



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER ENDED 30.6.2018	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.6.2017	CHANGES	CURRENT YEAR-TO-DATE ENDED 30.6.2018	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.6.2017	CHANGES
	UNAUDITED RM'000	UNAUDITED RM'000	%	UNAUDITED RM'000	AUDITED RM'000	%
Revenue	503	2,511	(80.0)	9,483	13,844	(31.5)
Cost of sales	(1,457)	(1,995)	27.0	(7,618)	(10,087)	24.5
Gross profit	(954)	516	(284.9)	1,865	3,757	(50.4)
Other income	1,890	1,246	51.7	2,258	2,289	(1.4)
Operating expenses	(2,130)	(2,255)	5.5	(8,757)	(8,091)	(8.2)
Other operating expenses	(878)	(4,528)	80.6	(1,198)	(4,737)	74.7
Finance costs	(4)	(5)	20.0	(19)	(22)	13.6
Loss before taxation	(2,076)	(5,026)	58.7	(5,851)	(6,804)	14.0
Taxation	156	-	-	161	(124)	229.8
Loss after taxation	(1,920)	(5,026)	61.8	(5,690)	(6,928)	17.9
Other comprehensive income/ (expenses) net of tax:						
- Foreign currency translation	6	9	(33.3)	25	(26)	196.2
Total comprehensive expenses	(1,914)	(5,017)	61.8	(5,665)	(6,954)	18.5
Loss after taxation attributable to:-						
Owners of the Company	(1,920)	(5,026)	61.8	(5,690)	(6,928)	17.9
Total comprehensive expenses attributable to:-						
Owners of the Company	(1,914)	(5,017)	61.8	(5,665)	(6,954)	18.5
Loss per share attributable to Owners of the Company (sen):						
Basic	(0.97)	(3.45)		(3.01)	(5.00)	
Diluted	(0.97)	(3.45)		(3.01)	(5.00)	

(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 2017 and the accompanying explanatory notes attached to the interim financial statements.)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.6.2018 UNAUDITED RM'000	AS AT 30.6.2017 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,044	21,173
Investment properties	800	800
Goodwill	3,776	-
	37,620	21,973
Current assets		
Inventories	23,963	972
Trade and other receivables	29,586	40,796
Property Development costs	5,158	-
Current tax assets	337	572
Deposits with licensed banks	5,734	14,338
Cash and bank balances	5,693	18,086
	70,471	74,764
TOTAL ASSETS	108,091	96,737
EQUITY AND LIABILITIES		
Equity		
Share capital	77,247	57,147
Share premium	22,577	22,577
Warrants reserve	1,145	1,146
Foreign exchange translation reserve	222	197
Retained profits	1,121	6,811
Total equity	102,312	87,878
Non-current liabilities		
Hire purchase payables	163	192
Deferred tax liabilities	2,293	2,357
	2,456	2,549
Current liabilities		
Trade and other payables	3,188	5,356
Amount owing to contract customers	-	798
Hire purchase payables	135	156
	3,323	6,310
Total liabilities	5,779	8,859
TOTAL EQUITY AND LIABILITIES	108,091	96,737
Net assets per ordinary share (sen)	51.51	54.45

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Share capital →						Total Equity/ Attributable to Owners of the Company
	Ordinary Shares	Irredeemable Convertible Preference Shares	Share Premium	Warrants Reserve	Foreign Exchange Translation Reserve	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1.7.2017	45,723	11,424	22,577	1,146	197	6,811	87,878
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	21,002	(930)	-	-	-	-	20,072
Issuance of shares pursuant to exercise of warrants	28	-	-	(1)	-	-	27
Total transactions with Owners of the Company	21,030	(930)	-	(1)	-	-	20,099
Loss after taxation for the financial period	-	-	-	-	-	(5,690)	(5,690)
Other comprehensive income for the financial period, net of tax	-	-	-	-	25	-	25
Total comprehensive income/(expenses) for the financial period	-	-	-	-	25	(5,690)	(5,665)
Balance at 30.6.2018	66,753	10,494	22,577	1,145	222	1,121	102,312



