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**CAPITAL WORLD LIMITED**  
**(Formerly known as Terratech Group Limited)**  
**(Company Registration No: CT-276295)**  
**(Incorporated in the Cayman Islands on 15 March 2013)**

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**UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

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**Background**

Capital World Limited (the “Company” and together with its subsidiaries, the “Group”), formerly known as Terratech Group Limited (“Terratech”), was listed on SGX-ST on 5 May 2017 via a successful reverse takeover (“RTO”) which was completed on 4 May 2017. Please refer to the Company’s circular to shareholders (the “Circular”) dated on 29 March 2017 for the details of the RTO.

Following the completion of the RTO, the Company changed the presentation currency for its financial statements from Singapore Dollars (“S\$”) to Malaysia Ringgit (“RM”). In addition, the Company changed its financial year end from 31 March to 30 June.

**Group Level**

Following the completion of the RTO, the wholly-owned subsidiary, Capital City Group, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purpose. As such, the consolidated financial statements have been prepared and presented as a continuation of the Capital City Group.

Accordingly, the consolidated financial statements comprising the income statement and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the fourth quarter ended 30 June 2018 have been presented as a continuation of the Capital City Group’s financial results and operations, in accordance with the following:

- 1) the assets and liabilities of the accounting acquirer, Capital City Group, are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
- 2) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
- 3) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Capital City Group immediately before the RTO;
- 4) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of Capital City Group immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination; and
- 5) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Capital City Group.

Following the completion of the RTO, the principal business of the Group are those of Capital City Group, which is principally in property development whilst disclosure requirements as at the date of this announcement have been prepared on the basis as a non-mineral, oil and gas company. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting.

#### **Company Level**

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in Capital City Group recorded in the Company's financial statements is accounted for at cost less accumulated impairment losses, if any.

#### **Notes**

- i) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ended 30 June 2018 refer to the enlarged group which included the results of Capital City Group from 1 July 2017 to 30 June 2018 and the result of Capital World Limited from 1 July 2017 to 30 June 2018.
- ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ended 30 June 2017 refer to the enlarged group which included the results of Capital City Group from 1 July 2016 to 30 June 2017 and the result of Capital World Limited from 4 May 2017 to 30 June 2017
- iii) The Group's consolidated statement of financial position as at 30 June 2018 and 30 June 2017 refer to the consolidated statement of financial position of the enlarged group comprising Capital City Group and Capital World Limited.
- iv) The Company's statement of financial position as at 30 June 2018 and 30 June 2017 refer to that of the Company.
- v) The Company's statement of changes in equity for the financial year ended 30 June 2018 and 30 June 2017 respectively refer to that of the Company.

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1(a). An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>		
	<b>Financial year ended 30 June</b>		
	<b>2018</b>	<b>2017</b>	<b>Change</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>	156,445	183,887	(15)
Cost of sales	(32,545)	(47,498)	(31)
<b>Gross profit</b>	123,900	136,389	(9)
Other income	1,566	942	66
Selling and distribution expenses	(6,909)	(9,423)	(27)
General and administrative expenses	(37,495)	(13,020)	188
Finance costs	(2,277)	(16)	14,131
Other expenses	-	(12,759)	n.m.
<b>Profit before tax</b>	78,785	102,113	(23)
Income tax expense	(21,109)	(32,009)	(34)
<b>Profit after tax</b>	57,676	70,104	(18)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising from translation of foreign operations	(398)	168	(337)
Other comprehensive (loss) / income, net of tax	(398)	168	(337)
<b>Total comprehensive income, net of tax</b>	57,278	70,272	(18)
<b>Profit attributable to:</b>			
Owners of the Company	57,706	70,113	(18)
Non-controlling interests	(30)	(9)	233
	57,676	70,104	(18)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	57,333	70,281	(18)
Non-controlling interests	(55)	(9)	511
	57,278	70,272	(18)

n.m. denotes not meaningful

1(a). A An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

<b>Group</b>		
<b>Financial year ended 30 June</b>		
<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>(Unaudited)</b>	<b>(Audited)</b>	
<b>RM'000</b>	<b>RM'000</b>	<b>%</b>

