

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2017

GUOCOLAND (MALAYSIA) BERHAD

Financial Year End	30 Jun 2017
Quarter	4 Qtr
Quarterly report for the financial period ended	30 Jun 2017
The figures	have not been audited

Attachments

 [GLM-Q4 2017 Results.pdf](#)
113.4 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2017

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	95,318	64,797	285,614	315,077
2	Profit/(loss) before tax	6,636	101,811	135,354	139,972
3	Profit/(loss) for the period	3,262	88,604	126,464	118,696
4	Profit/(loss) attributable to ordinary equity holders of the parent	2,392	86,834	121,809	114,040
5	Basic earnings/(loss) per share (Subunit)	0.36	12.96	18.18	17.02
6	Proposed/Declared dividend per share (Subunit)	2.00	2.00	2.00	2.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)		1.9885		1.8261

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

 **Announcement Info**

Company Name	GUOCOLAND (MALAYSIA) BERHAD
Stock Name	GUOCO
Date Announced	24 Aug 2017
Category	Financial Results
Reference Number	FRA-24082017-00007

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	3 months ended		Year-to-date ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	95,318	64,797	285,614	315,077
Cost of sales	(45,176)	(22,956)	(163,163)	(192,463)
Gross profit	50,142	41,841	122,451	122,614
Selling and marketing expenses	(7,443)	(5,417)	(17,350)	(14,456)
Administrative expenses	(23,060)	(25,352)	(58,056)	(65,593)
Other net operating income	(2,432)	103,713	3,340	129,433
Profit from operations	17,207	114,785	50,385	171,998
Finance income	2,294	697	4,231	1,262
Finance costs	(11,142)	(16,431)	(39,597)	(40,294)
Share of results of associates and joint ventures	(1,723)	2,760	120,335	7,006
Profit before tax	6,636	101,811	135,354	139,972
Income tax	(3,374)	(13,207)	(8,890)	(21,276)
Profit for the period/year	3,262	88,604	126,464	118,696
Profit attributable to:				
Owners of the parent	2,392	86,834	121,809	114,040
Non-controlling interests	870	1,770	4,655	4,656
Profit for the period/year	3,262	88,604	126,464	118,696
Earnings per share attributable to owners of the parent:				
a) Basic (sen)	0.357	12.963	18.184	17.024
b) Diluted (sen)	0.357	12.963	18.184	17.024

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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GUOCOLAND (MALAYSIA) BERHAD (300-K)
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ENDED 30 JUNE 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (cont'd)

	3 months ended		Year-to-date ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	3,262	88,604	126,464	118,696
Other comprehensive (loss)/income:				
Fair value (loss)/gain on available-for-sale investments	(76)	388	381	(46)
Foreign currency translation	1	5	(15)	20
Other comprehensive (loss)/income for the period/year	(75)	393	366	(26)
Total comprehensive income for the period/year	3,187	88,997	126,830	118,670
Total comprehensive income attributable to:				
Owners of the parent	2,317	87,227	122,175	114,014
Non-controlling interests	870	1,770	4,655	4,656
Total comprehensive income for the period/year	3,187	88,997	126,830	118,670

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
Non-current assets		
Property, plant and equipment	523,832	336,524
Investment properties	544,318	528,500
Land held for property development	438,673	303,322
Investments in associates	197,916	200,183
Investments in joint ventures	110,873	112,645
Available-for-sale investments	1,566	1,830
Goodwill	11,813	13,297
Deferred tax assets	7,347	6,361
Derivative financial assets	-	255
	<u>1,836,338</u>	<u>1,502,917</u>
Current assets		
Inventories	756,156	823,914
Property development costs	245,383	235,689
Trade and other receivables	108,308	77,370
Other current assets	894	18,582
Tax recoverable	7,548	3,408
Other investments	49	6,746
Derivative financial assets	118	-
Cash and cash equivalents	231,592	218,061
	<u>1,350,048</u>	<u>1,383,770</u>
TOTAL ASSETS	<u><u>3,186,386</u></u>	<u><u>2,886,687</u></u>

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (cont'd)

