



CAPITAL WORLD LIMITED

(Company Registration No: CT-276295)

(Incorporated in the Cayman Islands on 15 March 2013)

UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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.

	Group		
	Financial year ended 30 June		
	2019	2018	Change
	(Unaudited)	(Restated)	
	RM'000	RM'000	%
Revenue	137,177	142,594	(4)
Cost of sales	(48,499)	(22,016)	120
Gross profit	88,678	120,578	(26)
Other income	10,528	1,566	572
Selling and distribution expenses	(7,494)	(6,452)	16
General and administrative expenses	(126,589)	(36,844)	244
Finance costs	(19,659)	(6,451)	205
(Loss) / Profit before tax	(54,536)	72,397	(175)
Income tax	6,965	(15,842)	(144)
(Loss) / Profit after tax	(47,571)	56,555	(184)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation reserve released on disposal of a subsidiary company	306	-	n.m.
Exchange differences arising from translation of foreign operations	970	(398)	(344)
Other comprehensive income / (loss) , net of tax	1,276	(398)	(421)
Total comprehensive (loss) / income, net of tax	(46,295)	56,157	(182)
(Loss) / Profit attributable to:			
Owners of the Company	(46,788)	56,585	(183)
Non-controlling interests	(783)	(30)	2,510
	(47,571)	56,555	(184)
Total comprehensive (loss) / income attributable to:			
Owners of the Company	(45,483)	56,212	(181)
Non-controlling interests	(812)	(55)	1,376
	(46,295)	56,157	(182)

n.m: Denotes not meaningful

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. (continued)

Group		
Financial year ended 30 June		
2019	2018	Change
(Unaudited)	(Restated)	
RM'000	RM'000	%

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

Interest income	(533)	(1,195)	(55)
Depreciation of property, plant & equipment	8,243	2,974	177
Amortisation of intangible assets	3,692	3,143	17
Amortisation of deferred expenditure	4,517	5,731	(21)
Finance cost	19,659	6,451	205
Provision for impairment of inventories	2,600	5,984	(57)
Inventories written off	937	-	n.m
Allowance for estimated credit losses / Impairment of trade receivables	2,441	38	6,324
Allowance of impairment of mining rights	57,495	-	n.m
Allowance for impairment of goodwill	11,378	-	n.m
Allowance of impairment of property, plant & equipment	3,129	-	n.m
Property, plant & equipment written off	280	635	(56)
Gain on disposal of a subsidiary	(3,640)	-	n.m
Loss on deposit forfeited	500	-	n.m
Amortisation of facility fee on convertible bond	7,579	1,106	585
Fair value gain on derivatives	(1,737)	-	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 30.06.19	As at 30.06.18	As at 30.06.19	As at 30.06.18
	(Unaudited)	(Restated)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Current assets				
Inventory properties	181,097	182,588	-	-
Inventories	3,946	8,125	-	-
Deferred expenditure	1,341	5,749	-	-
Trade receivables	1,320	30,868	-	-
Unbilled receivables	-	3,469	-	-
Other receivables, deposits and prepayments	26,380	19,624	137	132
Amounts due from subsidiaries	-	-	101,400	59,967
Deferred tax asset	1,903	1,903	-	-
Fixed deposits	-	6,703	-	-
Cash on hand and at banks	3,224	22,776	47	2,356
	219,211	281,805	101,584	62,455
Non-current assets				
Inventory properties	153,359	106,455	-	-
Trade receivables	11,487	19,310	-	-
Property, plant and equipment	146,590	105,076	190	237
Investment property	251,561	193,360	-	-
Intangible assets	23,179	93,885	-	-
Deferred tax asset	2,548	2,253	-	-
Investment in subsidiaries	-	-	661,635	763,225
	588,724	520,339	661,825	763,462
Total assets	807,935	802,144	763,409	825,917
Current liabilities				
Trade payables	129,929	119,078	-	-
Other payables and accruals	68,815	72,056	10,340	7,700
Deferred revenue	6,928	94,476	-	-
Hire purchase payables	-	37	-	-
Loans and borrowings	44,572	43,330	18,097	17,589
Derivatives	-	4,044	-	4,044
Provision for taxation	35,268	27,954	293	75
	285,512	360,975	28,730	29,408
Non-current liabilities				
Trade payables	215,225	116,592	-	-
Other payables	2,506	1,819	-	-
Loans and borrowings	-	1,852	-	1,852
Provision for taxation	-	6,898	-	-
Deferred tax liabilities	4,348	19,929	-	-
	222,079	147,090	-	1,852
Total liabilities	507,591	508,065	28,730	31,260
Equity				
Share capital	176,240	112,085	225,365	161,210
Reserves	124,936	181,908	509,314	633,447
Equity attributable to owners of the Company	301,176	293,993	734,679	794,657
Non-controlling interests	(832)	86	-	-
Total equity	300,344	294,079	734,679	794,657
Total equity and liabilities	807,935	802,144	763,409	825,917