Profit for the year is arrived at after (crediting) / charging :

Interest income	(1,195)	(620)	93
Depreciation of property, plant & equipment	2,974	713	317
Amortisation of intangible assets (mining rights)	3,147	533	490
Amortisation of deferred expenditure	5,709	6,263	(9)
Interest expense	2,277	16	14,131
Acquisition costs arising from RTO	-	12,759	n.m.
Provision for impairment of inventories	5,984	23	25,917
Write off of property, plant and machinery	665	-	n.m.
Goodwill written off for new subsidiaries acquired	92	-	n.m.
Impairment of trade receivables	38	-	n.m.

n.m. denotes not meaningful

1(b)(i). A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30.06.18 (Unaudited) RM'000	As at 30.06.17 (Audited) RM'000	As at 30.06.18 (Unaudited) RM'000	As at 30.06.17 (Audited) RM'000
<b>Current assets</b>				
Inventory properties	213,680	175,839	-	-
Inventories	8,125	13,417	-	-
Deferred expenditure	4,686	8,242	-	-
Trade receivables	57,743	26,755	-	-
Unbilled receivables	3,469	813	-	-
Other receivables, deposits and prepayments	18,061	9,401	132	395
Amounts due from subsidiaries	-	-	59,967	32,308
Fixed deposits	6,703	12,946	-	-
Cash on hand and at banks	22,762	10,495	2,356	3,388
	<u>335,229</u>	<u>257,908</u>	<u>62,455</u>	<u>36,091</u>
<b>Non-current assets</b>				
Inventory properties	91,732	94,244	-	-
Deferred expenditure	606	1,080	-	-
Property, plant and equipment	108,809	103,760	237	-
Investment property under construction	195,787	142,321	-	-
Intangible assets	93,885	97,109	-	-
Investment in subsidiaries	-	-	763,225	763,223
	<u>490,819</u>	<u>438,514</u>	<u>763,462</u>	<u>763,223</u>
<b>Total assets</b>	<u>826,048</u>	<u>696,422</u>	<u>825,917</u>	<u>799,314</u>
<b>Current liabilities</b>				
Trade payables	140,865	159,377	-	-
Other payables and accruals	76,539	38,126	7,700	9,477
Provisions	-	4,977	-	-
Deferred revenue	93,271	126,995	-	-
Hire purchase payables	37	50	-	-
Loans and borrowings	47,374	-	21,633	-
Provision for taxation	24,222	23,522	75	23
	<u>382,308</u>	<u>353,047</u>	<u>29,408</u>	<u>9,500</u>
<b>Non-current liabilities</b>				
Trade payables	107,586	82,620	-	-
Hire purchase payables	-	38	-	-
Loans and borrowings	1,852	-	1,852	-
Provision for taxation	10,454	-	-	-
Deferred tax liabilities	22,740	23,653	-	-
	<u>142,632</u>	<u>106,311</u>	<u>1,852</u>	<u>-</u>
Total liabilities	<u>524,940</u>	<u>459,358</u>	<u>31,260</u>	<u>9,500</u>
<b>Equity</b>				
Share capital	112,085	108,044	161,210	157,169
Reserves	188,937	128,879	633,447	632,645
<b>Equity attributable to owners of the Company</b>	<u>301,022</u>	<u>236,923</u>	<u>794,657</u>	<u>789,814</u>
Non-controlling interests	86	141	-	-
<b>Total equity</b>	<u>301,108</u>	<u>237,064</u>	<u>794,657</u>	<u>789,814</u>
Total equity and liabilities	<u>826,048</u>	<u>696,422</u>	<u>825,917</u>	<u>799,314</u>

1(b)(ii). In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	<b>Group</b>			
	<b>As at 30.06.18</b>		<b>As at 30.06.17</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>RM'000</b>		<b>RM'000</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
Amount repayable within one year	47,411	-	50	-
Amount repayable after one year	1,852	-	38	-
	49,263	-	88	-

The loans and borrowings are mainly secured by the following: -

1. Pledge and charge of certain shares by the controlling shareholders.
2. Charge of the fixed deposits with a licensed bank.
3. Charge over the leased assets.