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	385,318	350,229
Reserves	970,606	896,918
Equity funds	1,355,924	1,247,147
Shares held by ESS Trust	(23,883)	(23,883)
	<u>1,332,041</u>	<u>1,223,264</u>
Non-controlling interests	118,388	113,733
TOTAL EQUITY	<u>1,450,429</u>	<u>1,336,997</u>
Non-current liabilities		
Other payables	8,674	-
Loans and borrowings	1,162,110	869,894
Deferred tax liabilities	32,244	33,629
Derivative financial liabilities	-	307
	<u>1,203,028</u>	<u>903,830</u>
Current liabilities		
Trade and other payables	271,122	236,081
Loans and borrowings	256,611	404,226
Derivative financial liabilities	103	-
Tax payable	5,093	5,553
	<u>532,929</u>	<u>645,860</u>
TOTAL LIABILITIES	<u>1,735,957</u>	<u>1,549,690</u>
TOTAL EQUITY AND LIABILITIES	<u>3,186,386</u>	<u>2,886,687</u>
Net assets per share attributable to ordinary owners of the parent (RM)	1.9885	1.8261

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

GUOCOLAND (MALAYSIA) BERHAD (300-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	← Attributable to owners of the parent →											
	← Non-Distributable →							Distributable				
	Share capital	Share premium	Shares held by ESS Trust	Merger reserve	Capital redemption reserve	Exchange reserve	Fair value reserve	Other reserve	Retained profits	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	RM'000	RM'000
Current year-to-date												
At 1 July 2016	350,229	35,089	(23,883)	(24,028)	27	23	388	-	885,419	1,223,264	113,733	1,336,997
Total comprehensive (loss)/income for the year	-	-	-	-	-	(15)	381	-	121,809	122,175	4,655	126,830
Transactions with owners:												
Effects of adoption of Companies Act 2016 *	35,089	(35,089)	-	-	(27)	-	-	27	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(13,398)	(13,398)	-	(13,398)
At 30 June 2017	385,318	-	(23,883)	(24,028)	-	8	769	27	993,830	1,332,041	118,388	1,450,429

* With the Companies Act 2016 coming into effect on 31 January 2017, the credit balance of the share premium becomes part of the share capital. Such credit balance may be utilised within 24 months after the commencement of the Act for the purposes as set out in transitional provisions of the Act.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (cont'd)

	← Attributable to owners of the parent →										
	← Non-Distributable →					→ Distributable					
	Share capital	Share premium	Shares held by ESS Trust	Merger reserve	Capital redemption reserve	Exchange reserve	Fair value reserve	Retained profits	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	RM'000
Preceding year corresponding year											
At 1 July 2015	350,229	35,089	(23,883)	(24,028)	17	3	434	784,787	1,122,648	109,077	1,231,725
Total comprehensive income/(loss) for the year	-	-	-	-	-	20	(46)	114,040	114,014	4,656	118,670
Transactions with owners:											
Transfer from retained profits	-	-	-	-	10	-	-	(10)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(13,398)	(13,398)	-	(13,398)
At 30 June 2016	350,229	35,089	(23,883)	(24,028)	27	23	388	885,419	1,223,264	113,733	1,336,997

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	12 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	135,354	139,972
Adjustments for:		
Bad debts written off	-	2
Gain on disposal of marketable securities	(691)	-
Property, plant and equipment:		-
- depreciation	6,724	6,655
- written off	1,071	11
- gain on disposal	(300)	(21)
Realisation of goodwill	1,484	341
Net fair value (gain)/loss on available-for-sale financial asests	(67)	880
Net gain on fair value adjustments of investment properties	(610)	(24,590)
Gain on disposal of investment properties	-	(16,680)
Gain on disposal of a subsidiary	-	(78,929)
Reversal of allowance for impairment on:		
- trade receivables	-	(11)
- other receivables	(15)	(64)
Allowance for impairment on trade and other receivables	490	107
Dividend income	(258)	(18)
Interest expense	39,597	40,294
Interest income	(4,231)	(1,262)
Elimination of unrealised profit arising from transactions with an associate and joint ventures	295	641
Share of results of associates and joint ventures	(120,335)	(7,006)
Operating profit before working capital changes carried forward	<u>58,508</u>	<u>60,322</u>

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (cont'd)

