



SUNSURIA BERHAD

Company No.: 8235-K

**INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018**

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Year To Date	
		Current Year 31/12/2018 RM'000 (Unaudited)	Preceding Year 31/12/2017 RM'000 (Restated)	Current Year 31/12/2018 RM'000 (Unaudited)	Preceding Year 31/12/2017 RM'000 (Restated)
Revenue		82,947	49,685	82,947	49,685
Cost of sales		(46,500)	(29,029)	(46,500)	(29,029)
Gross profit		36,447	20,656	36,447	20,656
Other income		6,716	1,011	6,716	1,011
		43,163	21,667	43,163	21,667
Administrative and other expenses		(14,910)	(18,541)	(14,910)	(18,541)
Finance costs		(380)	(350)	(380)	(350)
Share of results of associates		(391)	-	(391)	-
Profit before taxation		27,482	2,776	27,482	2,776
Income tax expense	B5	(14,756)	(669)	(14,756)	(669)
Profit after taxation		12,726	2,107	12,726	2,107
Other comprehensive income		-	-	-	-
Total comprehensive income		12,726	2,107	12,726	2,107
Profit after taxation attributable to:					
Owners of the Company		10,673	(2,815)	10,673	(2,815)
Non-controlling interests		2,053	4,922	2,053	4,922
		12,726	2,107	12,726	2,107
Total comprehensive income attributable to:					
Owners of the Company		10,673	(2,815)	10,673	(2,815)
Non-controlling interests		2,053	4,922	2,053	4,922
		12,726	2,107	12,726	2,107
Earnings per share attributable to Owners of the Company:					
(a) Basic (sen)	B9 (a)	1.34	(0.35)	1.34	(0.35)
(b) Diluted (sen)	B9 (b)	1.34	(0.35)	1.34	(0.35)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31/12/2018 RM'000 (Unaudited)	As At 30/09/2018 RM'000 (Restated)	As At 01/10/2017 RM'000 (Restated)
ASSETS			
Non-Current Assets			
Investment in associates	693	1,083	686
Other investment	184	184	184
Property, plant and equipment	31,192	29,578	23,414
Investment properties	154,442	153,098	122,810
Goodwill	11,453	11,453	12,381
Land held for property development	485,832	482,627	496,704
Deferred tax assets	31,296	18,168	35,472
	<u>715,092</u>	<u>696,191</u>	<u>691,651</u>
Current Assets			
Inventories	59,015	60,831	-
Biological asset	46	20	-
Property development costs	379,039	371,743	500,366
Trade receivables	64,102	63,556	53,797
Other receivables, deposits and prepayments	200,036	159,727	94,292
Amount owing by a former subsidiary	2,422	1,912	-
Amount owing by related parties	920	1,125	3,074
Current tax assets	4,779	3,909	5,134
Short-term investment	11,576	2,960	31,977
Fixed deposits with licensed banks	28,573	44,023	46,740
Cash and bank balances	76,267	103,236	88,769
	<u>826,775</u>	<u>813,042</u>	<u>824,149</u>
TOTAL ASSETS	<u><u>1,541,867</u></u>	<u><u>1,509,233</u></u>	<u><u>1,515,800</u></u>
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	399,421	399,421	399,421
Reserves	409,505	398,832	242,602
Equity attributable to owners of the Company	<u>808,926</u>	<u>798,253</u>	<u>642,023</u>
Non-controlling interests	60,804	58,751	2,537
TOTAL EQUITY	<u><u>869,730</u></u>	<u><u>857,004</u></u>	<u><u>644,560</u></u>

