

Interim Report For The Financial Period Ended 30 September 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.9.2018 RM'000	30.9.2017 RM'000 (RESTATED)	30.9.2018 RM'000	30.9.2017 RM'000 (RESTATED)
Revenue	95,504	66,485	95,504	66,485
Operating expenses	(81,005)	(60,789)	(81,005)	(60,789)
Other operating expenses / income	2,194	5,803	2,194	5,803
Profit from operations	16,693	11,499	16,693	11,499
Finance cost	(2,968)	(3,369)	(2,968)	(3,369)
Profit before taxation / (loss)	13,725	8,130	13,725	8,130
Taxation	(3,271)	(2,776)	(3,271)	(2,776)
Profit for the period	10,454	5,355	10,454	5,355
Total comprehensive income / (loss) for the year	10,454	5,355	10,454	5,355
Profit attributable to:				
Owners of the Company	7,794	6,018	7,794	6,018
Non Controlling Interest	2,660	(663)	2,660	(663)
	10,454	5,355	10,454	5,355
Total comprehensive income / (loss) attributable to:				
Owners of the parent	7,794	6,018	7,794	6,018
Non Controlling Interest	2,660	(663)	2,660	(663)
	10,454	5,355	10,454	5,355
EPS - Basic (sen)	1.95	1.50	1.95	1.50

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2018)

Interim Report For The Financial Period Ended 30 September 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	(UNAUDITED) AS AT 30.9.2018 RM'000	(RESTATED) AS AT 30.06.2018 RM'000	(RESTATED) AS AT 01.07.2017 RM'000
Non current assets			
Property, plant and equipment	56,764	57,633	60,987
Investment properties	57,859	57,859	60,580
Land held for development	186,614	254,188	119,375
Deferred tax assets	2,337	2,337	2,961
Current assets			
Property development costs	686,792	614,982	674,209
Inventories	96,259	108,962	123,086
Tax recoverable	12,632	10,772	7,935
Trade and other receivables	91,282	108,274	96,296
Fixed deposits with licensed banks	936	365	1,126
Cash and bank balances	18,943	21,873	21,463
	906,845	865,228	924,115
Current liabilities			
Trade and other payables	204,737	239,625	230,796
Short term borrowings	170,341	187,281	162,970
Bank overdrafts	43,512	56,117	48,351
Current tax liabilities	4,382	1,054	2,308
	422,972	484,077	444,425
Net current assets	483,873	381,151	479,690
Total Assets	787,447	753,168	723,593
Shareholders' Funds			
Share capital	206,250	206,250	206,250
Treasury shares	(3,168)	(3,168)	(3,167)
Revaluation reserves	6,788	6,788	6,788
Retained earnings	274,665	266,871	237,141
Non Controlling Interest	44,968	42,308	12,732
	529,503	519,049	459,744
Long term borrowings	257,944	234,119	263,849
	257,944	234,119	263,849
Total Equities and Liabilities	787,447	753,168	723,593
Net assets per share (RM)	1.17	1.16	1.08
	(484,535/ 412,500)	(476,741/ 412,500)	(447,012/ 412,500)

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2018)

Interim Report For The Financial Period Ended 30 September 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Share capital RM'000	Non-distributable		Distributable	Total RM'000	Non controlling interest RM'000	Total equity RM'000
		Revaluation reserves RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 01.07.2018 (As previously stated)	206,250	6,788	(3,168)	267,022	476,892	42,408	519,300
Effects of adoption of the MFRS framework				(151)	(151)	(100)	(251)
At 30.06.2018 (restated)	206,250	6,788	(3,168)	266,871	476,741	42,308	519,049
Transactions with owners:							
Share buy-back	-	-	-	-	-	-	-
Issuance of new shares (at subsidiary level)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	7,794	7,794	2,660	10,454
At 30.9.2018	206,250	6,788	(3,168)	274,665	484,535	44,968	529,503
At 01.07.2017 (As previously stated)	206,250	6,788	(3,167)	237,728	447,599	13,034	460,633
Effects of adoption of the MFRS framework				(587)	(587)	(302)	(889)
At 01.07.2017 (restated)	206,250	6,788	(3,167)	237,141	447,012	12,732	459,744
Transactions with owners:							
Share buy-back	-	-	-	-	-	-	-
Acquisition of Subsidiary	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	6,018	6,018	(663)	5,355
At 30.9.2017	206,250	6,788	(3,167)	243,159	453,030	12,069	465,099

