preceding quarter ended 31.12.2015 RM'000
Revenue		
- Investment holding	-	-
- Ceramic	5,203	6,931
- Construction	3,133	3,494
	8,336	10,425
(Loss)/Profit before taxation		
- Investment holding	(215)	(284)
- Ceramic	(121)	1,372
- Construction	285	231
	(51)	1,319



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**18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEEDING
QUARTER (CONT'D)**

Revenue in the current quarter decreased by RM2.09 million, representing a decrease of 20% as compared to the preceding quarter which mainly due to the decrease in export sales in ceramic segment which resulting from the loss of some orders from major customers to competitors in the current quarter. The revenue in construction segment also decreased slightly by RM0.36 million as compared to the preceding quarter mainly due to lower percentage of completion for the development project in the current quarter.

The Group recorded a loss before taxation of RM0.51 million in the current quarter as compared to a profit before taxation of RM1.32 million in the preceding quarter. The decreased revenue in ceramic segment was not able to cover fixed operating costs and resulted in the loss in the current quarter.

19. COMMENTARY ON PROSPECTS

The Group, being export orientated, with major customers based in United States may enjoy benefits from the movement in foreign currency in event that United States Dollar becomes stronger in relation to Ringgit Malaysia. However, foreign currency risk is being monitored closely on an ongoing basis to ensure that the Group's exposure is at an acceptable level.

The Group will also from time to time look for more opportunities and when appropriate, implement the necessary changes, to include diversifying its income stream. The Group had been awarded managing contractor agreements in relation to the development projects in Kemaman and Johor. These projects will be able to deliver long-term sustainable value to shareholders.

The management is aggressively taking steps to negotiate and source a few new business opportunities in relation to construction activities, which aims to strengthen the Group's foothold on the construction sector in order to contribute positive prospects for the Group.

Notwithstanding the Group's diversification into the construction sector, the Group will continue to focus on the existing businesses. Nevertheless, the Group will, from time to time, review the business of our Group strategically, and where appropriate, implement the necessary changes to the corporate structure within, with a view to strengthen and grow our Group's business. Management anticipates that the overall outlook for the Group's performance for the current financial period will be challenging due to the uncertainties in the current economic condition.

20. PROFIT FORECAST OR PROFIT GUARANTEE

There was no profit forecast or guarantee made public for the current financial period under review.



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21. TAXATION

The tax expense is as follows:

	Current year quarter ended 31.3.2016 RM'000	Current year-to- date ended 31.3.2016 RM'000
Current tax expense	242	847
Deferred tax expense	(17)	(51)
	<u>225</u>	<u>796</u>

The effective tax rate of the Group for the current quarter and current year-to-date is higher than the statutory tax rate principally due to certain subsidiaries were making profit in the current quarter and current year-to-date and some of the operating expenses were not tax deductible.

22. CORPORATE PROPOSALS

On 19 April 2016, the Company announced that the Rights Issue of Irredeemable Convertible Preference Shares (“ICPS”) with Warrants was completed with the listing of 522,500,000 ICPS together with 52,250,000 Warrants on the Main Market of Bursa Securities on 19 April 2016.

There were no corporate proposals as at 20 May 2016 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion.



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23. UTILISATION OF PROCEEDS

Private Placement

The Proposed Private Placement was completed on 29 April 2015 following the listing of and quotation for 9,500,000 new SGB Shares on the Main Market of Bursa Securities.

Description	Revised Proposed Utilisation [^] RM'000	Actual Utilisation as at 31.3.2016 RM'000	Revised Timeframe for Utilisation	Deviation RM'000 %
Working capital	1,288	1,288	-	- -
Estimated expenses in relation to the Private Placement	98	98	-	- -
Development project	3,602	3,602	-	- -
	4,988	4,988		

Note:-

[^] The Company had on 30 July 2015 announced that the Board approved to re-allocate the balance of the proceeds raised from the private placement of approximately RM3.60 million as part of the funding for the development project's capital commitment in order to reduce its dependence on bank borrowings.