	12 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Operating profit before working capital changes brought forward	58,508	60,322
Working capital changes:		
Inventories	107,073	12,961
Receivables	(26,329)	(22,628)
Property development costs	(39,642)	(25,441)
Payables	16,794	125,847
Associates balances	-	35
Joint ventures balances	(685)	85
Related company balances	40,212	(10,559)
	<hr/>	<hr/>
Cash flow generated from operations	155,931	140,622
Interest received	30	70
Interest paid	(48,966)	(60,285)
Tax paid	(15,861)	(17,722)
	<hr/>	<hr/>
Net cash flows generated from operating activities	91,134	62,685
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(195,384)	(69,002)
Additions in:		
- land held for property development	(135,351)	(349)
- investment properties	(15,208)	(235,851)
Dividend income from associates	124,079	4,211
Additions in other investments	-	(6,728)
Proceeds from disposals of:		
- investment properties	-	64,680
- investment securities	8,291	-
- plant and equipment	581	25
- subsidiary	-	164,940
Interest received	4,201	1,192
	<hr/>	<hr/>
Net cash flows used in investing activities	(208,791)	(76,882)
	<hr/>	<hr/>

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (cont'd)

	12 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash flows from financing activities		
Bank borrowings drawdown	837,530	690,191
Repayment of bank borrowings	(686,826)	(496,468)
Dividend paid	(13,398)	(13,398)
Net cash flow generated from financing activities	<u>137,306</u>	<u>180,325</u>
Net increase in cash and cash equivalents	19,649	166,128
Effect of exchange rate changes on cash and cash equivalents	(15)	20
Cash and cash equivalents at beginning of the financial year	211,958	45,810
Cash and cash equivalents at end of the financial year	<u><u>231,592</u></u>	<u><u>211,958</u></u>

Cash and cash equivalents comprise the following:

	30.06.2017	30.06.2016
	RM'000	RM'000
Deposits, cash and bank balances	231,592	218,061
Bank overdrafts	-	(6,103)
	<u><u>231,592</u></u>	<u><u>211,958</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

2. Changes in accounting policies

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2016 except for the adoption of the relevant new FRSs, amendments to FRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2016 and 1 July 2016 respectively. The Group has not early adopted the standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the annual periods beginning on or after 1 July 2016.

The adoption of the new FRSs, amendments to FRSs and IC Interpretations does not have any material impact on the financial position and results of the Group.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 “Agriculture” and IC Interpretation 15 “Agreements for Construction of Real Estate”, including its parent, significant investor and venturer (herein called “Transitioning Entities”).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the definition of “Transitioning Entities” and accordingly, will adopt the MFRS Framework for the financial year beginning on 1 July 2019.

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3. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not subject to any qualification.

4. Seasonality or cyclicity of interim operations

The Group's interim operations were not materially affected by any seasonal or cyclical factors for the current quarter under review.

5. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year ended 30 June 2017.

6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial year.

7. Issues, repurchases and repayments of debt and equity securities

There were no additional shares purchased by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") during the current quarter under review. As at 30 June 2017, a total of 30,578,100 shares of GuocoLand (Malaysia) Berhad were held by the ESS Trust.

There were no issues, repurchases and repayments of debt and equity securities during the current financial year ended 30 June 2017.

8. Dividend paid

During the financial year ended 30 June 2017, a final dividend of 2 sen per ordinary share amounted to RM13.398 million in respect of the financial year ended 30 June 2016 was paid on 8 December 2016.

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9. Segmental reporting

The Group's segmental report for the current financial year ended 30 June 2017 is as follows:

	Property development RM'000	Property investment RM'000	Hotels RM'000	Plantations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	185,572	10,268	51,947	20,999	16,828	-	285,614
Inter-segment sales	-	-	-	-	188,576	(188,576)	-
Total revenue	<u>185,572</u>	<u>10,268</u>	<u>51,947</u>	<u>20,999</u>	<u>205,404</u>	<u>(188,576)</u>	<u>285,614</u>
Results							
Segment results	40,150	659	1,485	13,025	(4,175)	-	51,144
Unallocated corporate expenses							<u>(759)</u>
Profit from operations							50,385
Interest income	1,859	434	340	496	1,102	-	4,231
Finance costs							(39,597)
Share of results of associates	118,159	4,231	-	(578)	-	-	121,812
Share of results of joint ventures	(1,477)	-	-	-	-	-	(1,477)
Income tax expense	(25)	(341)	(1)	(2,375)	(6,148)	-	<u>(8,890)</u>
Profit for the year							<u>126,464</u>

Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

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10. Valuations of property, plant and equipment and investment properties

The valuations of property, plant and equipment and investment properties were brought forward without any amendments from the previous annual financial statements, except for the valuation exercises undertaken by the Group during the financial year under review for accounting purposes pursuant to FRS 140 Investment Property to ascertain the current fair value of the investment properties. Accordingly, a fair value gain of RM0.6 million was recognised as other net operating income.