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2018)

Interim Report For The Financial Period Ended 30 September 2018
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	3 MONTHS ENDED 30.09.18 RM'000	(RESTATED) 3 MONTHS ENDED 30.09.17 RM'000
Operating activities		
Profit after taxation	10,454	5,355
Adjustments for non-cash items	9,889	7,310
Operating profit before working capital changes	<u>20,343</u>	<u>12,665</u>
Trade & other receivables	24,305	-20,705
Inventories	12,703	6,190
Property development cost	-4,236	477
Trade payables and Other payables	-34,888	6,756
Net change in working capital	<u>18,227</u>	<u>5,383</u>
Net Interest Paid	-2,928	-3,320
Taxes paid	-1,803	-2,682
Net cash (used in)/ from operating activities	<u>13,496</u>	<u>-620</u>
Investing activities		
Purchase of property, plant and equipment	111	0
Proceeds from disposal of property, plant and equipment and investment properties	0	1,908
Net cash used in investing activities	<u>111</u>	<u>1,908</u>
Financing activities		
Proceeds from borrowings	6,885	5,548
Repayment of borrowings	-9,675	-1,700
Purchase of treasury shares	-	0
Fixed deposits pledged to a licensed bank	-571	-104
Net cash from financing activities	<u>-3,361</u>	<u>3,744</u>
Net (decrease)/ increase in cash and cash equivalents	10,246	5,032
Cash and cash equivalents at beginning of period	-33,879	-25,762
Cash and cash equivalents at end of period	<u>-23,633</u>	<u>-20,730</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2018)

BCB BERHAD
(Company No : 172003-W)
(Incorporated in Malaysia)

Notes to the Interim Report For The Financial Period Ended 30 September 2018

(The figures have not been audited)

EXPLANATORY NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2018.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2018, except for the adoption of the following standards and amendments to published standards which are effective for the financial period commencing after 1 July 2018:

(a) MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards

(b) MFRS 9: Financial Instruments

(c) MFRS 15: Revenue from Contracts with Customers

In addition, there are a number of new standards and amendments to Standards and Issues Committee ("IC") interpretations which are effective and adopted for the current financial period beginning 1 July 2018. None of them are expected to have a significant effect on the consolidated financial statements of the Group.

Under MFRS 1 and 9, The Group is adopting this framework effective in this financial year.

Under MFRS 15, based on the assessment undertaken to-date, the Group expects significant changes in revenue being recognised arising from its adoption.

The details of the impact to the Group's reported Financial Position and Comprehensive Income arising from the adoption of the above reporting standards are as follows:

(i) Reconciliation of Comprehensive Income

	Individual quarter ended 30 September 2017			Cumulative quarter ended 30 September 2017		
	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Revenue	70,010	(3,525)	66,485	70,010	(3,525)	66,485
Operating expenses	(64,063)	3,274	(60,789)	(64,063)	3,274	(60,789)
Other operating income	5,803	-	5,803	5,803	-	5,803
Profit from operations	11,750	(251)	11,499	11,750	(251)	11,499
Finance cost	(3,369)	-	(3,369)	(3,369)	-	(3,369)
Profit before tax	8,381	(251)	8,130	8,381	(251)	8,130
Taxation	(2,776)	-	(2,776)	(2,776)	-	(2,776)
Profit for the period	5,606	(251)	5,355	5,606	(251)	5,355
		(889)				
Attributable to:						
Owners of the Company	6,169	(151)	6,018	6,169	(151)	6,018
Non Controlling Interest	(563)	(100)	(663)	(563)	(100)	(663)
	5,606	(251)	5,355	5,606	(251)	5,355
EPS - Basic (sen)	1.54		1.50	1.54		1.50

