



CAPITAL WORLD LIMITED

(Formerly known as Terratech Group 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 2017

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 12 months ended 30 June 2017 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 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 (RTO completion date) to 30 June 2017.
- ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 30 June 2016 refer to the results of Capital City Group from 1 July 2015 to 30 June 2016.
- iii) The Group's consolidated statement of comprehensive income and consolidated statement of changes in equity for the fourth quarter ended 30 June 2017 refer to the enlarged group which included the results of Capital City Group and Capital World Limited from 1 April 2017 to 30 June 2017.
- iv) The Group's consolidated statement of comprehensive income and consolidated statement of changes in equity for the fourth quarter ended 30 June 2016 refer to the results of Capital City Group from 1 April 2016 to 30 June 2016.
- v) The Group's consolidated statement of financial position as at 30 June 2017 refers to the consolidated statement of financial position of the enlarged group comprising Capital City Group and Capital World Limited.
- vi) The Group's consolidated statement of financial position as at 30 June 2016 refers to the consolidated statement of financial position of the Capital City Group.
- vii) The Company's statement of financial position as at 30 June 2017 and 31 March 2016 refer to that of the Company.
- viii) The Company's statement of changes in equity for the period ended 30 June 2017 and 31 March 2016 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.

	Group			Group		
	Fourth quarter ended 30 June			Financial year ended 30 June		
	2017	2016	Change	2017	2016	Change
	(unaudited)	(unaudited)		(unaudited)	(audited)	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	63,605	11,759	441	183,887	81,637	125
Cost of sales	(19,785)	(2,714)	629	(47,498)	(19,052)	149
Gross profit	43,820	9,045	384	136,389	62,585	118
Other income	236	3,543	(93)	942	4,428	(79)
Selling and distribution expenses	(3,245)	(377)	761	(9,423)	(4,213)	124
General and administrative expenses	(8,502)	(2,683)	217	(13,020)	(5,419)	140
Other expenses	(12,759)	-	n.m.	(12,759)	-	n.m.
Finance costs	(12)	(2)	500	(16)	(8)	100
Profit before tax	19,538	9,526	105	102,113	57,373	78
Income tax expense	(11,695)	(2,940)	298	(32,009)	(14,460)	121
Profit after tax	7,843	6,586	19	70,104	42,913	63
Other comprehensive income:						
Items that are or may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations	185	-	n.m.	168	-	n.m.
Other comprehensive income, net of tax	185	-	n.m.	168	-	n.m.
Total comprehensive income, net of tax	8,028	6,586	22	70,272	42,913	64
Profit attributable to:						
Owners of the Company	7,852	6,586	19	70,113	42,913	63
Non-controlling interest	(9)	-	n.m.	(9)	-	n.m.
	7,843	6,586	19	70,104	42,913	63
Total comprehensive profit attributable to:						
Owners of the Company	8,037	6,586	22	70,281	42,913	64
Non-controlling interest	(9)	-	n.m.	(9)	-	n.m.
	8,028	6,586	22	70,272	42,913	64

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			Group		
Fourth quarter ended 30 June			Financial year ended 30 June		
2017	2016	Change	2017	2016	Change
(unaudited)	(unaudited)		(unaudited)	(audited)	
RM'000	RM'000	%	RM'000	RM'000	%

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

Interest income	(221)	(122)	81	(620)	(437)	42
Forfeiture income	(17)	(3,410)	(99)	(243)	(3,845)	(94)
Depreciation of property, plant & equipment	532	62	758	713	249	186
Amortisation of intangible assets (mining rights)	533	-	n.m.	533	-	n.m.
Amortisation of deferred expenditure	2,123	1,293	64	6,263	3,659	71
Interest expense	5	2	151	16	7	129
Acquisition costs arising from RTO	12,759	-	n.m.	12,759	-	n.m.
Provision for impairment of inventories	23	-	n.m.	23	-	n.m.
Employee benefits expense	1,842	685	169	3,680	1,988	85
Rental of office premise	58	58	(1)	232	216	7
Realised foreign exchange loss/(gain)	43	(48)	(189)	(50)	(170)	(70)