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	← Non-Distributable →						Distributable	Total Equity/ Attributable to Owners of the Company
	← Share capital →		Share Premium	Warrants Reserve	Foreign Exchange Translation Reserve	Retained Profits/ (Accumulated Losses)	RM'000	
	Ordinary Shares	Irredeemable Convertible Preference Shares						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1.7.2016	64,369	24,481	18,002	1,146	223	(31,021)	77,200	
Issuance of shares pursuant to conversion of irredeemable convertible preference shares ("ICPS")	13,911	(854)	4,575	-	-	-	17,632	
Par value reduction	(32,557)	(12,203)	-	-	-	44,760	-	
Total transactions with Owners of the Company	(18,646)	(13,057)	4,575	-	-	44,760	17,632	
Loss after taxation for the financial period	-	-	-	-	-	(6,928)	(6,928)	
Other comprehensive expenses for the financial period, net of tax	-	-	-	-	(26)	-	(26)	
Total comprehensive expenses for the financial period	-	-	-	-	(26)	(6,928)	(6,954)	
Balance at 30.6.2017	45,723	11,424	22,577	1,146	197	6,811	87,878	

(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 2017 and the accompanying explanatory notes attached to the interim financial statements.)



SPRING GALLERY BERHAD (504718-U)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CURRENT PERIOD-TO-DATE ENDED 30.6.2018 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.6.2017 AUDITED RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(5,851)	(6,804)
Adjustments for:-		
Bad debts written off	742	-
Deposit written off	21	6
Depreciation of investment properties	-	42
Depreciation of property, plant and equipment	1,183	988
Impairment losses on other receivables	-	27
Impairment losses on property, plant and equipment	190	-
Interest expense	19	22
Inventories written down	-	87
Investment property written off	-	813
Property, plant and equipment written off	- *	207
Waiver of debts owing by a contract customer	-	2,194
Unrealised loss/(gain) on foreign exchange	110	(230)
Gain on disposal of plant and equipment	(33)	(12)
Gain on disposal of subsidiary	- *	-
Interest income	(275)	(523)
Reversal of inventories written down	-	(59)
Waiver of debts owing to payables	(724)	(15)
Operating loss before working capital changes	(4,618)	(3,257)
Net change in inventories	(22,992)	(93)
Net change in trade and other receivables	10,899	(24,865)
Net change in development costs	(5,158)	-
Net change in trade and other payables	(2,246)	1,282
Net change in amount owing to contract customers	(798)	229
Cash flows for operations	(24,913)	(26,704)
Interest paid	(19)	(22)
Income tax refunded/(paid)	327	(555)
Net cash for operating activities	(24,605)	(27,281)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	275	523
Acquisition of subsidiaries, net of cash acquired	(6,619)	-
Net cash from disposal of subsidiary	(1)	-
Purchase of property, plant and equipment	(8,961)	(320)
Proceeds from disposal of plant and equipment	33	29
Withdrawal/(Placement) of fixed deposits	1,235	(281)
Net cash for investing activities	(14,038)	(49)



SPRING GALLERY BERHAD (504718-U)
QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 30 JUNE 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	CURRENT PERIOD-TO-DATE ENDED 30.6.2018 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30.6.2017 AUDITED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(50)	(162)
Repayment of term loan	(1,220)	-
Proceeds from issuance of shares pursuant to conversion of ICPS	20,072	17,632
Proceeds from issuance of shares pursuant to exercise of warrants	27	-
Net cash from financing activities	18,829	17,470
Net changes in cash and cash equivalents	(19,814)	(9,860)
Cash and cash equivalents at beginning of period	30,594	40,262
Effect of foreign exchange translation	51	191
Cash and cash equivalents at end of period	10,831	30,593
Cash and cash equivalents at end of financial period comprised:-		
Cash and bank balances	5,693	18,086
Deposits with licensed banks	5,734	14,338
	11,427	32,424
Less: Deposits pledged with licensed banks	(596)	(1,831)
	10,831	30,593

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.)



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 30 JUNE 2018**

**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 2017. 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 2017.

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 2017, except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretation with effect from 1 July 2017.

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 and/or IC Interpretations (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
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018



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2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: - Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters - Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (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 distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of ‘distinct’ for the purposes of this accounting standard. 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 2017 was not qualified.



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4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The ceramic segment of the Group 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.