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.

	Group			
	As at 30.06.19		As at 30.06.18	
	(Unaudited)		(Audited)	
	RM'000		RM'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable within one year	44,572	-	47,411	-
Amount repayable after one year	-	-	1,852	-
	44,572	-	49,263	-

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

1. Pledge and charge of certain shares by certain controlling shareholders.
2. 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	
	2019	2018
	(Unaudited)	(Restated)
	RM'000	RM'000
Cash flows from operating activities		
(Loss) Profit before tax	(54,536)	72,397
Adjustments for:		
Depreciation of property, plant and equipment	8,243	2,974
Amortisation of intangible assets	3,692	3,143
Amortisation of deferred expenditure	4,517	5,731
Amortisation of fulfilment cost	-	8,055
(Write back of provision) / Provision made	-	(4,977)
Gain on disposal of a subsidiary	(3,640)	-
Plant and equipment written off	280	635
Goodwill written off for new subsidiaries acquired	-	92
Provision for impairment of inventories	2,600	5,984
Inventory written off	937	-
Allowance for estimated credit losses / Impairment of trade receivables	2,441	38
Allowance for impairment of mining rights	57,495	-
Allowance for impairment of goodwill	11,378	-
Allowance for impairment of property, plant and equipment	3,129	-
Fair value gain on derivative	(1,737)	-
Loss on deposit forfeited	500	-
Amortisation of facility fee on convertible bond	7,579	1,106
Interest income	(533)	(1,195)
Interest expense	19,659	6,452
Operating cash flows before changes in working capital	62,004	100,435
Changes in working capital:		
Inventory properties	(52,386)	(39,888)
Inventories	642	(692)
Deferred expenditure	(109)	(2,158)
Trade and other receivables	19,416	(33,799)
Trade and other payables	62,467	(7,417)
	92,034	16,481
Interest paid	(7,747)	(2,056)
Interest received	533	1,195
Tax paid	(8,242)	(10,526)
Net cash flows from operating activities	76,578	5,094
Cash flows from investing activities		
Purchase of property, plant and equipment	(53,323)	(1,782)
Purchase of intangible assets	(1,813)	-
Net cash received from acquisition of subsidiaries	-	571
Transaction costs arising from the Reverse Takeover	-	(4,070)
Net cash outflow on disposal of a subsidiary	(3,270)	-
Expenditure on investment property	(58,982)	(48,314)
Net cash flows used in investing activities	(117,388)	(53,595)
Cash flows from financing activities		
Proceeds from shares issuance, net of issue expenses	25,943	-
Proceeds from loans and borrowings	9,173	57,542
Repayment of loans and borrowings	(21,535)	(2,656)
Withdrawal/(Placement) of secured bank deposit	5,200	(5,994)
Repayment of hire purchase payables	(37)	(51)
Net cash flows generated from financing activities	18,744	48,841
Net (decrease)/increase in cash and cash equivalents	(22,066)	340
Cash and cash equivalents at beginning of financial year	23,454	23,410
Currency translation differences	1,011	(296)
Cash and cash equivalents at end of year	2,399	23,454
Cash and cash equivalents comprise:	As at 30 Jun 2019	As at 30 Jun 2018
Fixed deposits	-	6,025
Cash on hand and at banks	3,224	23,454
	3,224	29,479
Cash at bank and deposits not available for use	(825)	(6,025)
	2,399	23,454