1(c). A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Financial year ended 30 June	
	2018 (Unaudited) RM'000	2017 (Audited) RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	78,785	102,113
Adjustments for:		
Depreciation of property, plant and equipment	2,974	713
Amortisation of intangible assets	3,147	533
Amortisation of deferred expenditure	5,709	6,263
Amortisation of fulfilment cost	-	8,660
(Write back of provision) / Provision made	(4,977)	4,977
Transaction costs arising from the Reverse Takeover	-	12,759
Plant and equipment written off	665	-
Goodwill written off for new subsidiaries acquired	92	-
Provision for impairment of inventories	5,984	-
Impairment of trade receivables	38	-
Interest income	(1,195)	(620)
Interest expense	2,277	16
<b>Operating cash flows before changes in working capital</b>	93,499	135,414
Changes in working capital:		
Inventory properties	(35,329)	(46,293)
Inventories	(692)	(558)
Deferred expenditure	(1,679)	(3,714)
Trade and other receivables	(39,801)	(4,006)
Trade and other payables	5,748	(38,782)
	21,746	42,061
Interest paid	(2,056)	(16)
Interest received	1,195	620
Tax paid	(10,868)	(13,077)
<b>Net cash flows generated from operating activities</b>	10,017	29,588
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,739)	(16,531)
Deposit on acquisition of a subsidiary	(950)	-
Acquisition of subsidiaries	(252)	-
Net cash received from acquisition of subsidiaries	1,773	-
Net cash received from Reverse Takeover	-	4,329
Transaction costs arising from the Reverse Takeover	-	(8,689)
Expenditure on investment property under construction	(53,466)	(15,432)
<b>Net cash flows used in investing activities</b>	(59,634)	(36,323)
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	58,648	-
Repayment of loans and borrowings	(2,656)	-
(Placement) / Withdrawal of secured bank deposit	(5,994)	88
Repayment of hire purchase payables	(51)	(128)
Proceeds from issuance of placement shares	-	16,110
<b>Net cash flows generated from financing activities</b>	49,947	16,070
Net increase in cash and cash equivalents	330	9,335
Cash and cash equivalents at beginning of financial year	23,410	13,962
Currency translation differences	(300)	113
<b>Cash and cash equivalents at end of period</b>	23,440	23,410
<b>Cash and cash equivalents comprise:</b>	<b>As at 30 Jun 2018</b>	<b>As at 30 Jun 2017</b>
Fixed deposits	6,703	12,946
Cash on hand and at banks	22,762	10,495
	29,465	23,441
Less: Bank balances not available for use	(6,025)	(31)
	23,440	23,410