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31/12/2018 RM'000	As At 30/09/2018 RM'000 (Restated)	As At 01/10/2017 RM'000 (Restated)
<u>EQUITY AND LIABILITIES (CONT'D)</u>			
Non-Current Liabilities			
Deferred tax liabilities	96,095	78,404	80,363
Long-term borrowings	193,352	234,650	166,722
	<u>289,447</u>	<u>313,054</u>	<u>247,085</u>
Current Liabilities			
Trade payables	74,668	82,455	54,967
Other payables, deposits received and accruals	262,219	242,051	475,416
Amount owing to related parties	545	1,518	77,588
Dividend payable	22	22	22
Short-term borrowings	34,335	5,324	14,626
Current tax liabilities	10,901	7,805	1,536
	<u>382,690</u>	<u>339,175</u>	<u>624,155</u>
TOTAL LIABILITIES	672,137	652,229	871,240
TOTAL EQUITY AND LIABILITIES	<u>1,541,867</u>	<u>1,509,233</u>	<u>1,515,800</u>
Net assets per share attributable to Owners of the Company (RM)	<u>1.01</u>	<u>1.00</u>	<u>0.80</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←—————→ Non-distributable ←—————→					Distributable			
	Ordinary Share Capital	Share Premium	Warrant Reserve	Capital Reserve	Capital Redemption Reserve	Retained profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 October 2018	399,421	175,838	48,299	815	168	247,859	872,400	54,869	927,269
Effects of adoption of MFRS	-	-	-	-	-	(74,147)	(74,147)	3,882	(70,265)
Balance as at 1 October 2018 (restated)	399,421	175,838	48,299	815	168	173,712	798,253	58,751	857,004
Profit after taxation/Total comprehensive income	-	-	-	-	-	10,673	10,673	2,053	12,726
Balance as at 31 December 2018 (unaudited)	399,421	175,838	48,299	815	168	184,385	808,926	60,804	869,730

	←—————→ Non-distributable ←—————→					Distributable			
	Ordinary Share Capital	Share Premium	Warrant Reserve	Capital Reserve	Capital Redemption Reserve	Retained profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 October 2017	399,421	175,838	48,299	815	168	144,463	769,004	27,072	796,076
Effects of adoption of MFRS	-	-	-	-	-	(126,981)	(126,981)	(24,535)	(151,516)
Balance as at 1 October 2017 (restated)	399,421	175,838	48,299	815	168	17,482	642,023	2,537	644,560
Profit/(loss) after taxation/Total comprehensive income	-	-	-	-	-	(4,389)	(4,389)	13,028	8,639
Balance as at 31 December 2017 (restated)	399,421	175,838	48,299	815	168	13,093	637,634	15,565	653,199

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/12/2018 RM'000 (Unaudited)	31/12/2017 RM'000 (Restated)
Cash Flows For Operating Activities		
Profit before taxation	27,482	2,776
Adjustments for:-		
Accretion of interest on trade payables	75	-
Depreciation of:		
- property, plant and equipment	1,460	597
- investment properties	72	46
Gain on disposal of investment property	(5,439)	-
Loss on disposal of:		
- property, plant and equipment	-	73
Interest expense	380	350
Interest income	(1,038)	(823)
Fair value changes on Biological assets	(20)	-
Share of results in associates	391	-
Operating profit before working capital changes	<u>23,363</u>	<u>3,019</u>
Changes in working capital:-		
Decrease in inventories	1,816	-
Increase in trade and other receivables	(40,858)	(28,386)
Increase in trade and other payables	12,305	74,696
Increase in property development costs	(7,295)	(51,551)
Increase in land held for development costs	(3,204)	(3,784)
Increase in amount owing to related parties	206	459
Cash (for)/from operations	<u>(13,667)</u>	<u>(5,547)</u>
Interest paid	(380)	(350)
Income tax refund	-	1
Income tax paid	(7,967)	(18,601)
Net cash for operating activities	<u>(22,014)</u>	<u>(24,497)</u>
Cash Flows From/(For) Investing Activities		
Decrease/(Increase) in fixed deposits pledged to licensed banks	15,450	(38,000)
Interest income received	1,038	823
Purchase of:		
- property, plant and equipment	(3,075)	(2,615)
- investment properties	(2,476)	(836)
- biological asset	(6)	-
Proceeds from disposal of:		
- investment properties	6,500	104
Repayment to a former subsidiary	(510)	-
Repayment from related parties	-	349
Net cash from/(for) investing activities	<u>16,921</u>	<u>(40,175)</u>

SUNSURIA BERHAD

(Company No.: 8235-K)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
	(Unaudited)	(Restated)
Cash Flows For Financing Activities		
Proceeds from issuance of:		
- ordinary shares to non-controlling interest in subsidiaries	-	510
Drawdown of term loan	-	7,131
Proceeds from hire purchase	-	944
Repayment of hire purchase obligations	(84)	(55)
Repayment of term loans	(12,203)	(12,847)
Repayment to related parties	(973)	-
Net cash for financing activities	<u>(13,260)</u>	<u>(4,317)</u>
Net change in cash & cash equivalents	(18,353)	(68,989)
Cash & cash equivalents at the beginning of the financial period	106,196	120,746
Cash & cash equivalents at the end of the financial period	<u>87,843</u>	<u>51,757</u>

Cash and cash equivalents at the end of the financial year comprise the following:

	3 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
	(Unaudited)	(Restated)
Short-term investment	11,576	1,854
Fixed deposits with licensed banks	28,573	84,740
Cash and bank balances	76,267	49,903
	<u>116,416</u>	<u>136,497</u>
Less: Deposit pledged to licensed banks	(28,573)	(84,740)
Total Cash and cash equivalents for the year	<u>87,843</u>	<u>51,757</u>

Notes :

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134**

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in the Malaysian Financial Reporting Standards ("MFRS") No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 September 2018 which were prepared under Financial Reporting Standards. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2018.