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
Group (Unaudited)										
Balance as at 1 July 2018	112,085	15,413	-	5,000	200	(205)	169,421	301,914	86	302,000
Effects on unwinding cost and loan interest										
- As at 1 July 2017	-	-	-	-	-	-	(5,908)	(5,908)	-	(5,908)
- For year 2018	-	-	-	-	-	-	(2,013)	(2,013)	-	(2,013)
Balance as at 1 July 2018 (restated)	112,085	15,413	-	5,000	200	(205)	161,500	293,993	86	294,079
Issuance of new share	64,155	(11,589)	-	-	-	-	-	52,566	-	52,566
Equity components of convertible bonds	-	-	-	-	100	-	-	100	-	100
Redemption of equity component of convertible bond	-	-	-	-	(114)	-	114	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	1,305	(46,788)	(45,483)	(812)	(46,295)
Disposal of interest in a subsidiary company	-	-	-	-	-	-	-	-	(106)	(106)
	64,155	(11,589)	-	-	(14)	1,305	(46,674)	7,183	(918)	6,265
Balance as at 30 Jun 2019	176,240	3,824	-	5,000	186	1,100	114,826	301,176	(832)	300,344
Balance as at 1 July 2017	108,044	12,888	-	5,000	-	168	110,823	236,923	141	237,064
Effects on unwinding cost and loan interest	-	-	-	-	-	-	(5,908)	(5,908)	-	(5,908)
Balance as at 1 July 2017 (restated)	108,044	12,888	-	5,000	-	168	104,915	231,015	141	231,156
Issuance of placement shares	4,041	2,525	-	-	-	-	-	6,566	-	6,566
Acquisition cost arising from reverse acquisition	-	-	-	-	-	-	-	-	-	-
Equity component of convertible bonds	-	-	-	-	200	-	-	200	-	200
Effects on unwinding cost and loan interest	-	-	-	-	-	-	(2,013)	(2,013)	-	(2,013)
Total comprehensive income for the year	-	-	-	-	-	(373)	58,598	58,225	(55)	58,170
Balance as at 30 June 2018	112,085	15,413	-	5,000	200	(205)	161,500	293,993	86	294,079
Company (Unaudited)										
	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
Balance as at 1 Jul 2018	161,210	657,170	487	-	200	3,618	(28,028)	794,657	-	794,657
Issuance of new shares	64,155	(11,589)	-	-	-	-	-	52,566	-	52,566
Equity components of convertible bonds	-	-	-	-	100	-	-	100	-	100
Redemption of equity component of convertible bond	-	-	-	-	(114)	-	114	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(1,793)	(110,851)	(112,644)	-	(112,644)
Balance as at 30 Jun 2019	225,365	645,581	487	-	186	1,825	(138,765)	734,679	-	734,679
Balance as at 1 Jul 2017	157,169	654,645	487	-	-	4,927	(27,414)	789,814	-	789,814
Issue of Placement shares	4,041	2,525	-	-	-	-	-	6,566	-	6,566
Equity component of convertible bonds	-	-	-	-	200	-	-	200	-	200

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 2019	1,582,094,554	194,926
As at 30 June 2019	1,832,094,554	225,365

Following the allotment and issuance of 250 million shares to Twin Unitrade Sdn Bhd as announced on 16 May 2019, the total number of issued and paid-up ordinary shares of the Company has increased from 1,582,094,554 shares to 1,832,094,554 shares.

As at 30 June 2019, the Company had outstanding shares of 73,170,732 to be issued pursuant to Convertible Bonds (“CB”) Subscription Agreement entered by the Company in the event of conversion of the CB by the CB holders. Other than this, there were no any other outstanding convertibles, options, treasury shares or subsidiary holding as at 30 June 2019.

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2018 except that the Company had outstanding share of 85,365,854 to be issued pursuant to CB Subscription Agreement.

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 30.06.19	As at 30.06.18
Total number of issued shares excluding treasury shares	1,832,094,554	1,302,460,408

The Company has no treasury shares as at 30 June 2019 and 30 June 2018 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 audited annual financial statements for the financial year ended 30 June 2018.

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 2018. The adoption of these new and/or revised IFRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the financial results for the current financial period reported on, except for IFRS Interpretation Committee staff paper published in November 2018, finance costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognized over time is capitalized up to the point that the project is ready for its intended sale. Finance cost incurred after that date is expensed as incurred.

The following reconciliations summarise the impact on the Group's financial statements.