1(d)(i). A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Share premium	Capital reserve	Merger reserve	Equity component of Convertible Bond	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group (Unaudited)</b>										
<b>Balance as at 1 Jul 2017</b>	108,044	12,888	-	5,000	-	168	110,823	236,923	141	237,064
Issuance of new share	4,041	2,525	-	-	-	-	-	6,566	-	6,566
Equity component of convertible bond	-	-	-	-	200	-	-	200	-	200
Total comprehensive loss for the year	-	-	-	-	-	(373)	57,706	57,333	(55)	57,278
	4,041	2,525	-	-	200	(373)	57,706	64,099	(55)	64,044
<b>Balance as at 30 Jun 2018</b>	112,085	15,413	-	5,000	200	(205)	168,529	301,022	86	301,108
<b>Balance as at 1 Jul 2016</b>	5,000	-	-	-	-	-	40,710	45,710	-	45,710
Issue of Placement shares	3,222	12,888	-	-	-	-	-	16,110	-	16,110
Acquisition cost arising from reverse acquisition	104,822	-	-	-	-	-	-	104,822	150	104,972
Restructuring	(5,000)	-	-	5,000	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	168	70,113	70,281	(9)	70,272
<b>Balance as at 30 Jun 2017</b>	108,044	12,888	-	5,000	-	168	110,823	236,923	141	237,064
<b>Company (Unaudited)</b>										
	Share capital	Share premium	Capital reserve	Merger reserve	Equity component of Convertible Bond	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 Jul 2017</b>	157,169	654,645	487	-	-	4,927	(27,414)	789,814	-	789,814
Issuance of new shares	4,041	2,525	-	-	-	-	-	6,566	-	6,566
Equity component of convertible bond	-	-	-	-	200	-	-	200	-	200
Total comprehensive loss for the year	-	-	-	-	-	(1,309)	(614)	(1,923)	-	(1,923)
<b>Balance as at 30 Jun 2018</b>	161,210	657,170	487	-	200	3,618	(28,028)	794,657	-	794,657
<b>Balance as at 1 Apr 2016</b>	19,054	122,511	487	-	-	(7,812)	(25,808)	108,432	-	108,432
Issue of Placement shares	3,222	12,888	-	-	-	-	-	16,110	-	16,110
Issue of ordinary shares	2,122	6,070	-	-	-	-	-	8,192	-	8,192
Acquisition cost arising from reverse acquisition	132,771	524,447	-	-	-	-	-	657,218	-	657,218
Share issue expenses	-	(11,271)	-	-	-	-	-	(11,271)	-	(11,271)
Total comprehensive loss for the year	-	-	-	-	-	12,739	(1,606)	11,133	-	11,133
<b>Balance as at 30 Jun 2017</b>	157,169	654,645	487	-	-	4,927	(27,414)	789,814	-	789,814



1(d)(ii). Details of any changes in the Company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of issued shares	Share capital RM'000
As at 31 March 2018	1,268,314,067	157,169
As at 30 June 2018	1,302,460,408	161,210

The Company has issued 34,146,341 new ordinary shares to the Arranger on 7 May 2018 pursuant to the arranger agreement in conjunction with convertible bond subscription agreement (“CBSA”) entered by the Company.

As at 30 June 2018, the Company had outstanding shares of 85,365,854 to be issued pursuant to CBSA entered by the Company,. There are no any outstanding options, treasury shares or subsidiary holding as at 30 June 2018.

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2017.

1(d)(iii). Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.06.18	As at 30.06.17
Total number of issued shares excluding treasury shares	1,302,460,408	1,268,314,067

The Company has no treasury shares as at 30 June 2018 and 30 June 2017 respectively.

1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which accounting standard or practice.**

The figures have not been audited or reviewed by the Group's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have not been audited or reviewed by the Group's auditors.

**4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period as those used in the most recently annual financial statements for the financial year ended 30 June 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current reporting period, the Group adopted all of the new or revised International Financial Reporting Standards ("IFRS") that are relevant to its operations and are effective for first-time adoption during the current financial year beginning on or after 1 July 2017. The adoption of these new and/or revised IFRS did not result in any substantial changes to the Group's accounting policies and where relevant has no material effect on the financial results for the current financial period reported on.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Financial year ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
Profit after tax attributable to owners of the Company (RM'000)	57,706	70,113
Weighted average number of ordinary shares in issue	1,273,459,406	1,102,714,486
(a) Basic earnings per ordinary share (RM cents)	4.53	6.36
(b) Diluted earnings per ordinary share (RM cents)	4.48	6.36

The diluted earnings per ordinary share arise from the CBSA entered by the Company.

The basic and diluted EPS were the same for the financial year ended 30 June 2017 as there were no potentially dilutive ordinary shares in issue as at 30 June 2017.

**7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the:-**

	Group		Company	
	As at 30.06.18	As at 30.06.17	As at 30.06.18	As at 30.06.17
Net assets value (RM'000)	301,022	236,923	794,657	789,814
Number of ordinary shares in issue	1,302,460,408	1,268,314,067	1,302,460,408	1,268,314,067
Net asset value per ordinary share based on issued share capital (RM cents)	23.11	18.68	61.01	62.27

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

**REVIEW OF STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP**

**Financial year ended 30 June 2018 ("FY2018") vs financial year ended 30 June 2017 ("FY2017")**

The Group's revenue decreased by RM27.5 million from RM183.9 million in FY2017 to RM156.4 million in FY2018 mainly due to a decrease in an incremental percentage of completion ("POC") which was used for revenue recognition, for the Capital City Mall (retail podium component of the Group's mixed development in Johor, Malaysia). The POC was 83.2% as at 30 June 2018 compared to the preceding year end of 56.5% as at 30 Jun 2017, and 24.8% as at 30 June 2016. The POC is derived using the actual development costs to-date divided by the total budgeted costs. The total budgeted costs for Project Capital City shall be re-assessed upon its completion.