A2. Changes in Accounting Policies

The Group is adopting the MFRS framework for the first time in the current financial year beginning 1 October 2018 and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied. In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of the MFRS framework as if these policies had always been in effect.

The accounting policies and presentation adopted for this interim report are consistent with those adopted for the audited financials for the financial year ended 30 September 2018, except for the adoption of the following MFRSs, amendments to MFRSs and New and Revised Standards, Amendments and Issues Committee Interpretations ("IC Interpretations") issued by MASB that are relevant to its operations and effective for annual financial periods beginning on or after 1 October 2018 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related clarifications)
MFRS 141	Agriculture
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 23	Uncertainty over Income Tax Payments
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle

The adoption of these MFRSs, amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group except as follows:

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A2. Changes in Accounting Policies (continued)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related interpretations. With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group recognises revenue from property development over time if it has as an enforceable right to payment for performance completed to date. As a result of the adoption of the MFRS Framework, the following comparatives in the interim financial report have been restated.

The impact of the adoption of MFRS 15 on the Group’s financial statements are as follows:

Effects on the Condensed Consolidated Statement of Comprehensive Income

Quarter and Year-to-dated ended 31 December 2017

	As previously reported RM’000	Effects of transition to MFRS RM’000	Restated RM’000
Revenue	110,823	(61,138)	49,685
Cost of sales	(51,109)	22,080	(29,029)
Gross profit	59,714	(39,058)	20,656
Other income	1,011	-	1,011
	60,725	(39,058)	21,667
Administrative and other expenses	(22,007)	3,466	(18,541)
Finance costs	(350)	-	(350)
Profit before taxation	38,368	(35,592)	2,776
Income tax expenses	(8,781)	8,112	(669)
Profit after taxation	29,587	(27,480)	2,107
Profit after taxation attributable to:			
Owners of the Company	20,842	(23,657)	(2,815)
Non-controlling interests	8,745	(3,823)	4,922
	29,587	(27,480)	2,107

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A2. Changes in Accounting Policies (continued)

Effects on the Condensed Consolidated Statement of Financial Position

	Audited As at 30/9/2018 RM'000	Effects of transition to MFRS RM'000	Restated As at 30/9/2018 RM'000
ASSETS			
Deferred tax assets	8,370	9,798	18,168
Inventories	59,397	1,434	60,831
Biological asset	192	(172)	20
Property development costs	319,359	52,384	371,743
Other receivables, deposits and prepayments	156,915	2,812	159,727
EQUITY AND LIABILITIES			
Reserves	472,979	(74,147)	398,832
Non-controlling interests	54,869	3,882	58,751
Deferred tax liabilities	89,107	(10,703)	78,404
Other payables, deposits received and accruals	94,827	147,224	242,051
	Audited As at 01/10/2017 RM'000	Effects of transition to MFRS RM'000	Restated As at 01/10/2017 RM'000
ASSETS			
Deferred tax assets	6,107	29,365	35,472
Property development costs	335,877	164,489	500,366
Other receivables, deposits and prepayments	74,079	20,213	94,292
EQUITY AND LIABILITIES			
Reserves	369,583	(126,981)	242,602
Non-controlling interests	27,072	(24,535)	2,537
Deferred tax liabilities	98,873	(18,510)	80,363
Other payables, deposits received and accruals	91,323	384,093	475,416

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134**

A3. Auditors' Report for the Financial Year Ended 30 September 2018

The auditors' report on the financial statements for the financial year ended 30 September 2018 was not subject to any qualification.

A4. Seasonality or Cyclical Factors

The Group's operations during the financial period under review were not materially affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

A6. Material Changes in Estimates of Amounts

There were no changes in estimates that have had any material effect on the results for the current quarter and current financial year under review.

A7. Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current quarter under review.

A8. Dividends Paid

The company did not pay any dividend for the quarter under review.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A9. Segmental Information

Segmental information of the Group’s business segments are based on the internal reporting structure presented by the management of the Company. The Group’s business segments include property development, construction, investment holding and others.