	Group		
	Financial year ended 30 June		
	2018	Effects	2018
	(Audited)		(Restated)
	RM'000	RM'000	RM'000
Revenue	142,594		142,594
Cost of sales	(23,790)	1,774	(22,016) Note 1
Gross profit	118,804		120,578
Other income	1,566		1,566
Selling and distribution expenses	(6,452)		(6,452)
General and administrative expenses	(36,844)		(36,844)
Finance costs	(2,277)	(4,174)	(6,451) Note 2
Profit before tax	74,797		72,397
Income tax	(16,229)	387	(15,842) Note 3
Profit after tax	58,568		56,555
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	(398)		(398)
Other comprehensive income / (loss) , net of tax	(398)		(398)
Total comprehensive income, net of tax	58,170		56,157
Profit attributable to:			
Owners of the Company	58,598		56,585
Non-controlling interests	(30)		(30)
	58,568		56,555
Total comprehensive income attributable to:			
Owners of the Company	58,225		56,212
Non-controlling interests	(55)		(55)
	58,170		56,157

Note 1: Being reversal of unwinding interest charged to Cost of Sales in year 2018

Note 2: Being charging the capitalized unwinding interest to Finance Costs

Note 3: Being recognition of deferred tax assets arising from above adjustments

	Group As at 1. 07.17			Group As at 30. 06.18		
	As previously reported RM'000	Effects RM'000	Restated RM'000	As previously reported RM'000	Effects RM'000	Restated RM'000
Current assets						
Inventory properties	175,839	(7,774)	168,065	193,686	(11,098)	182,588
Inventories	13,417		13,417	8,125		8,125
Deferred expenditure	8,242		8,242	5,749		5,749
Trade receivables	26,755		26,755	30,868		30,868
Unbilled receivables	813		813	3,469		3,469
Other receivables, deposits and prepay	9,401		9,401	19,624		19,624
Deferred tax asset	-		-	1,903		1,903
Fixed deposits	12,946		12,946	6,703		6,703
Cash on hand and at banks	10,495		10,495	22,776		22,776
	<u>257,908</u>	<u>(7,774)</u>	<u>250,134</u>	<u>292,903</u>	<u>(11,098)</u>	<u>281,805</u>
Non-current assets						
Inventory properties	94,244		94,244	106,455		106,455
Deferred expenditure	1,080		1,080	-		-
Trade receivables	-		-	19,310		19,310
Property, plant and equipment	103,760		103,760	104,933	143	105,076
Investment property	142,321		142,321	192,579	781	193,360
Intangible assets	97,109		97,109	93,885		93,885
Deferred tax asset	-	1,866	1,866	-	2,253	2,253
	<u>438,514</u>	<u>1,866</u>	<u>440,380</u>	<u>517,162</u>	<u>3,177</u>	<u>520,339</u>
Total assets	<u>696,422</u>	<u>(5,908)</u>	<u>690,514</u>	<u>810,065</u>	<u>(7,921)</u>	<u>802,144</u>
Current liabilities						
Trade payables	159,377		159,377	119,078		119,078
Other payables and accruals	38,126		38,126	72,056		72,056
Provisions	4,977		4,977	-		-
Deferred revenue	126,995		126,995	94,476		94,476
Hire purchase payables	50		50	37		37
Loans and borrowings	-		-	43,330		43,330
Derivatives	-		-	4,044		4,044
Provision for taxation	23,522		23,522	27,954		27,954
	<u>353,047</u>		<u>353,047</u>	<u>360,975</u>		<u>360,975</u>
Non-current liabilities						
Trade payables	82,620		82,620	116,592		116,592
Other payables	-		-	1,819		1,819
Hire purchase payables	38		38	-		-
Loans and borrowings	-		-	1,852		1,852
Provision for taxation	-		-	6,898		6,898
Deferred tax liabilities	23,653		23,653	19,929		19,929
	<u>106,311</u>		<u>106,311</u>	<u>147,090</u>		<u>147,090</u>
Total liabilities	<u>459,358</u>		<u>459,358</u>	<u>508,065</u>		<u>508,065</u>
Equity						
Share capital	108,044		108,044	112,085		112,085
Reserves	128,879	(5,908)	122,971	189,829	(7,921)	181,908
Equity attributable to owners of the Company	<u>236,923</u>	<u>(5,908)</u>	<u>231,015</u>	<u>301,914</u>	<u>(7,921)</u>	<u>293,993</u>
Non-controlling interests	141		141	86		86
Total equity	<u>237,064</u>	<u>(5,908)</u>	<u>231,156</u>	<u>302,000</u>	<u>(7,921)</u>	<u>294,079</u>
Total equity and liabilities	<u>696,422</u>	<u>(5,908)</u>	<u>690,514</u>	<u>810,065</u>	<u>(7,921)</u>	<u>802,144</u>

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.