Correspondingly, the gross profit decreased by RM12.5 million from RM136.4 million in FY2017 to RM123.9 million in FY2018.

The decrease in selling and distribution expenses, comprising mainly sales commission and advertising and promotional expenses, by RM2.5 million from RM9.4 million in FY2017 to RM6.9 million in FY2018 was in tandem with the decrease in revenue.

The increase in general and administrative expenses of RM24.5 million from RM13.0 million in FY2017 to RM37.5 million in FY2018 was mainly due to: i) higher payroll related costs from additional headcounts after the RTO; ii) additional depreciation and amortization expenses from the upward fair value adjustments on the plant and equipment and mining rights as a result of the reverse takeover accounting in FY2017; iii) fees for liaising and sourcing tenants for the Capital City Mall and iv) provision for impairment of inventories in relation to the marble business.

Other expenses in FY2017 related to the professional fee incurred on the RTO. There was no such expense in current year.

Finance costs were mainly made up of interest expenses relating to loans and borrowings. The increase in finance costs was due to the increase in loan and borrowings secured.

As a result of the aforementioned, the Group recorded a profit after tax of RM57.7 million in FY2018 as compared to a profit after tax of RM70.1 million in FY2017.

## REVIEW OF STATEMENT OF FINANCIAL POSITION OF THE GROUP

Total assets increased by RM129.6 million from RM696.4 million as at 30 June 2017 to RM826.0 million as at 30 June 2018, mainly due to: i) increase in inventory properties (current & non-current) and investment properties under construction of RM35.3 million and RM53.5 million respectively, which were in line with higher recognition of completed works for Capital City Mall; ii) increase in trade receivables of RM31.0 million due to 10% billing issued upon obtaining Certificate of Completion and Compliance (“CCC”) of the Capital City Mall in May 2018; (iii) increase in other receivables, deposits and prepayment primarily due to insurance prepayment, deposit made on acquisition of a subsidiary and other receivables, deposit and prepayment arising from the newly acquired subsidiaries during FY2018; and offset by (i) decrease in inventories mainly due to provision for impairment of inventories; and (ii) decrease in deferred expenditure mainly due to amortization of deferred expenditure during FY2018.

Total liabilities increased by RM65.5 million from RM459.4 million as at 30 June 2017 to RM524.9 million as at 30 June 2018, mainly due to: i) increase in trade, other payables and accruals of RM44.9 million, which was due to the increased business activities; ii) loans and borrowings (included convertible bonds) of RM49.2 million secured mainly for the development of Project Capital City; and iii) offset by the decrease in deferred revenue of RM33.7 million from Project Capital City as a result of revenue recognition by transferring from the deferred revenue based on percentage of completion method.

The net current liability of RM47.1 million as at 30 June 2018 was mainly due to deferred revenue of RM93.3 million which is a non-cash item and to be recognised in the future based on percentage of completion method.

The Group has taken steps to enhance sales and marketing efforts, receivables collection and to explore potential financing options.

## REVIEW OF STATEMENT OF CASH FLOWS OF THE GROUP

In FY2018, the Group’s net cash generated from operating activities amounted to RM10.0 million. This comprised mainly operating cash inflow before working capital changes of RM93.5 million, adjusted for net working capital outflow of RM71.8 million and tax payment of RM10.9 million.

The net working capital outflow of RM71.8 million was mainly due to: i) increase in inventory properties of RM35.3 million; ii) increase in trade and other receivables of RM39.8 million which is partially offset by decrease in trade and other payables of RM5.7 million as a result of payments made to the contractors.

Net cash used in investing activities of RM59.6 million in FY2018 was due to addition of property, plant and equipment and expenditure on investment property under construction.