The investment properties being valued are investment properties in Damansara City mix-development project which comprises 1 block of office tower, a retail mall together with 2,090 car park bays located within basement 2 to 6 of Damansara City Kuala Lumpur, of which the market value as at 30 June 2017 (being the valuation date) is RM540.2 million. The valuation gain arising thereof amounting to approximately RM1.7 million. The valuation will increase the net assets per share of the Group. The valuation was carried out by Rahim & Co International Sdn Bhd, an independent valuer.

Another investment property being valued is the 3 1/2 storey elevated carpark allocated within Bedford Business Park, Off Jalan Klang Lama, of which the market value as at 20 June 2017 (being the valuation date) is RM4.5 million. The valuation loss arising thereof amounting to approximately RM1.1 million. The valuation will reduce the net assets per share of the Group. The valuation was carried out by Savills (Malaysia) Sdn Bhd, an independent valuer.

11. Material subsequent events not reflected in the financial statements

There were no material subsequent events not reflected in the financial statements.

12. Capital commitments

	As at 30.6.2017
	RM'000
Capital expenditure approved and contracted for:	
- Property, plant and equipment	<u>7,022</u>

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13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations except for the following:

Guoman International Sdn Bhd, a wholly-owned subsidiary of Guoman Hotel & Resort Holdings Sdn Bhd which in turn is a 70%-owned subsidiary of GLM, has been dissolved by member's voluntary liquidation on 16 August 2017.

14. Review of performance

(a) Performance of the current quarter against the preceding year corresponding quarter

The Group recorded revenue of RM95.3 million for the current quarter under review as compared to RM64.8 million in the preceding year corresponding quarter. The increase in revenue was mainly due to the higher contribution from residential projects in Oval, Damansara City and commercial project in PJ Corporate Park during the current quarter. The increase in revenue also contributed by the property investment segment, mainly derived from rental income arising from office and car park in Damansara City.

The disposal of DC Tower which contributed a higher profit of RM78.9 million to the Group and fair value gain on investment properties of RM24.6 million in the preceding year corresponding quarter. In absence of the above, the Group recorded lower profit before tax of RM6.6 million for the current quarter as compared to a profit before tax RM101.8 million in the preceding year corresponding quarter.

(b) Performance of the current financial year against the preceding financial year

The Group recorded a revenue of RM285.6 million for the current financial year as compared to RM315.1 million in the preceding financial year. The decrease was mainly due to the lower contribution from residential project in Damansara City and partially offset by higher contribution from the residential projects in Oval and commercial project in PJ Corporate Park during the current financial year. The decrease also was mainly due to one-off disposal of Changkat Kia Peng land in the preceding year.

The Group recorded a profit before tax of RM135.4 million for the current financial year as compared to RM139.9 million in the preceding financial year. The slight decrease was mainly due to one-off disposal of Changkat Kia Peng land and DC Tower Sdn Bhd in previous financial year which offset against the higher share of profits contributed by an associate, Vintage Heights Sdn Bhd, arising from the disposal of land located in Sepang, Selangor during the current financial year.

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15. Material change in profit before tax for the current quarter compared with the immediate preceding quarter

The Group's current quarter profit before tax of approximately RM6.6 million was 54.5% lower than the immediate preceding quarter of RM14.5 million. The fluctuation in quarterly results was mainly due to higher contribution from sold units for residential project in Damansara City in the immediate preceding quarter.

16. Prospects

The property market outlook and sentiment are expected to remain subdued in the near term and the Board foresees another challenging year ahead. The Group will continue to focus on monetising its inventories, leasing out vacant spaces and timely completion of its development projects. New product launches will be phased according to prevailing market sentiments. At the same time, the Group will be seeking to replenish its land bank to ensure sustainable returns in the longer term.

17. Profit forecast/profit guarantee

Not applicable.