(ii) Reconciliation of financial position

	As at 1 July 2017			As at 30 June 2018		
	Previously stated FRS RM'000	Effects of MFRS RM'000	Restated under MFRS RM'000	Previously stated FRS RM'000	Effects of MFRS RM'000	Restated under MFRS RM'000
Non-current assets						
Property, plant and equipment	60,987		60,987	57,633		57,633
Investment properties	60,580		60,580	57,859		57,859
Land held for development	119,375		119,375	254,188		254,188
Deferred tax assets	2,961	-	2,961	2,337	-	2,337
	<u>243,903</u>	<u>-</u>	<u>243,903</u>	<u>372,017</u>	<u>-</u>	<u>372,017</u>
Current assets						
Property development costs	675,098	(889)	674,209	615,233	(251)	614,982
Inventories	123,086		123,086	108,962		108,962
Tax recoverable	7,935		7,935	10,772		10,772
Trade and other receivables	96,296		96,296	108,274		108,274
Fixed deposits with licensed banks	1,126		1,126	365		365
Cash and bank balances	21,463		21,463	21,873		21,873
	<u>925,004</u>	<u>(889)</u>	<u>924,115</u>	<u>865,479</u>	<u>(251)</u>	<u>865,228</u>
Current liabilities						
Trade and other payables	230,796		230,796	239,625		239,625
Short term borrowings	162,970		162,970	187,281		187,281
Bank overdrafts	48,351		48,351	56,117		56,117
Current tax liabilities	2,308		2,308	1,054		1,054
	<u>444,425</u>	<u>-</u>	<u>444,425</u>	<u>484,077</u>	<u>-</u>	<u>484,077</u>
Net current assets	480,579	(889)	479,690	381,402	(251)	381,151
Total Assets	<u>724,482</u>	<u>(889)</u>	<u>723,593</u>	<u>753,419</u>	<u>(251)</u>	<u>753,168</u>
Shareholders' Funds						
Share capital	206,250		206,250	206,250		206,250
Treasury shares	(3,167)		(3,167)	(3,168)		(3,168)
Revaluation reserves	6,788		6,788	6,788		6,788
Retained earnings	237,728	(587)	237,141	267,022	(151)	266,871
Non Controlling Interest	13,034	(302)	12,732	42,408	(100)	42,308
	<u>460,633</u>	<u>(889)</u>	<u>459,744</u>	<u>519,300</u>	<u>(251)</u>	<u>519,049</u>
Long term borrowings	263,849		263,849	234,119		234,119
Total Equities and Liabilities	<u>724,482</u>	<u>(889)</u>	<u>723,593</u>	<u>753,419</u>	<u>(251)</u>	<u>753,168</u>
Net assets per share (RM) (Total Equity/ Number of ordinary share issued)	1.09		1.08	1.16		1.16

(iii) Reconciliation of cash flows

3 months ended 30 September 2017

	Previously stated FRS RM'000	Effects of MFRS RM'000	Restated under MFRS RM'000
Operating activities			
Profit after taxation	5,606	(251)	5,355
Adjustments for non-cash items	7,059	251	7,310
Operating profit before working capital changes	12,665	-	12,665
Trade & other receivables	(20,705)		(20,705)
Inventories	6,190		6,190
Property development cost	477		477
Trade payables and Other payables	6,756		6,756
Net change in working capital	5,383	-	5,383
Net Interest Paid	(3,320)		(3,320)
Tax refunded	-		-
Taxes paid	(2,682)		(2,682)
Net cash (used in)/ from operating activities	(620)	-	(620)
Investing activities			
Proceeds from disposal of property, plant and equipment and investment properties	1,908		1,908
Net cash used in investing activities	1,908	-	1,908
Financing activities			
Proceeds from borrowings	5,548		5,548
Repayment of borrowings	(1,700)		(1,700)
Purchase of treasury shares	-		-
Fixed deposits pledged to a licensed bank	(104)		(104)
Net cash from financing activities	3,744	-	3,744
Net (decrease)/ increase in cash and cash equivalents	5,032	-	5,032
Cash and cash equivalents at beginning of period	(25,762)	-	(25,762)
Cash and cash equivalents at end of period	(20,730)	-	(20,730)