Net cash generated from the financing activities of RM49.9 million in FY2018 was due to net proceeds from loans, borrowings and convertible bonds, after offsetting the repayments.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Malaysia has ushered in a new era with the change of government after the 14<sup>th</sup> General Election. The new government has introduced several measures which could boost the general market sentiments. One of the measures is the abolishment of Goods and Services Tax (“GST”) which is expected to spur spending and boost the local retail property market<sup>1</sup>. In addition, the Housing and Local Government Ministry is working with Bank Negara Malaysia (BNM) to ease housing loan requirements for first time home buyers in its bid to reduce the number of unsold completed residential units<sup>2</sup>.

Johor’s property market remains vibrant due to population boom and huge investments in the Southern Economic Corridor. Besides domestic investors, China, Singapore, the United States, Japan and Spain are the top five foreign investors in the state. Upcoming projects such as the proposed Rail Transit System (“RTS”) and the Bus Rapid Transit System will provide better connectivity for the region<sup>3</sup> which will enhance Johor Bahru’s position as a regional hub.

In addition, Johor has seen a steady increase in tourist arrivals since 2012 from 3.9 million visitors to nearly 10 million in 2016. It has been ranked as the top domestic destination in Malaysia<sup>4</sup>. Tapping on this favourable trend, the Group has introduced the first indoor musical circus in Malaysia at Capital City Mall on 18 August 2018, further transforming Capital City Mall into a fun-filled entertainment destination for families and friends to spend quality time.

Moving ahead, the Group remains committed to complete Project Capital City and launch its pipeline projects while exploring potential joint venture projects in strategic locations in Malaysia and other Asean countries.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

None.

**(b)(i) Amount per share (cents)**

**(Optional) Rate (%)**

Not applicable.

**(b)(ii) Previous corresponding period (cents)**

**(Optional) Rate (%)**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

<sup>1</sup> Retail sector to get a boost, <https://www.thestar.com.my/business/business-news/2018/06/09/retail-sector-to-get-a-boost/>

<sup>2</sup> Ministry seeks to relax housing loan rules, <https://www.thestar.com.my/news/nation/2018/06/27/ministry-seeks-to-relax-housing-loan-rules/>

<sup>3</sup> Change or no, Johor is resilient, <https://www.thestar.com.my/metro/metro-news/2018/07/17/on-the-resilience-of-johor-state-poised-to-shine-brighter-with-projects-enhancing-connectivity/>

<sup>4</sup> Johor rethinks efforts to trump Singapore at tourism, <https://www.channelnewsasia.com/news/asia/johor-singapore-tourism-desaru-coast-medini-legoland--10309370>

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers receive by the Group (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the full year ended 30 June 2018.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”) the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company had obtained a general mandate for IPTs from shareholders at an extraordinary general meeting held on 27 October 2017.

Save as disclosed below, there were no IPTs that was equal to or had exceeded S\$100,000 during the financial year ended 30 June 2018.

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RM’000	RM’000
RDC Arkitek Sdn. Bhd.  <i>(an associate of Director and controlling shareholder of the Company, Mr Siow Chien Fu for the provision of architectural consultation services in respect of Project Capital City)</i>	1,572	-

#### 14. Update on use of proceeds.

As at the date of this announcement, the gross proceeds from the drawdown of S\$10 million pursuant to the convertible bonds subscription agreement as approved at the shareholders' meeting held on 27 April 2018, and its utilisation by the Group are as follows:

<b>Use of proceeds</b>	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Amount unutilised</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Completion of construction of the Capital City Mall	9,607	8,607	1,000
Arranger fee and professional fee payment	393	393	-
<b>Total</b>	<b>10,000</b>	<b>9,000</b>	<b>1,000</b>

The above utilisation is in accordance with the intended use of the gross proceeds as stated in the Company's circular dated 11 April 2018.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENTS**