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

Total of 37,171,400 ordinary shares (“SGB Shares”) have been issued and listed on the following dates pursuant to the conversion of 37,171,400 ICPS to 37,171,400 SGB Shares by conversion of 1 ICPS and payment of RM0.54 in cash for 1 new SGB Share.

Listing Date	No. of ICPS	No. of SGB Shares
6.7.2017	2,800,000	2,800,000
11.7.2017	6,868,300	6,868,300
31.10.2017	19,623,100	19,623,100
1.11.2017	6,255,000	6,255,000
13.2.2018	120,000	120,000
21.2.2018	1,200,000	1,200,000
9.3.2018	235,000	235,000
26.4.2018	70,000	70,000
Total	37,171,400	37,171,400



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7. DEBT AND EQUITY SECURITIES (CONT'D)

Total of 45,000 SGB Shares have been issued and listed on the following dates pursuant to the exercise of 45,000 warrants into 45,000 SGB Shares at the exercise price of RM0.60 per share.

Listing Date	No. of Warrants	No. of SGB Shares
20.2.2018	10,000	10,000
26.2.2018	35,000	35,000
Total	45,000	45,000

Save for the above, 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.



**SPRING GALLERY BERHAD (504718-U) (“SGB” OR “THE COMPANY”)
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9. SEGMENTAL INFORMATION

The Group has four 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 and trading in nursery and plant.

Construction segment - involved in property construction and other related businesses.

Property investment segment - involved in property investment.

Property development segment - involved in property development and other related services.

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</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Current year quarter ended 30.6.2018						
External revenue	-	427	76	-	-	503
Results						
Results before following adjustments	(618)	(495)	(123)	(3)	(416)	(1,655)
Interest income	-	48	27	-	-	75
Waiver of debts owing to payables	-	719	-	-	-	719
Gain on disposal of plant and equipment	-	22	-	-	-	22
Gain on disposal of subsidiary	-	*	-	-	-	-
Realised gain on foreign exchange	-	15	-	-	-	15
Unrealised gain on foreign exchange	-	29	-	-	-	29
Bad debts written off	-	(740)	-	-	-	(740)
Deposit written off	(3)	-	(18)	-	-	(21)
Depreciation of property, plant and equipment	(46)	(266)	(14)	-	-	(326)
Impairment losses on property, plant and equipment	-	(190)	-	-	-	(190)
Property, plant and equipment written off	-	-	*	-	-	-
Segment results	<u>(667)</u>	<u>(858)</u>	<u>(128)</u>	<u>(3)</u>	<u>(416)</u>	<u>(2,072)</u>
Finance costs						(4)
Taxation						156
Loss after taxation						<u>(1,920)</u>

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Current year-to-date ended 30.6.2018						
External revenue	-	8,609	874	-	-	9,483
Results						
Results before following adjustments	(2,552)	(822)	(60)	(21)	(1,037)	(4,492)
Interest income	105	93	77	-	-	275
Gain on disposal of plant and equipment	-	33	-	-	-	33
Gain on disposal of subsidiary	-	*	-	-	-	-
Realised loss on foreign exchange	-	(126)	-	-	-	(126)
Unrealised loss on foreign exchange	-	(110)	-	-	-	(110)
Waiver of debts owing to payables	-	719	5	-	-	724
Bad debts written off	-	(742)	-	-	-	(742)
Deposit written off	(3)	-	(18)	-	-	(21)
Depreciation of property, plant and equipment	(140)	(1,012)	(31)	-	-	(1,183)
Impairment losses on property, plant and equipment	-	(190)	-	-	-	(190)
Property, plant and equipment written off	-	-	*	-	-	-
Segment results	<u>(2,590)</u>	<u>(2,157)</u>	<u>(27)</u>	<u>(21)</u>	<u>(1,037)</u>	<u>(5,832)</u>
Finance costs						(19)
Taxation						161
Loss after taxation						<u>(5,690)</u>

Note:-

* - Amount less than RM1,000



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u>			<u>Property</u>	<u>Property</u>	
	<u>Holding</u>	<u>Ceramic</u>	<u>Construction</u>	<u>Investment</u>	<u>Development</u>	<u>The Group</u>
30.6.2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Segment assets	15,865	35,615	21,808	920	33,546	107,754
Unallocated assets						337
Consolidated total assets						<u>108,091</u>
Liabilities						
Segment liabilities	458	1,167	259	4	1,598	3,486
Unallocated liabilities						2,293
Consolidated total liabilities						<u>5,779</u>