2. Status of Audit Qualifications

The audited financial statements of the Group for the year ended 30 June 2018 was not subject to any audit qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

4. Unusual Items

There was no unusual item affecting assets, liabilities, equity, net income and cash flows during the financial quarter under review.

5. Material changes in past estimates and their effect on the current interim period.

There was no material effect on the current interim period from estimates of amounts reported in prior interim periods of the current financial year or prior financial years.

6. Issuances or Repayments of Debts and Equity Securities

There was no issuance, cancellation, repurchases, resale and repayment of debts and equity securities in the financial quarter under review except for:

Share Buy-back

As at to-date, the Company has bought back a total of 12,141,200 shares from the open market at an average purchase price of RM0.26 per share (This average price is adjusted following a share split exercise conducted on 7 January 2016 whereby the initial share par value of RM1.00 per share was halved to RM0.50 per share). The total consideration paid for the share buy-back, inclusive of transaction costs amounted to RM3,168,270.29. The shares bought back are held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

7. Dividend

The Board does not recommend any interim dividend for the financial quarter under review.

8. Segment Information

Segmental information is presented in respect of the Group's business segments and they reflect the Group's internal reporting structures that are regularly reviewed for the purpose of allocating resources to the segment and assessing its performance.

For management purposes, the Group has identified the following four reportable segments as follows:

- | | |
|------------------------------------|---|
| a) Property Development and others | : Property Development, Letting of Properties and Project Management |
| b) Construction | : Project Construction Services, Manufacturing of Concrete Products and Trading of Building Materials |
| c) Hotel and related activities | : Providing Hotel Services, Food and Beverages and Catering Services |
| d) Others | : These are dormant companies for future use |

	Property development and management activities RM'000	Construction and related activities RM'000	Hotel RM'000	Others RM'000	Elimination RM'000	Total RM'000
3 Months Ended 30.09.2018						
Revenue						
External revenue	89,554	5,027	923	-	-	95,504
Inter-segment revenue	-	7,496	-	-	(7,496)	-
Total	89,554	12,523	923	-	(7,496)	95,504
Adjusted EBITDA	21,395	1,027	208	-	(5,247)	17,383

	Property development and management activities RM'000	Construction and related activities RM'000	Hotel RM'000	Others RM'000	Elimination RM'000	Total RM'000
RESTATED						
3 Months Ended 30.09.2017						
Revenue						
External revenue	62,302	2,900	1,283	-	-	66,485
Inter-segment revenue	-	8,913	-	-	(8,913)	-
Total	62,302	11,813	1,283	-	(8,913)	66,485
Adjusted EBITDA	9,155	3,112	19	-	-	12,286

	Property development and management activities RM'000	Construction and related activities RM'000	Hotel RM'000	Others RM'000	Elimination RM'000	Total RM'000
Total segment assets						
30.09.2018	1,415,068	144,685	31,730	3	(381,067)	1,210,419
30.09.2017 (RESTATED)	1,494,632	234,842	33,399	357	(582,687)	1,180,543

	Property development and management activities RM'000	Construction and related activities RM'000	Hotel RM'000	Others RM'000	Elimination RM'000	Total RM'000
Total segment liabilities						
30.09.2018	819,986	120,983	15,661	3	(275,717)	680,916
30.09.2017 (RESTATED)	1,055,014	226,847	15,379	3	(582,687)	714,556