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 30.06.17	As at 30.06.16	As at 30.06.17	As at 31.03.16
	(unaudited)	(audited)	(unaudited)	(unaudited)
	RM'000	RM'000	RM'000	RM'000
Current assets				
Inventory properties	175,839	148,805	-	-
Inventories	13,417	-	-	-
Deferred expenditure	8,242	9,331	-	-
Trade receivables	26,755	12,218	-	-
Amounts due from contract customers	813	-	-	-
Other receivables and prepayments	9,401	5,967	395	124
Amounts due from subsidiaries	-	-	32,308	17,875
Cash and bank balances	23,441	14,081	3,388	9
	257,908	190,402	36,091	18,008
Non-current assets				
Investment in subsidiaries	-	-	763,223	94,388
Property, plant and equipment	103,760	65,272	-	-
Intangible assets	85,731	-	-	-
Goodwill	11,378	-	-	-
Inventory properties	94,244	83,645	-	-
Investment property under construction	142,321	124,946	-	-
Deferred expenditure	1,080	2,540	-	-
	438,514	276,403	763,223	94,388
Total assets	696,422	466,805	799,314	112,396
Current liabilities				
Hire purchase payables	50	48	-	-
Trade payables	159,377	85,988	-	-
Amounts due to contract customers	35	-	-	-
Other payables and accruals	43,103	20,066	9,471	2,907
Amounts due to ultimate holding compan	-	-	6	1,057
Deferred revenue	126,960	157,744	-	-
Provision for taxation	23,522	4,355	23	-
	353,047	268,201	9,500	3,964
Non-current liabilities				
Hire purchase payables	38	83	-	-
Trade payables	82,620	149,941	-	-
Deferred tax liabilities	23,653	2,870	-	-
	106,311	152,894	-	-
Total liabilities	459,358	421,095	9,500	3,964
Equity				
Share capital	108,044	5,000	157,169	19,054
Reserves	128,879	40,710	632,645	89,378
Equity attributable to owners of the Company	236,923	45,710	789,814	108,432
Non-controlling interest	141	-	-	-
Total equity	237,064	45,710	789,814	108,432

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 30.06.17		As at 30.06.16	
	(unaudited)		(audited)	
	RM'000		RM'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable within one year	50	-	48	-
Amount repayable after one year	38	-	83	-
	88	-	131	-

Note:

The secured amount of banking facilities of the Group as at 30 June 2017 and 2016 relates to finance lease obligations which are secured by the motor vehicle titles and the lessor's title to 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	
	30.06.17	30.06.16
	(unaudited)	(audited)
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	102,113	57,373
Adjustments for:		
Depreciation of property, plant and equipment	713	249
Amortisation of intangible assets	533	-
Amortisation of deferred expenditure	6,263	3,659
Acquisition costs arising from RTO	12,759	-
Provision for impairment of inventories	23	-
Interest income	(620)	(437)
Interest expense	16	7
Operating cash flows before changes in working capital	121,800	60,851
Changes in working capital:		
Inventory properties	(37,633)	(29,501)
Inventories	(581)	-
Deferred expenditure	(3,714)	(3,509)
Trade and other receivables	(4,006)	40,875
Trade and other payables	(36,963)	(22,237)
	38,903	46,479
Interest paid	(16)	(7)
Interest received	620	437
Tax paid	(13,077)	(4,400)
Net cash flows generated from operating activities	26,430	42,509
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,119)	(16,618)
Proceeds of reverse acquisition	4,329	-
Expenditure on investment property under construction	(17,375)	(42,485)
Net cash flows used in investing activities	(33,165)	(59,103)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	16,110	-
Repayment of hire purchase payables	(128)	(50)
Net cash flows generated from/(used in) financing activities	15,982	(50)
Net increase/(decrease) in cash and cash equivalents	9,247	(16,644)
Cash and cash equivalents at beginning of financial year	14,081	30,725
Currency translation differences	113	-
Cash and cash equivalents at end of financial year	23,441	14,081

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 RM'000	Share premium RM'000	Other reserves RM'000	Merger reserves RM'000	Foreign currency translation reserves RM'000	Retained earnings/ (accumulated losses) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group (unaudited)									
Balance as at 01.07.16	5,000	-	-	-	-	40,710	45,710	-	45,710
Total comprehensive income for the year	-	-	-	-	168	70,113	70,281	(9)	70,272
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	-	-	-	-	-
	103,044	12,888	-	5,000	168	70,113	191,213	141	191,354
Balance as at 30.06.17	108,044	12,888	-	5,000	168	110,823	236,923	141	237,064
Balance as at 01.07.15	5,000	-	-	-	-	(2,203)	2,797	-	2,797
Total comprehensive income for the year	-	-	-	-	-	42,913	42,913	-	42,913
Balance as at 30.06.16	5,000	-	-	-	-	40,710	45,710	-	45,710