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Preceding year quarter ended 30.6.2017						
External revenue	-	2,511	-	-	-	2,511
Results						
Results before following adjustments	(540)	615	(258)	(4)	(1,494)	(1,681)
Interest income	113	4	-	-	-	117
Reversal of inventories written down	-	13	-	-	-	13
Waiver of debts owing by a contract customer	-	-	(2,194)	-	-	(2,194)
Waiver of debts owing to payables	-	7	-	-	-	7
Loss on disposal of plant and equipment	-	(3)	-	-	-	(3)
Realised loss on foreign exchange	-	(33)	-	-	-	(33)
Unrealised loss on foreign exchange	-	(57)	-	-	-	(57)
Deposit written off	-	(5)	-	-	-	(5)
Depreciation of investment properties	(11)	-	-	-	-	(11)
Depreciation of property, plant and equipment	(4)	(242)	(1)	-	-	(247)
Impairment losses on other receivables	-	(27)	-	-	-	(27)
Inventories written down	-	(87)	-	-	-	(87)
Property, plant and equipment written off	(813)	-	-	-	-	(813)
Segment results	(1,255)	185	(2,453)	(4)	(1,494)	(5,021)
Finance costs						(5)
Taxation						-
Loss after taxation						(5,026)



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment</u> <u>Holding</u> RM'000	<u>Ceramic</u> RM'000	<u>Construction</u> RM'000	<u>Property</u> <u>Investment</u> RM'000	<u>Property</u> <u>Development</u> RM'000	<u>The Group</u> RM'000
Preceding year-to-date ended 30.6.2017						
External revenue	-	7,441	6,403	-		13,844
Results						
Results before following adjustments	(1,848)	(413)	429	(63)	(1,494)	(3,389)
Interest income	467	56	-	-	-	523
Gain on disposal of plant and equipment	-	12	-	-	-	12
Reversal of inventories written down	-	59	-	-	-	59
Realised gain on foreign exchange	-	133	-	-	-	133
Unrealised gain on foreign exchange	-	230	-	-	-	230
Waiver of debts owing by a contract customer	-	-	(2,194)	-	-	(2,194)
Waiver of debts owing to payables	8	7	-	-	-	15
Deposit written off	(1)	(5)	-	-	-	(6)
Depreciation of investment properties	(42)	-	-	-	-	(42)
Depreciation of property, plant and equipment	(37)	(951)	(1)	-	-	(989)
Impairment losses on other receivables	-	(27)	-	-	-	(27)
Inventories written down	-	(87)	-	-	-	(87)
Property, plant and equipment written off	(1,020)	-	-	-	-	(1,020)
Segment results	(2,473)	(986)	(1,766)	(63)	(1,494)	(6,782)
Finance costs						(22)
Taxation						(124)
Loss after taxation						<u>(6,928)</u>



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9. SEGMENTAL INFORMATION (CONT'D)

	<u>Investment Holding</u>	<u>Ceramic</u>	<u>Construction</u>	<u>Property Investment</u>	<u>Property Development</u>	<u>The Group</u>
30.6.2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Segment assets	27,835	31,883	23,686	10,684	2,077	96,165
Unallocated assets						572
Consolidated total assets						<u>96,737</u>
Liabilities						
Segment liabilities	453	2,974	2,566	505	4	6,502
Unallocated liabilities						2,357
Consolidated total liabilities						<u>8,859</u>

Geographical Information for Revenue

	Current year quarter ended 30.6.2018	Current year-to- date ended 30.6.2018
	RM'000	RM'000
United States	98	573
Europe	62	2,246
Malaysia	191	6,449
Others	152	215
	<u>503</u>	<u>9,483</u>



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

There were no material events subsequent to the end of the current quarter up to 23 August 2018, being the last practicable date from the date of the issue of this report (“LPD”) that are expected to have an operational or financial impact on the Group.