	Financial year ended 30 June	
	2019 (Unaudited)	2018 (Restated)
(Loss) / Profit after tax attributable to owners of the Company (RM000)	(46,788)	56,585
Weighted average number of ordinary shares in issue	1,422,866,355	1,273,459,409
(a) Basic (loss) earnings per ordinary share (RM cents)	(3.29)	4.44
(b) Diluted (loss) earnings per ordinary share (RM cents)	(3.29)	4.44

For the year ended 30 June 2019, the computation of diluted EPS does not assume the conversion of the outstanding Convertible Bonds as it had anti-dilutive effect on the EPS calculation. The basic and diluted EPS were the same for the year ended 30 June 2019 and 30 June 2018 as there were no potentially dilutive ordinary shares in issue as at 30 June 2019 and 30 June 2018.

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 30.06.19 (Unaudited)	As at 30.06.18 (Restated)	As at 30.06.19 (Unaudited)	As at 30.06.18 (Audited)
Net assets value (RM000)	301,176	293,993	734,679	794,657
Number of ordinary shares in issue (excluding treasury shares)	1,832,094,554	1,302,460,408	1,832,094,554	1,302,460,408
Net asset value per ordinary share based on issued share capital (RM cents)	16.44	22.57	40.10	61.01

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

Year ended 30 June 2019 ("FY2019") vs year ended 30 June 2018 ("FY2018")

The Group's revenue decreased FY2019 due to lower increase in percentage of completion ("POC"). The POC which was used for revenue recognition, for the Capital City Mall (retail podium component of the Group's mixed development in Johor, Malaysia), was 100.0% as at 30 June 2019 compared to 82.8% as at 30 June 2018 and 56.5% as at 30 June 2017. The lower revenue in FY2019 was mainly due to lower increase in POC and lower sales of retail podium units in the midst of weak market sentiments.

The cost of sales increased in FY2019 mainly due to the increase in construction cost towards the completion of the Capital City Mall in second quarter ended 31 December 2018 which was opened for business on 17 October 2018.

As a result, the Group recorded a lower gross profit in FY2019 compared to FY2018.

The increase in other income increased mainly pertains to (i) a one-off gain of RM3.6 million from the disposal of a subsidiary, Shaanxi Hengyu Architectural Interior Engineering Co., Ltd as announced on 16 November 2018, (ii) forfeiture income from the buyers and (iii) other miscellaneous income like locker rental income from the indoor theme park business.

The selling and distribution expenses, comprising mainly sales commission and advertising and promotional expenses, there are no significant change in the selling and distribution expenses.

The impairment of intangible assets of RM72.0 million mainly pertaining to the mining rights and goodwill arising from the reverse takeover of mining business by the property business in year 2017 has contributed to a significant increase in general administrative expenses. The impairment amount is derived by comparing the book value with the value in use which is based on the cash flow projections of the mining business in the future years.

Other reason for the increase in general administrative expense are: i) higher payroll related costs from additional headcounts for indoor theme park business; ii) fees for liaising and sourcing tenants for the Capital City Mall; iii) maintenance and service fee for the retained and unsold units; iv) increase in depreciation of property, plant and equipment and investment property as the Capital City Mall has been opened for the business; and iv) and impairment of trade receivables due to slow collection. The decrease in amortization of deferred expenditure is in tandem with the lower increase in POC.

Finance costs arise from loans and borrowings. The increase in finance costs was due to full year impact from the amortization of arranger fee on the convertible bond and the convertible bond interest, whereas amortization was only made for a partial period in prior year and the effect from expensing the unwinding interest and loan interest as explained in paragraph 5.

Income tax credit in FY2019 mainly related to the reversal of deferred tax liability of RM14.5 million on the impairment of mining rights and goodwill as mentioned above, offset by current year income tax of the Group.