The information by geographical location is not presented as the Group’s activities are carried out pre-dominantly in Malaysia.

Business Segment Analysis (RM'000)	Quarter and Year-to-date ended 31 December 2018				Quarter and Year-to-date ended 31 December 2017 (Restated)			
	Property Development	Construction	Investment Holding and Others	Total	Property Development	Construction	Investment Holding and Others	Total
Revenue								
External revenue	87,823	138	183	88,144	49,187	-	160	49,347
Inter-segment revenue	-	46,880	43,917	90,797	-	20,348	-	20,348
	87,823	47,018	44,100	178,941	49,187	20,348	160	69,695
Consolidation adjustments				(95,994)				(20,010)
Consolidation Revenue				82,947				49,685
Results from Operation	30,870	5,128	42,027	78,025	7,769	2,343	(4,469)	5,643
- Depreciation	(1,166)	(41)	(334)	(1,541)	(366)	(19)	(260)	(645)
- Finance Cost	(335)	(48)	(48)	(431)	(297)	(45)	(8)	(350)
	29,369	5,039	41,645	76,053	7,106	2,279	(4,737)	4,648
Share of results in an associates				(391)				-
Consolidation adjustments				(48,180)				(1,872)
Consolidation Profit Before Taxation				27,482				2,776

A10. Material Events Subsequent to the End of the Period

There was no material event subsequent to the end of the current quarter up to the date of this report that has not been reflected in the interim financial statements except for the following:

On 22 February 2019, Sunsuria Arena Sdn Bhd (“SASB”), a wholly-owned subsidiary of the Company had entered into a Shares Subscription and Shareholders’ Agreement (“Agreement”) with Deluxe Indulgence Sdn Bhd (“DISB”), Yap Soon Han (“YSH”) and Sunsuria City Amenities Sdn Bhd (“SCASB”), which in turn is a wholly-owned subsidiary of SASB, to acquire interest by way of subscription of shares in SCASB, the identified joint venture vehicle, and to regulate their relationship as shareholders in SCASB (“Proposed Joint Venture”).

The objectives of the Proposed Joint Venture is for SCASB to undertake food and beverages activities that are similar, complementary or ancillary to the foregoing and such other businesses as may be agreed by the shareholders.

Subject to the terms and conditions of the Agreement, SCASB shall offer to SASB, DISB and YSH to subscribe for such number of ordinary shares in SCASB so that the Parties’ shareholding in the Company shall at all times be held in the following proportions (“Agreed Proportions”):

Shareholders	Number of shares	Percentage of shareholding in the Proposed Joint Venture
SASB	8,500	85%
DISB	1,000	10%
YSH	500	5%
TOTAL	10,000	100%

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review except for the following:

On 10 December 2018, Sunsuria City Amenities Sdn Bhd, a wholly-owned subsidiary of Sunsuria Arena Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of the Company, has acquired a 100% equity interest in Kemudi Semarak Sdn Bhd (“KSSB”) comprising of one (1) ordinary share in KSSB for a cash consideration of RM1.00. The said acquisition has been completed and KSSB became an indirect wholly-owned subsidiary of the Company.

A12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last audited financial position as at 30 September 2018.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B1. Review of Performance

	3 months ended			3 months ended		
	31/12/2018 RM'000	31/12/2017 RM'000 (Restated)	Changes (RM'000 / %)	31/12/2018 RM'000	31/12/2017 RM'000 (Restated)	Changes (RM'000 / %)
Revenue	82,947	49,685	33,262 / 67%	82,947	49,685	33,262 / 67%
Cost of sales	(46,500)	(29,029)	(17,471) / (60%)	(46,500)	(29,029)	(17,471) / (60%)
Gross profit	36,447	20,656	15,791 / 76%	36,447	20,656	15,791 / 76%
Profit before taxation	27,482	2,776	24,706 / 890%	27,482	2,776	24,706 / 890%
Profit after taxation	12,726	2,107	10,619 / 504%	12,726	2,107	10,619 / 504%
Profit attributable to owners of the Company	10,673	(2,815)	13,488 / 479%	10,673	(2,815)	13,488 / (479%)

Quarterly and Financial Year-to date Results

As explained in Note A2, the Group adopted of the MFRS framework for the first time at the beginning of the current reporting quarter. The transition impact of the adoption of MFRS framework, especially MFRS 15 on the preceding year's corresponding quarter was shown in Note A2. Revenue from commercial property development projects which was previously progressively recognised (over time) was restated to be based on completion (at point in time).