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23. UTILISATION OF PROCEEDS (CONT'D)

Rights Issue of ICPS with Warrants

Rights Issue of ICPS with Warrants was completed with the listing of 522,500,000 ICPS together with 52,250,000 Warrants on the Main Market of Bursa Securities on 19 April 2016 and the proceeds raised from the Rights Issue of ICPS with Warrants will be utilised as follows:-

Description	Proposed Utilisation RM'000	Actual Utilisation as at 31.3.2016 RM'000	Timeframe for Utilisation	Deviation RM'000 %
Southern City Project - Phase 1B	4,000	-	Within 18 months	- -
Southern City Project - Phase 2	23,680	-	Within 30 months	- -
Working capital	3,000	-	Within 18 months	- -
Estimated expenses in relation to the Proposals	670	-	Within 1month	- -
	31,350	-		



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24. BORROWINGS AND DEBT SECURITIES

The Group’s borrowings are as follows:

	<u>As at 31.3.2016</u>	<u>As at 30.6.2015</u>
	<u>RM'000</u>	<u>RM'000</u>
Current - unsecured		
Hire purchase payables	158	153
Non-current - unsecured		
Hire purchase payables	383	510
	<u>541</u>	<u>663</u>

25. CHANGES IN MATERIAL LITIGATION

The Directors were not aware of any material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

26. PROPOSED DIVIDEND

There were no dividends proposed or declared by the Company for the current financial period under review.



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27. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share of the Group were calculated by dividing the net (loss)/profit attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31.3.2016	Preceding year corresponding quarter ended 31.3.2015	Current year-to- date ended 31.3.2016	Preceding year corresponding period ended 31.3.2015
(Loss)/Profit attributable to Owners of the Company (RM'000)	(276)	2,184	818	3,721
Weighted average number of ordinary shares ('000)	104,500	95,000	104,500	95,000
Basic (loss)/earnings per share (sen)	(0.26)	2.30	0.78	3.92

Diluted (loss)/earnings per share was not computed as there were no outstanding potential ordinary shares to be issued as at the end of the reporting period.



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**28. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Current year quarter 31.3.2016 <u>RM'000</u>	Current year-to-date ended 31.3.2016 <u>RM'000</u>
Interest income	4	50
Other income	21	67
Imputed interest expense	3	18
Interest expense	7	24
Amortisation	NA	NA
Depreciation of property, plant and equipment	251	703
Provision for and write off of receivables	NA	- *
Provision for and write off of inventories	NA	NA
Reversal of inventories written down	13	26
Plant and equipment written off	NA	- *
Gain or loss on disposal of quoted or unquoted investment	NA	NA
Gain on disposal of plant and equipment	17	17
Impairment of assets	NA	NA
Realised (loss)/gain on foreign exchange	(88)	213
Unrealised (loss)/gain on foreign exchange	(734)	(235)
Gain or loss on derivatives	NA	NA
Exceptional items	NA	NA

Note:-

* - Amount less than RM1,000



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29. REALISED AND UNREALISED PROFIT OR LOSSES

The breakdown of the accumulated losses of the Group as at the end of reporting period into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Securities is as follows:-

	As at 31.3.2016 RM'000	As at 30.6.2015 RM'000
Total accumulated losses of the Group:		
- Realised	(10,700)	(12,989)
- Unrealised	(3,223)	(2,345)
	<u>(13,923)</u>	<u>(15,334)</u>
Less: Consolidation Adjustments	(14,359)	(13,766)
	<u>(28,282)</u>	<u>(29,100)</u>

30. AUTHORISATION FOR ISSUE

The interim financial report for the period under review is authorised and approved for issue and announcement to Bursa Securities by SGB’s Board in accordance with a resolution of the directors on 27 May 2016.

By Order of the Board
Dated: 27 May 2016