A reconciliation of total adjusted EBITDA

	30.09.2018 RM'000	30.09.2017 RM'000 (RESTATED)
Adjusted EBITDA	17,383	12,286
Finance income	40	49
Finance cost	(2,968)	(3,369)
Tax	(3,271)	(2,776)
Depreciation	(730)	(834)
Net profit for the financial period	10,454	5,355

Reportable segments assets are reconciled to total assets as follows:

	30.09.2018 RM'000	30.09.2017 RM'000 (RESTATED)
Total segment assets	1,197,787	1,174,530
Tax recoverable	12,632	6,013
Consolidated total assets (as per Statement of Financial Position)	<u>1,210,419</u>	<u>1,180,543</u>

Reportable segments liabilities are reconciled to total liabilities as follows:

	30.09.2018 RM'000	30.09.2017 RM'000 (RESTATED)
Total segment liabilities	680,916	713,869
Tax payable	-	687
Consolidated total liabilities (as per Statement of Financial Position)	<u>680,916</u>	<u>714,556</u>

9. Carrying Amount of Revalued Assets

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendments from the previous Annual Financial Statements.

10. Material events not reflected in interim period.

The Group does not have any material events during the financial period under review.

11. Changes in the Composition of the Group

There are no changes to the composition of the Group during the financial period under review.

12. Contingent Liabilities

There were no significant changes in contingent liabilities in respect of the Group since the last Annual Statement of Financial Position date.

13. Capital Commitments

The Group does not have any capital commitments outstanding during the financial period under review.

14. **Recurrent Related Party Transactions**

a) **Nature of relationships of BCB Group with the interested related parties**

- (i) Tan Sri Dato' Tan Seng Leong is a director of BCB Berhad and all its subsidiary companies. He is a major shareholder of BCB Berhad via his family controlled company called Evergreen Ratio Sdn Bhd. He is deemed to have an interest with the interested related parties by virtue of his relationship with his spouse and his children namely Puan Sri Datin Lim Sui Yong, Tan Vin Sern, Tan Vin Shyan and Tan Lindy, who are directors of Marvel Plus Development Sdn Bhd ("MPDSB"), whilst Puan Sri Datin Lim Sui Yong and Tan Vin Sern are also shareholders of MPDSB. Tan Sri Dato' Tan Seng Leong is also a director of Ju-Ichi Enterprise Sdn Bhd ("JIESB") as well as a major shareholder of IBZI Development (Johor) Sdn Bhd ("IBZI").
- (ii) Tan Vin Sern is a director of BCB Berhad and all its subsidiary companies. He is the son of Tan Sri Dato' Tan Seng Leong and brother of Tan Lindy. He is also a director of MPDSB, JIESB and IBZI.
- (iii) Tan Lindy is a Director of BCB Berhad and all its subsidiary companies. She is the daughter of Tan Sri Dato' Tan Seng Leong and the sister of Tan Vin Sern. She is also a director of MPDSB and JIESB.
- (iv) Tan Lay Hiang is a Director of BCB Berhad and most of its subsidiary companies. She is the sister of Tan Sri Dato' Tan Seng Leong.
- (v) Chang Shao-Yu is a Director of MPDSB. He is the spouse of Tan Lindy and son-in-law of Tan Sri Dato' Tan Seng Leong and Puan Sri Datin Lim Sui Yong.
- (vi) Tan Vin Shyan is a Director of BCB Berhad and most of its subsidiaries. He is the son of Tan Sri Dato' Tan Seng Leong and Puan Sri Datin Lim Sui Yong, and brother of Tan Lindy and Tan Vin Sern. He is also a director and shareholder of MPDSB, JIESB and IBZI.
- (vii) Puan Sri Datin Lim Sui Yong is a major shareholder of BCB Berhad via her family controlled company called Evergreen Ratio Sdn Bhd. She is also a director and shareholder of MPDSB.

b) **The related party transactions between BCB Group and the interested related parties are as follows:**