In the current financial quarter, the Group reported a revenue of RM82.9million, a 67% increase compared to the RM49.7million restated revenue in the previous year's corresponding quarter. Profit before taxation for the current quarter was RM27.5million compared to RM2.77million in the same quarter last year. The Group's residential developments namely The Olive, Bell Suites SOHO, Monet Lily, Monet Garden and Monet Springtime continue to be the major revenue contributors as works on site progress.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31/12/2018 RM'000	Immediate Preceding Quarter 30/09/2018 RM'000 (Restated)	Changes (RM'000 / %)
Revenue	82,947	271,910	(188,963) / (69%)
Cost of sales	(46,500)	(83,700)	37,200 / 44%
Gross profit	36,447	188,210	(151,763) / (81%)
Profit before taxation	27,482	132,343	(104,861) / (79%)
Profit after taxation	12,726	84,754	(72,028) / (85%)
Profit after taxation attributable to owners of the company	10,673	87,076	(76,403) / (88%)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B2. Variation of Results against the Preceding Quarter (continued)

The Group's residential developments contributed mainly to the RM82.9million revenue for the current quarter. The revenue reported in the current quarter was lower compared to the restated preceding quarter revenue of RM271.9million. The restated preceding quarter revenue included a one-off RM168.2million revenue recognition upon the completion of the Group's commercial development in Sunsuria City known as Bell Avenue towards the end of the preceding quarter.

Hence, on comparison basis, the profit before taxation for the current quarter is also lower compared to the preceding quarter as a result of recognition of revenue and profit on completion basis (at point in time) for Bell Avenue in the preceding quarter.

B3. Prospects

The Group will focus on marketing and selling its township development projects in Sunsuria City and mixed commercial development at Setia Alam. Both development sites will continue to contribute positively to the Group's revenue and profit. While there is always a continuing demand for housing at affordable prices and good value proposition commercial properties, the general operating environment is challenging due to sluggish property market sentiment and uncertainties over the trade wars between the two major economies in the world. Against this backdrop, the Group adopts a cautious stand in its business operations with the view of achieving sustainable performance.

B4. Variance from Profit Forecast and Profit Guarantee

Not applicable as there were no profit forecast and profit guarantee published.

B5. Income tax expense

The breakdown of the Malaysian income tax charge is as follows:

	Individual quarter		Year To Date	
	31/12/2018 RM'000	31/12/2017 RM'000 Restated	31/12/2018 RM'000	31/12/2017 RM'000
Current Taxation	10,193	9,248	10,193	9,248
Deferred Taxation	(2,101)	(8,579)	(2,101)	(8,579)
Deferred Taxation (PYA)	6,664	-	6,664	-
	<u>14,756</u>	<u>669</u>	<u>14,756</u>	<u>669</u>

The effective tax rate of the Group is higher than the statutory tax rate mainly due to increase in certain expenses that are not tax deductible for tax purposes.

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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B6. Corporate Proposals

There were no other corporate proposals announced by the Company that have not been completed as at 22 February 2019 (being the latest practicable date), which is not earlier than 7 days from the date of issuance of these Interim Financial Statements.

B7. Group Borrowings

	As at 31/12/2018	As at 30/09/2018
	RM'000	RM'000
Secured short term borrowings	34,335	5,324
Secured long term borrowings	193,352	234,650
Total	<u>227,687</u>	<u>239,974</u>

The Group's borrowings as at 31 December 2018 were dominated in Ringgit Malaysia. There were no borrowings in foreign currency during the financial period under review.

B8. Material Litigation

There was no material litigation against the Group as at the reporting date.

B9. Earnings per share

(a) Basic earnings per ordinary share (Basic EPS)

The basic EPS has been calculated by dividing the Group's net profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual quarter		Year to date	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net profit attributable to ordinary equity holders of the Company (RM'000)	10,673	(2,815)	10,673	(2,815)
Weighted average number of ordinary shares in issues ('000)	798,834	798,832	798,834	798,832
Basic EPS (sen)	<u>1.34</u>	<u>(0.35)</u>	<u>1.34</u>	<u>(0.35)</u>

(b) Diluted earnings per ordinary share

The potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current and previous financial period. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

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B10. Notes to the Statement of Comprehensive Income

Description	Current Quarter and Year to date 31/12/2018 RM'000
Profit for the period is arrived at after crediting/(charging) :	
- Interest income	1,038
- Gain on disposal of properties	5,439
- Interest expense	(380)
- Depreciation and amortisation	(1,532)

BY ORDER OF THE BOARD

Company Secretary
28 February 2019