18. Profit for the year

Included in profit for the financial period/year are:

	Current Quarter	Year-to-date
	RM'000	RM'000
Depreciation of property, plant and equipment	2,383	6,724
Property, plant and equipment written off	1,071	1,071
Gain on disposal of property, plant and equipment	(300)	(300)
Gain on disposal of marketable securities	(691)	(691)
Mark-to-market gain on derivatives	(6)	(67)
Reversal of allowance for impairment on trade and other receivables	(15)	(15)
Allowance for impairment on trade and other receivables	490	490

Other than the above items, there were no allowance for impairment and write off of inventories, gain or loss on disposal of investment properties, impairment of assets and other exceptional items for the current quarter and financial year ended 30 June 2017.

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19. Taxation

Taxation comprises:

	Current Quarter RM'000	Year-to-date RM'000
Current taxation		
- Malaysian income tax	(7,084)	(12,001)
- Deferred taxation	341	1,117
Prior year		
- Malaysian income tax	2,115	740
- Deferred taxation	1,254	1,254
	<u>(3,374)</u>	<u>(8,890)</u>

The Group's effective tax rate (excluding joint ventures and associates) is higher than the statutory tax rate for the current financial year mainly due to the deferred tax assets not recognised.

20. Corporate proposals

There is no other outstanding corporate proposal as at the date of this report.

21. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 30 June 2017 are as follows:

	RM'000
Short term borrowings	
Secured	247,311
Unsecured	9,300
	<u>256,611</u>
Long term borrowings	
Secured	1,162,110
	<u>1,418,721</u>

The above borrowings are all denominated in Ringgit Malaysia.

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22. Realised and unrealised profits disclosure

The breakdown of retained profits of the Group is as follows:

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	402,933	369,236
- Unrealised	122,208	242,915
	<u>525,141</u>	<u>612,151</u>
Total share of retained profits from associates:		
- Realised	36,420	34,971
- Unrealised	16,468	20,367
	<u>52,888</u>	<u>55,338</u>
Total share of retained profits from joint ventures:		
- Realised	35,001	36,773
	<u>35,001</u>	<u>36,773</u>
Add: Consolidation adjustments	380,800	181,157
Total Group retained profits as per consolidated accounts	<u><u>993,830</u></u>	<u><u>885,419</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

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23. Derivative financial instruments

Derivative financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The Group has entered into interest rate swap contracts to hedge cash flow interest rate risk arising from floating rate bank loans and the details as at 30 June 2017 are as follows:

Type of Derivative	Contract/ Notional value RM'000	Net fair value gain RM'000
Interest rate swaps	126,000	15

Interest rate swaps are used to reduce exposure to fluctuations in interest rates and are categorised as fair value through profit or loss and measured at their fair value with the changes in fair value being recognised in the profit or loss at each reporting date. During the current financial year ended 30 June 2017, the Group recognised a gain of approximately RM67,000 arising from fair values changes of financial derivative. The fair value changes are attributable to changes in floating and fixed interest rates.

There is minimal credit risk because the contracts are executed with established financial institution.

There is no significant change in the policy for mitigating or controlling the interest rate risk, credit risk, liquidity risk and foreign currency risk for the Group or the related accounting policies. Other related information associated with the financial instruments is consistent with the disclosures in the audited financial statements for the financial year ended 30 June 2017.

24. Changes in material litigation

Not applicable.

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25. Dividend

A proposed final single-tier dividend has been recommended for the financial year ended 30 June 2017:

- i. Amount per share: 2.0 sen
- ii. Previous year corresponding quarter: 2.0 sen
- iii. Entitlement date: will be announced at a date to be determined by the Directors
- iv. Payment date: will be announced at a date to be determined by the Directors.

Total dividend for the current financial year ended 30 June 2017: 2.0 sen per share (30 June 2016: 2.0 per share).

26. Earnings per share

Basic EPS

The basic earnings per share are calculated based on the net profit attributable to ordinary shareholders for the financial year divided by the weighted average number of ordinary shares:

	3 months ended		Year-to-date ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net profit attributable to ordinary shareholders for the period/year (RM'000)	2,392	86,834	121,809	114,040
Weighted average number of shares ('000)	669,881	669,881	669,881	669,881
Basic EPS (sen)	0.357	12.963	18.184	17.024

Diluted EPS

The Group has no dilution in its EPS for the financial year under review as there are no dilutive potential ordinary shares.

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By Order of the Board
GuocoLand (Malaysia) Berhad

CHIN MIN YANN
Secretary

Kuala Lumpur
24 August 2017