**15. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**FY2018:**

	<b>Property development RM'000</b>	<b>Mining RM'000</b>	<b>Others RM'000</b>	<b>Sub-total RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>						
External revenue	149,493	6,952	-	156,445		156,445
Inter-segment revenue	-	-	8,007	8,007	(8,007)	-
<b>Total</b>	<b>149,493</b>	<b>6,952</b>	<b>8,007</b>	<b>164,452</b>	<b>(8,007)</b>	<b>156,445</b>
<b>Segment results</b>						
Interest income	1,180	-	15	1,195	-	1,195
Depreciation expense	178	2,763	33	2,974	-	2,974
Amortisation expense	5,709	3,147	-	8,856	-	8,856
Profit / (Loss) before tax	94,529	(13,193)	(488)	80,848	(2,063)	78,785
<b>Assets:</b>						
Additions to non-current assets	59,969	-	236	60,205	-	60,205
Segment assets	686,868	136,455	727,701	1,551,024	(724,976)	826,048
<b>Segment liabilities</b>	<b>458,179</b>	<b>35,559</b>	<b>31,202</b>	<b>524,940</b>	<b>-</b>	<b>524,940</b>
<b>Geographical information</b>						
	Malaysia	Singapore	China	Sub-total	Elimination	Total
Revenue	151,220	140	5,085	156,445	-	156,445
Non-current assets	490,559	236	24	490,819	-	490,819



FY2017:

	Property development RM'000	Mining RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>						
External revenue	182,566	1,321	-	183,887		183,887
Inter-segment revenue	-	-	923	923	(923)	-
<b>Total</b>	<b>182,566</b>	<b>1,321</b>	<b>923</b>	<b>184,810</b>	<b>(923)</b>	<b>183,887</b>
<b>Segment results</b>						
Interest income	620	-	-	620	-	620
Depreciation expense	230	483	-	713	-	713
Amortisation expense	14,923	533	-	15,456	-	15,456
Profit / (Loss) before tax	116,252	(1,514)	(12,607)	102,131	(18)	102,113
<b>Assets:</b>						
Additions to non-current assets	48,018	116,191	-	164,209	-	164,209
Segment assets	546,744	107,218	799,314	1,453,276	(756,854)	696,422
<b>Segment liabilities</b>	<b>416,966</b>	<b>98,156</b>	<b>9,501</b>	<b>524,623</b>	<b>(65,265)</b>	<b>459,358</b>
<b>Geographical information</b>						
	Malaysia	Singapore	China	Sub-total	Elimination	Total
Revenue	182,580	62	1,245	183,887	-	183,887
Non-current assets	438,461	-	53	438,514	-	438,514

**16. In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

After the completion of RTO, there are two operating segments in the Group, namely property development and marble businesses (Under mining).

There is no significant change to the property development segment. The revenue contribution was RM149.5 million for FY2018, accounting for 95.6% of the Group's revenue, with net profit of RM94.6 million for the year. Please refer to Paragraph 8 for review of the financials.

For the mining business, it has no significant impact on the overall Group financials. The revenue was RM7.0 million with a loss of RM13.2 million which was mainly due to provision for impairment of inventories, additional depreciation from the upward fair value adjustment and amortization of mining rights.

**17. A breakdown of sales as follows:**

<u>Group</u>	<b>FY2018</b>	<b>FY2017</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
a) Revenue			
- first half year	90,109	45,657	97
- second half year	66,336	138,230	(52)
	<u>156,445</u>	<u>183,887</u>	
b) Operating profit after tax before deducting non-controlling interest			
- first half year	37,082	23,859	55
- second half year	20,624	46,254	(55)
	<u>57,706</u>	<u>70,113</u>	

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

- (a) Ordinary
- (b) Preference
- (c) Total

Not applicable. The Company is not proposing dividend for FY2018. No dividend was paid for FY2017.

**19. Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

## **20. Confirmation pursuant to Rule 720(1) of the Catalist Listing Rule**

The Company confirms that it has procured undertaking from all its Directors and Executive Officers pursuant to Rule 720(1) of the Catalist Listing Manual.

### **BY ORDER OF THE BOARD**

**Siow Chien Fu**

**Executive Director and Chief Executive Officer**

**29 August 2018**

This announcement has been prepared by the Group and its contents have been reviewed by the Group's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).