	Quarterly Period Ended 30.09.2018 RM'000	Quarterly Period Ended 30.09.2017 RM'000
<u>Marvel Plus Development Sdn Bhd</u>		
BCB Construction Sdn Bhd		
- Building construction services	729	1,039
BCB Management Sdn Bhd		
- Project management services and sales & marketing services	-	-
BCB Road Builder Sdn Bhd		
- Road construction services	-	-
<u>Ju-Ichi Enterprise Sdn Bhd</u>		
BCB Berhad		
- Rental of office space	75	75
BCB Construction Sdn Bhd		
- Building construction services	4,332	-
<u>IBZI Development Sdn Bhd</u>		
BCB Construction Sdn Bhd		
- Building construction services	-	-

1. Review of Performance of the Group for the Quarter and Financial Year-To-Date

- 1. a** The Group turnover increased by 44% to RM95.50 million for the first quarter of 2019 as compared to RM66.48 million (restated) recorded for the corresponding quarter of last year while the Group's profit before tax increased by 69% to RM13.73 million in the current quarter as compared to a profit before tax of RM8.13 million (restated) in the corresponding quarter of last year.

The Group's quarterly performance as per segmental divisions is as follows:

Property Development division's revenue increased by 44% to RM89.55 million in Q1' 2019 (Q1 '2018: Restated RM62.30 million). Profit before tax increased by 58% to RM14.45 million (Q1'2018: Restated RM9.17 million). The increase in revenue and profit before tax is attributed to better sales.

Construction division's revenue increased by 73% to 5.03 million in Q1' 2019 (Q1 '2018: RM2.9 million). Loss before tax decreased by 14% to RM0.63 million (Q1'2018: loss RM0.73 million). The increase in revenue and decrease in losses before tax is attributed to more outside jobs undertaken by the division.

Hotel division's revenue decreased by 28% to RM0.92 million in Q1' 2019 (Q1 '2018: RM1.28 million). Loss before tax reduced by 71% to RM0.09 million (Q1'2018: Loss RM0.31 million). The lower revenue and lower loss before tax is attributed to the fact that the group has leased out the operations of the 2 restaurants in the hotel as well as the new hotel wing to an operator in line with its plan to reduce overheads and stamp out losses. The past year also saw the hotel division retrenching many staff.

For the financial year to-date, the Group's revenue increased by 44% to RM95.50 million (2018: Restated RM66.48 million) while the Group's profit before tax increased by 69% to RM13.73 million (2018: Restated RM8.13 million).

1. b

The Group's financial year to-date performance as per segmental divisions is as follows:

Property Development division's revenue increased by 44% to RM89.55 million as at Q1' 2019 (2018: Restated RM62.30 million). Profit before tax for the financial year to-date increased by 58% to RM14.45 million (2018: Restated RM9.17 million). The increase in revenue and profit before tax is attributed to better sales.

Construction division's revenue increased by 73% to RM5.03 million as at Q1' 2019 (2018: Restated RM2.9 million). Loss before tax decreased by 14% to RM0.63 million (2018: Loss RM0.73 million)The increase in revenue and decrease in losses before tax is attributed to more outside jobs undertaken by the division.

Hotel division's revenue decreased by 28% to RM0.92 million as at Q1' 2019 (2018: Restated RM1.28 million). Loss before tax reduced by 71% to RM0.09 million for the financial year to-date (2018: Loss RM0.31 million). The lower revenue and lower loss before tax is attributed to the fact that the group has leased out the operations of the 2 restaurants in the hotel as well as the new hotel wing to an operator in line with its plan to reduce overheads and stamp out losses. The past year also saw the hotel division retrenching many staff.

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

Group profit before tax decreased from RM35.82 million in the preceding quarter to RM13.73 million in the current quarter. This is mainly due to de-recognition of most contributions from its high-end high-rise project in Medini, Johor Bahru called Elysia Park Residence in this current quarter under review; following the adoption of MFRS 15: Revenue from Contracts with Customers.