As a result of the aforementioned, the Group recorded a loss after tax of RM46.8 million in FY2019 as compared to a profit after tax of RM56.6 million in FY2018. The Group would have been recorded a profit after tax of RM9.9 million in FY2019 if there were no impairment of intangible assets, adjusted by deferred tax impact.

REVIEW OF STATEMENT OF FINANCIAL POSITION OF THE GROUP

The increase in total as at 30 June 2019 was mainly due to: i) increase in inventory properties (current & non-current) and investment properties, which were in line with higher recognition of completed works and the increase in construction costs towards the completion of the Capital City Mall; and ii) increase in property, plant and equipment due to additions during current year, and offset by (i) decrease in trade receivables (current & non-current) and unbilled receivables due mainly to payment received during the current year and in line with the decrease in revenue, as well as the impairment of trade receivables due to slow collection and the disposal of a subsidiary, Shaanxi Hengyu Architectural Interior Engineering Co.; ii) decrease in intangible assets as a result of impairment as mentioned in the review of statement of comprehensive income; (iii) decrease in inventories mainly due to provision for impairment and inventories written off arising from the marble business; iv) decrease in deferred expenditure due to amortization in the current year; (v) decrease in cash and bank balances; and (vi) decrease in fixed deposit due to withdrawal during the year to repay the bank loan.

The increase in total liabilities 30 June 2019 were mainly due to increase in trade payables (current and non-current) due to increase in construction cost when the Capital City Mall opened for business in October 2018, and increase in provision for taxation from the provision for current year tax, and offset by: i) decrease in deferred revenue as the Group achieved a 100.0% POC for Capital City Mall; ii) decrease in loans and borrowings (current and non-current), including derivatives was due to partial payment during the year; and iv) decrease in deferred tax liability mainly due to reversal of deferred tax liability arising from the impairment of mining rights and goodwill as mentioned above.

There was a net current liability of RM66.3 million as at 30 June 2019 which was mainly due to increase in construction cost which was newly incurred during current year. The Group has taken steps to enhance sales and marketing efforts, receivables collection, explore potential financing options including fund raising opportunities and will be launching Austin City Project to fund its working capital for the next twelve months, and is confident that it will continue its business as a going concern for the next twelve months.

REVIEW OF STATEMENT OF CASH FLOWS OF THE GROUP

In FY2019, the Group's net cash generated from operating activities amounted to RM76.6 million. This comprised mainly operating cash outflow before working capital changes of RM62.0 million, adjusted for net working capital inflow of RM30.0 million, and interest and tax payment of RM16.0 million.

The net working capital inflow was mainly due to increase in trade and other payables and decrease in trade and other receivables, offset by increase in inventory properties.

Net cash used in investing activities in FY2019 was mainly due to: i) addition of property, plant and equipment and expenditure on investment property; and ii) cash outflow of from the disposal of a subsidiary, Shaanxi Hengyu Architectural Interior Engineering Co. due to deconsolidation.

Net cash generated from the financing activities in FY2019 was due to new shares issuance and proceeds from the loan and borrowings and withdrawal of secured bank deposits for the purposes of repayment of bank loan, offset by the repayments of the loans and borrowings.

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.

The Group is expecting the Johor property market to remain lackluster in the near term which is in tandem with the soft real estate industry in Malaysia.

However, the influx of domestic and foreign investments into South Johor region will continue to create new employment and business opportunities in the region. This is expected to further drive the demand for properties in South Johor region. Besides that, the extension of the Home Ownership Campaign to 31 December 2019 will augur well for the property industry.

On 10 July 2019, the Group has entered into a term sheet with Mr. Yuan Zhiwei and Mr. Chng Chor Tong relating to a proposed issuance of new ordinary shares of the Group to raise S\$18.3 million. The proceeds will be utilised for the development of the Capital City Project, partial repayment of existing loans and borrowings and for working capital purposes.

Moving ahead, the Group will manage its business in a prudent manner given the current weak market sentiment, while the Group will be launching its new development projects in the pipeline at an appropriate timing.

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.

(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 and the reason(s) for the decision.

No dividend has been declared or recommended for the year ended 30 June 2019 as the Group's funds is required to be used for the Group's operations.

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 and there were no IPTs conducted under the general mandate for the financial year ended 30 June 2019.

Save as disclosed below, there were no IPTs that was equal to or had exceeded S\$100,000 for the year ended 30 June 2019.