11. CHANGES IN COMPOSITION OF THE GROUP

i) On 18 July 2017, the Company subscribed additional 99,998 new issued ordinary shares of RM1.00 each in Million Rich Development Sdn. Bhd. (“MRDSB”) for a cash consideration of RM99,998 to retain its 100% equity interest. MRDSB is presently engaged in the businesses of property development and other related services.

ii) On 30 August 2017, the proposed acquisition of 100,000 ordinary shares in Klasik Ikhtiar Sdn. Bhd. (“KISB”) for a total consideration of RM3,500,000 was completed. KISB is principally engaged in the business of property development.

On 16 January 2018, the Company subscribed additional 900,000 new issued ordinary shares of RM1.00 each in KISB for a cash consideration of RM900,000 to retain its 100% equity interest.

iii) On 13 October 2017, the proposed acquisition of 2,000,000 ordinary shares in KTG Marine (M) Sdn. Bhd. (“KTG”) for a total consideration of RM2,200,000 was completed. KTG is principally engaged in the business of marine construction and coastal reclamation works.

iv) On 28 November 2017, the proposed acquisition of 500,000 ordinary shares in Sama Restu Sdn. Bhd. (“SRSB”) for a total consideration of RM1,000,000 was completed. SRSB is principally engaged in the business of trading in nursery and plant.

v) On 19 March 2018, the Company had disposed the entire equity interest held in Million Rich Resources Sdn Bhd (“MRRSB”) to Ng Bee Lan and Siti Zaleha Binti Sulaiman (“the Purchasers”) for a total cash consideration of RM33,700.00 (“Disposal”). The Disposal has been completed on 10 April 2018 upon the proper execution and stamping of the instrument of transfer of shares of MRRSB to the Purchasers.

vi) On 29 June 2018, the Company subscribed additional 499,998 new issued ordinary shares of RM1.00 each in Sunmark Point Sdn. Bhd. (“SPSB”) for a cash consideration of RM499,998 to retain its 100% equity interest. SPSB is principally engaged in the business of investment holding.



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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 LPD.

14. RELATED PARTY TRANSACTIONS

	Current year quarter ended 30.6.2018 RM'000	Current year- to-date ended 30.6.2018 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	62
Subscription fee for accounting software charged by a company in which a director is a common director	4	12
Rental of office premises charged by a company in which a director is a common director	-	25

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.



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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		
30.6.2018								
<u>Financial Liability</u>								
Hire purchase payables (Non- current)	-	-	-	-	163	-	163	163

The fair values above are for disclosure purposes and have been determined by the relevant cash flows using interest rates for similar instruments ranging from 4.61% to 6.76% (30.6.2017 - 4.61% to 6.76%) per annum at the end of the reporting period.



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17. REVIEW OF GROUP PERFORMANCE

	Individual Quarter			Cumulative Period		
	30.6.2018 RM'000	30.6.2017 RM'000	Changes %	30.6.2018 RM'000	30.6.2017 RM'000	Changes %
Revenue						
- Investment holding	-	-	-	-	-	-
- Ceramic	427	2,511	(83.0)	8,609	7,441	15.7
- Construction	76	-	-	874	6,403	(86.4)
- Property investment	-	-	-	-	-	-
- Property development	-	-	-	-	-	-
	503	2,511	(80.0)	9,483	13,844	(31.5)
(Loss)/Profit before taxation						
- Investment holding	(667)	(1,255)	46.9	(2,590)	(2,473)	(4.7)
- Ceramic	(862)	180	(578.9)	(2,172)	(1,008)	(115.5)
- Construction	(128)	(2,453)	94.8	(31)	(1,766)	98.3
- Property investment	(3)	(4)	25.0	(21)	(63)	66.7
- Property development	(416)	(1,494)	72.2	(1,037)	(1,494)	30.6
	(2,076)	(5,026)	58.7	(5,851)	(6,804)	14.0

The Group’s revenue in the current quarter decreased by RM2.01 million, representing a decrease of 80% as compared to the corresponding quarter ended 30.6.2017 as a result of changes in customer mix and hence different order and shipment dates.

For the cumulative period under review, the Group’s revenue also decreased by RM4.36 million, representing a decrease of 32% as compared to the corresponding period ended 30.6.2017. The decrease was mainly due to the decrease in revenue derived from construction segment by RM5.53 million, representing a decrease of 86% as compared to the corresponding period ended 30.6.2017, as a result of the termination of construction projects in the current cumulative period. Meanwhile the revenue from ceramic segment increased by RM1.17 million, representing an increase of 16% as compared to the corresponding period ended 30.6.2017, as a result of an increase in orders from new customers in the current cumulative period.