3. Prospects for the Financial Year

Despite the property market being lack lustre the past 3 years, the Board is optimistic of the Group's performance for financial year 2019. The following projects will continue to contribute to the Group's earnings:

a) Evergreen Heights and Bandar Putera Indah, both these township projects are in Batu Pahat and together they contribute about RM150 million in sales per annum. The recent addition is Versis Batu Pahat, a commercial project in Batu Pahat town.

b) Home Tree in the vicinity of Kota Kemuning, Shah Alam, Selangor: This development on 151 acres of land will comprise about 200 units of high-end bungalows and various other types of other houses and a similar number of commercial units bearing a total gross development value of at least RM1.8 billion. It is ear-marked for completion in about 4 years time.

The entire Phase 2 has a Gross Development Value of RM650 million comprising of 99 units of 3 storey bungalows and 166 units of 3 storey Semi Ds.

However sub-phase 2(a) & 2(b) bearing a combined Gross Development Value of RM270 million was officially launched in August 2017. As at to-date, more than RM85 million in sales has been recorded.

c) Elysia Park Residence in Medini, Johor Bahru. This high-end condominium project has a revised total gross development value of about RM1.5 billion. Phase 1 bearing a revised Gross Development Value of RM790 million comprising of about 981 units of condominiums in 3 tower blocks was officially launched in August 2016. As at to-date, close to RM430 million in sales has been recorded.

4. Variance on Profit Forecast

The Group did not issue any profit forecast or profit guarantee.

5. Profit for the period

Profit before taxation is derived after taking into consideration of the following:

	Current 30.09.2018 RM'000	Cumulative year to-date 30.09.2018 RM'000
Interest Income	40	40
Other Income	1,922	1,922
Gain or loss on disposal of properties	232	232
Interest expenses	(2,968)	(2,968)
Depreciation and amortisation	(730)	(730)

Other than the above, there were no disposal of quoted or unquoted investment or properties and amortisation of assets for the financial quarter under review.

6. Taxation

Taxation consists of the followings:

	Quarter Current year RM'000	Quarter Preceding year corresponding RM'000	Cumulative Current year to- date RM'000	Cumulative Preceding year corresponding RM'000
Income tax				
- current financial period	3,271	2,776	3,271	2,776
- prior year	-	-	-	-
Deferred taxation				
- current financial period	-	-	-	-
- prior year	-	-	-	-
	<u>3,271</u>	<u>2,776</u>	<u>3,271</u>	<u>2,776</u>

The effective tax rate for the financial year to-date was higher than the statutory tax rate as a result of certain expenses disallowed for tax purposes.

7. Profit / (loss) on sale of unquoted investments and / or properties.

There was no disposal of unquoted investment or property during the financial quarter under review other than in the ordinary course of the Group's business.

8. Quoted Securities

There was no purchase and disposal of quoted securities for the financial quarter under review.

9. Status of Corporate Proposal

There were no corporate proposals during the financial period under review.

10. Dividend

The Board of Directors has not recommended any interim dividend for the current quarter or financial year to-date.

11. Group Borrowings

The tenure of Group borrowings classified as short and long term categories are as follows:-

Short term borrowings	RM'000
- Secured	213,853
- Unsecured	-
	<u>213,853</u>
- Secured	257,944
- Unsecured	-
	<u>257,944</u>
Total	<u>471,797</u>

12. Financial instruments with off balance sheet risk

There was no off balance sheet financial instrument during the financial quarter under review.

13. Material litigation

The Group does not have any material litigation during the financial period under review.

14. Earnings per share

	Current year quarter	Preceding year corresponding quarter	Current year to- date	Preceding year corresponding
	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
a) Basic earnings per share				
Net profit attributable to owners for the period	7,794	6,018	7,794	6,018
Weighted average number of ordinary shares in issue	400,360	400,360	400,360	400,360
Basic earnings/(loss) per share (sen)	<u>1.95</u>	<u>1.50</u>	<u>1.95</u>	<u>1.50</u>
b) Diluted earnings per share				
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>