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Merger reserves RM'000	Foreign currency translation reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Company (unaudited)									
Balance as at 01.04.16	19,054	122,511	487	-	(7,812)	(25,808)	108,432	-	108,432
Total comprehensive income for the year	-	-	-	-	12,739	(1,606)	11,133	-	11,133
Issue of ordinary shares	2,122	6,070	-	-	-	-	8,192	-	8,192
Issue of shares on reverse acquisition	132,771	524,447	-	-	-	-	657,218	-	657,218
Issue of placement shares	3,222	12,888	-	-	-	-	16,110	-	16,110
Shares issue expenses	-	(11,271)	-	-	-	-	(11,271)	-	(11,271)
	138,115	532,134	-	-	12,739	(1,606)	681,382	-	681,382
Balance as at 30.06.17	157,169	654,645	487	-	4,927	(27,414)	789,814	-	789,814
Balance as at 01.04.15	19,054	122,511	487	-	(15,886)	(20,746)	105,420	-	105,420
Total comprehensive income for the year	-	-	-	-	8,074	(5,062)	3,012	-	3,012
Balance as at 30.03.16	19,054	122,511	487	-	(7,812)	(25,808)	108,432	-	108,432

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 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.

Ordinary shares

	Number of issued shares	Share capital RM'000
As at 1 April 2016	615,042,003	19,054
Issue of ordinary shares	68,500,000	2,122
Sub-total	683,542,003	21,176
Share consolidation for every 4 shares into 1	170,885,501	21,176
Issue of shares on reverse acquisition	1,071,428,569	132,771
Issue of placement shares	26,000,000	3,222
As at 30 June 2017	1,268,314,070	157,169

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2017 and 31 March 2016.

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 30.06.17	As at 31.03.16
Total number of issued shares excluding treasury shares	1,268,314,070	615,042,003

The Company has no treasury shares as at 30 June 2017 and 31 March 2016 respectively.

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

Not applicable. The Group did not have any treasury shares during and as at the end of the current financial year 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 as the Company did not hold any subsidiary holdings as at the end of the current financial year 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 have applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period compared with the audited financial statements as at 30 June 2016.

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 2016. 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.

	Fourth quarter ended		Financial year ended	
	30.06.17	30.06.16	30.06.17	30.06.16
Profit after tax attributable to owners of the Company (RM'000)	7,852	6,586	70,113	42,913
Weighted average number of ordinary shares in issue	1,196,916,033	1,071,428,571	1,102,714,486	1,071,428,571
(a) Basic earnings per ordinary share (RM cents)	0.66	0.61	6.36	4.01
(b) Diluted earnings per ordinary share (RM cents)	0.66	0.61	6.36	4.01

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2017 and 30 June 2016.

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 30.06.17	As at 30.06.16	As at 30.06.17	As at 31.03.16
Net assets value (RM'000)	236,923	45,710	789,814	108,432
Number of ordinary shares in issue	1,268,314,070	1,071,428,571	1,268,314,070	153,760,501
Net asset value per ordinary share based on issued share capital (RM cents)	18.68	4.27	62.27	70.52

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

Fourth quarter ended 30 June 2017 ("4Q2017") vs fourth quarter ended 30 June 2016 ("4Q2016")

The Group's revenue increased by RM51.8 million from RM11.8 million in 4Q2016 to RM63.6 million in 3Q2017 mainly due to higher revenue recognition from the Capital 21 (retail podium component of the Group's mixed development in Johor, Malaysia) and Capital Suites (serviced suites component of the Group's mixed development in Johor, Malaysia), in line with higher percentage of works completed.

Correspondingly, gross profit increased by RM34.8 million from RM9.0 million in 4Q2016 to RM43.8 million in 4Q2017. However, gross profit margin is lower at 68.9% due to provision for interest on land costs payables of about RM5.0 million in 4Q2017. Excluding the latter, gross profit margin would have been relatively unchanged at 76.8% when compared to 4Q2016.

Other income of RM0.2 million in 4Q2017 comprised mainly of interest income and forfeiture income recognised from sales termination by property buyers. There was higher forfeiture income in 4Q2016.