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>	1,452	-

14. Update on use of proceeds

As announced on 7 August 2019, out of the Deposit of S\$2 million from the proposed allotment and issuance of 916,047,277 new ordinary shares to Yuan Zhiwei and Chng Chor Tong, an amount of S\$1,745,342 has been utilized.

As at the date of this announcement, S\$2 million has been substantially utilized as follows:

S/N	Descriptions	Actual Usage (S\$’000)
1	Partial repayment of existing loans and borrowings	1,745
2	Capital City Project	150
3	General working capital purpose (Note 1)	59
	Total Capital City Project	1,954

As a result of the above utilisation, the balance of the net proceeds is approximately S\$46,000.

Note 1: The use for general working capital includes interest payment to vendors, payroll and professional fee.

The above utilisation is in accordance with the intended use of the net proceeds as stated in the Company’s announcement dated 23 July 2019.

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.

FY2019:

	Property development	Mining	Others	Sub-total	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	124,377	10,497	2,303	137,177	-	137,177
Inter-segment revenue	-	-	11,419	11,419	(11,419)	-
Total	124,377	10,497	13,722	148,596	(11,419)	137,177
Segment results						
Interest income	521	-	12	533	-	533
Depreciation expense	4,259	2,624	1,360	8,243	-	8,243
Amortisation expense	4,517	3,192	500	8,209	-	8,209
Gain on disposal of a subsidiary	-	3,640	-	3,640	-	3,640
Allowance for impairment of goodwill	-	11,378	-	11,378	-	11,378
Allowance for impairment of mining rights	-	57,495	-	57,495	-	57,495
Allowance for impairment of property, plant and equipment	-	3,129	-	3,129	-	3,129
Profit / (Loss) before tax	38,138	(11,327)	(114,932)	(88,121)	33,585	(54,536)
Assets:						
Additions to non-current assets	162,340	-	-	162,340	-	162,340
Segment assets	760,750	86,134	774,311	1,621,195	(813,260)	807,935
Segment liabilities						
	539,378	93,546	48,185	681,109	(173,518)	507,591

FY2018 (Restated):

	Property development RM'000	Mining RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Total RM'000
Revenue						
External revenue	135,642	6,952	-	142,594		142,594
Inter-segment revenue	-	-	8,007	8,007	(8,007)	-
Total	135,642	6,952	8,007	150,601	(8,007)	142,594
Segment results						
Interest income	1,180	7	8	1,195	-	1,195
Depreciation expense	178	2,763	33	2,974	-	2,974
Amortisation expense	13,786	3,143	-	16,929	-	16,929
Impairment of inventories	-	5,984	-	5,984	-	5,984
Plant & equipment written off	-	635	-	635	-	635
Profit / (Loss) before tax	88,232	(11,025)	(3,228)	73,979	(1,582)	72,397
Assets:						
Additions to non-current assets	62,981	-	-	62,981	-	62,981
Segment assets	674,625	131,088	825,917	1,631,630	(821,565)	810,065
Segment liabilities	441,304	35,559	31,260	508,123	(58)	508,065
Geographical information						
	Malaysia	Singapore	China	Sub-total	Elimination	Total
Revenue	137,368	140	5,086	142,594	-	142,594
Non-current assets	516,902	236	24	517,162	-	517,162

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

There is no significant change to the property development segment. The revenue contribution was RM124.4 million for FY2019, accounting for 90.6% of the Group's revenue, with net profit of RM38.2 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 RM10.5 million mainly due to the contribution from the subsidiary, Shaanxi Hengyu Architectural Interior Engineering Co., Ltd, which has been disposed during the year with a loss of RM81.3 million which was mainly due to impairment of mining rights, goodwill and property, plant and equipment.

17. A breakdown of sales as follows:

<u>Group</u>	FY2019 RM'000	FY2018 RM'000 (Restated)	Change %
a) Revenue			
- first half year	97,819	90,109	9
- second half year	39,358	52,485	(25)
	<u>137,177</u>	<u>142,594</u>	
b) Operating profit after tax before deducting non-controlling interest			
- first half year	25,445	37,082	(31)
- second half year	(72,233)	19,503	(470)
	<u>(46,788)</u>	<u>56,585</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 FY2019. No dividend was paid for FY2018.

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 (in the format set out in Appendix 7H) 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 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).