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17. REVIEW OF GROUP PERFORMANCE (CONT'D)

For the current quarter under review, the Group’s loss before taxation decreased by RM2.95 million, representing a decrease of 59% as compared to the corresponding quarter ended 30.6.2017. The lower loss was mainly contributed by lower loss recorded in investment holding segment, construction segment and property development segment which partially offset by higher loss in ceramic segment. The loss before taxation of investment holding segment was lower than the corresponding quarter ended 30.6.2017 mainly due to the written-off of assets amounting to RM0.81 million in the corresponding quarter but there was none in the current quarter. Meanwhile, the loss before taxation of construction segment was lower than the corresponding quarter ended 30.6.2017 mainly due to waiver of debts on amount owing by a contract customer amounting to RM2.19 million in the corresponding quarter ended 30.6.2017 but there was none in the current quarter. The loss before taxation of property development segment was lower than the corresponding quarter ended 30.6.2017 mainly due to the professional fee of RM1.40 million incurred for the concept masterplan project in Melaka in the corresponding quarter but there was none in the current quarter.

For the current cumulative period under review, the Group’s loss before taxation decreased by RM0.95 million, representing a decrease of 14% as compared to the corresponding period ended 30.6.2017. The decrease in loss before taxation was mainly contributed by lower loss in construction segment partially offset by higher loss in ceramic segment. The loss before taxation of ceramic segment was increased by RM1.16 million despite having higher revenue mainly due to decrease in profit margin caused by the increased in natural gas and other production costs. Meanwhile, the loss before taxation of construction segment was lower than the corresponding period ended 30.6.2017 mainly due to waiver of debts on amount owing by a contract customer amounting to RM2.19 million in the corresponding period but there was none in the current cumulative period.



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18. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEDING QUARTER

	Current quarter ended 30.6.2018 RM'000	Immediate preceding quarter ended 31.3.2018 RM'000	Changes %
Revenue			
- Investment holding	-	-	-
- Ceramic	427	3,721	(88.5)
- Construction	76	-	-
- Property investment	-	-	-
- Property development	-	-	-
	503	3,721	(86.5)
(Loss)/Profit before taxation			
- Investment holding	(667)	(675)	1.2
- Ceramic	(862)	(676)	(27.5)
- Construction	(128)	(447)	71.4
- Property investment	(3)	(11)	72.7
- Property development	(416)	(427)	2.6
	(2,076)	(2,236)	7.2

Revenue in the current quarter decreased by RM3.22 million, representing a decrease of 87% as compared to the preceding quarter mainly due to the cyclical nature of the ceramics industry. This quarter represents the low season period.

The Group’s loss before taxation still decreased by RM0.16 million despite lower revenue, representing a decrease of 7% as compared to the preceding quarter. The lower loss was mainly contributed by lower loss in construction segment partially offset by lower loss margins in ceramic segment. The loss before taxation of construction segment was lower than the preceding quarter mainly due to the stamp duty of RM0.34 million incurred for transferring of property title in the preceding quarter but there was none in the current quarter.



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19. COMMENTARY ON PROSPECTS

Moving forward, the Group’s diversification exercise into property development sector under a wholly-owned subsidiary KISB, the Group has already successfully gained the Development Order (also known as Perintah Pembangunan/”PP”) for 455 units residential development consists of one block of 250 units proposed under “Unit Perumahan Penjawat Awam Malaysia” (or “PPAM”) scheme and one proposed block of 205 units open market apartments.

The feasibility study under MRDSB mentioned in the previous quarter is still ongoing in respect of the proposed theme park development and operation in Melaka.

The Group is pleased that the projects undertaken are progressing according to schedule and the ceramic business continues to explore new markets.

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 30.6.2018 RM'000	Current year-to- date ended 30.6.2018 RM'000
Current tax expense	(134)	(92)
Deferred tax expense	(22)	(69)
	<u>(156)</u>	<u>(161)</u>

22. CORPORATE PROPOSALS

There were no corporate proposal pending for completion as at LPD.



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23. UTILISATION OF PROCEEDS

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 details of the utilisation of proceeds raised from the rights issue as at 30 June 2018 are disclosed in the table below:-

Description	Proposed /Revised Utilisation RM'000	Actual Utilisation as at 30 June 2018 RM'000	Timeframe for Utilisation (from 9 October 2017)	Deviation RM'000	%	Explanation
Southern City Project - Phase 1B	4,000	4,000	-	-	-	
Construction Project in Johor	8,000	8,000	-	-	-	
PPA1M Project	10,000	4,138	Within 24 months	5,862	58.6	^
Future projects and/or acquisitions	4,500	4,500	-	-	-	
Working capital	4,178 [#]	4,178	-	-	-	
Expenses in relation to the rights issue	672 [#]	672	-	-	-	
	31,350	25,488				

Notes:-

The variation of the actual amount of expenses for the rights issue was adjusted against the working capital of the Company.

^ Pending utilisation.



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24. BORROWINGS AND DEBT SECURITIES

The Group’s borrowings are as follows:

	<u>As at 30.6.2018</u> RM'000	<u>As at 30.6.2017</u> RM'000
Current - unsecured		
Hire purchase payables	135	156
Non-current - unsecured		
Hire purchase payables	163	192
	<u>298</u>	<u>348</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 PER SHARE

(i) Basic loss per share

The basic loss per share of the Group is calculated by dividing the loss 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 30.6.2018	Preceding year corresponding quarter ended 30.6.2017	Current year-to- date ended 30.6.2018	Preceding year corresponding period ended 30.6.2017
Loss attributable to Owners of the Company (RM'000)	(1,920)	(5,026)	(5,690)	(6,928)
Weighted average number of ordinary shares ('000)	198,557	145,819	188,996	138,606
Basic loss per share (sen)	(0.97)	(3.45)	(3.01)	(5.00)



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27. LOSS PER SHARE (CONT'D)

(ii) Diluted loss per share

The diluted loss per share of the Group is calculated by dividing the loss attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period which the weighted average number of ordinary shares has been adjusted to assume full conversion of all dilutive potential ordinary shares.

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30.6.2018	Preceding year corresponding quarter ended 30.6.2017	Current year-to- date ended 30.6.2018	Preceding year corresponding period ended 30.6.2017
Loss attributable to Owners of the Company (RM'000)	(1,920)	(5,026)	(5,690)	(6,928)
Weighted average number of ordinary shares ('000)	198,557	145,819	188,996	138,606
Adjustment for assumed conversion of ICPS ('000)	-	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
	<u>198,557</u>	<u>145,819</u>	<u>188,996</u>	<u>138,606</u>
Diluted loss per share (sen)	<u>(0.97)</u>	<u>(3.45)</u>	<u>(3.01)</u>	<u>(5.00)</u>

Note:-

The diluted loss per share is equal to the basic loss per share as there is anti-dilutive effect arising from the assumed conversion of the ICPS and exercise of warrant.



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

	Current year quarter ended 30.6.2018	Current year-to-date ended 30.6.2018
	RM'000	RM'000
Interest income	75	275
Other income	1,102	1,217
Interest expense	4	19
Amortisation	NA	NA
Depreciation of investment properties	NA	NA
Depreciation of property, plant and equipment	326	1,183
Impairment loss on other receivable	NA	NA
Inventories written down	NA	NA
Reversal of inventories written down	NA	NA
Bad debts written off	740	742
Deposit written off	21	21
Property, plant and equipment written off	- *	- *
Gain or loss on disposal of quoted or unquoted investment	NA	NA
Waiver of debts owing by payables	NA	NA
Gain on disposal of plant and equipment	22	33
Gain on disposal of subsidiary	- *	- *
Impairment losses on property, plant & equipment	190	190
Realised (gain)/loss on foreign exchange	(15)	126
Unrealised (gain)/loss on foreign exchange	(29)	110
Waiver of debts owing to payables	719	724
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 retained profits 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 30.6.2018 RM'000	As at 30.6.2017 RM'000
Total retained profits of the Group:		
- Realised	6,509	13,080
- Unrealised	(2,403)	(2,127)
	<u>4,106</u>	<u>10,953</u>
Less: Consolidation Adjustments	(2,985)	(4,142)
	<u>1,121</u>	<u>6,811</u>

Dated: 30 August 2018