The increase in selling and distribution expenses, comprised mainly sales commission and advertising and promotional expenses, by RM2.9 million from RM0.4 million in 4Q2016 to RM3.2 million in 4Q2017 was in line with the increase in revenue.

The increase in general and administrative expenses of RM5.8 million from RM2.7 million in 4Q2016 to RM8.5 million in 4Q2017 was mainly due to higher payroll related costs from additional headcounts.

Amortisation of deferred expenditure increased from RM1.3 million in 4Q2016 to RM2.1 million in 4Q2017 was mainly a result of higher sales agent commission and legal costs incurred from higher revenue.

Other expenses of RM12.8 million was in relation to the acquisition costs arising from the completion of RTO in 4Q2017.

As a result of the aforementioned, the Group recorded a higher net profit of RM7.8 million in 4Q2017 as compared to a net profit of RM6.6 million in 4Q2016.

Financial year ended 30 June 2017 ("FY2017") vs financial year ended 30 June 2016 ("FY2016")

For the same reasons mentioned in the above, the Group's revenue increased by RM102.3 million from RM81.6 million in FY2016 to RM183.9 million in FY2017.

Gross profit increased significantly by RM73.8 million from RM62.6 million in FY2016 to RM136.4 million in FY2017 which was in line with the increase in revenue, with the gross profit margin ranging between 74% and 77%.

Other income of RM0.9 million in FY2017 comprised mainly of interest income and forfeiture incomes recognised as a result of sales termination by property buyers. There was higher forfeiture income in FY2016.

The increase in selling and distribution expenses by RM5.2 million from RM4.2 million in FY2016 to RM9.4 million in FY2017 was in line with the increase in revenue.

General and administrative expenses increased by RM7.6 million from RM5.4 million in FY2016 to RM13.0 million in FY2017 was mainly due to higher payroll costs from additional headcounts, legal fees and setup costs of Capital 21 gallery.

Amortisation of deferred expenditure increased from RM3.7 million in FY2016 to RM6.3 million in FY2017 was mainly a result of higher sales agent commission and legal costs incurred from higher revenue.

As a result of the aforementioned, the Group recorded a higher net profit of RM70.1 million in FY2017 as compared to a net profit of RM42.9 million in FY2016.

REVIEW OF STATEMENT OF FINANCIAL POSITION OF THE GROUP

Current assets increased by RM67.5 million from RM190.4 million as at 30 June 2016 to RM257.9 million as at 30 June 2017. The increase was mainly due to the increase in: i) in inventory properties of RM27.0 million in line with higher recognition of completed works, ii) trade receivables of RM14.5 million due to progress billings issued during the financial year; iii) improved cash and balances of RM9.4 million; and iv) acquired inventories amounting to RM13.4 million from the marble business as a result of RTO.

Non-current assets increased by RM162.1 million to RM438.5 million as at 30 June 2017 from RM276.4 million as at 30 June 2016. The increase was mainly due to the advancement in the construction works of Capital 21 project where costs have been capitalized under various categories of property, plant and equipment, inventory properties and investment properties under construction. In addition, the acquisition of the marble business arising from RTO resulted on a recognition of intangible assets of mining rights and goodwill amounting to RM97.1 million.

Current liabilities increased by RM84.8 million from RM268.2 million as at 30 June 2016 to RM353.0 million as at 30 June 2017. The increase was mainly due to an increase in: i) trade payables of RM73.4 million relating to main contractor costs; and ii) provision for taxation of RM19.2 million due to the profitable operations, offset by decrease in deferred revenue of RM30.8 million due to the timing recognition of revenue vis-à-vis the progress billings.

The net current liability of RM95.1 million as at 30 June 2017 was due to deferred revenue of RM127.0 million which is a non cash item. Deferred revenue is to be recognised in the future based on percentage of completion method.

Non-current liabilities decreased by RM46.6 million mainly due to decrease in trade payables from the repayment of land costs.

REVIEW OF STATEMENT OF CASH FLOWS OF THE GROUP

In FY2017, the Group's net cash generated from operating activities amounted to RM26.4 million. This comprised mainly operating cash inflow before working capital changes of RM121.8 million, adjusted for net working capital outflow of RM82.9 million and tax payment of RM13.1 million.

The net working capital outflow of RM82.9 million was mainly due to: i) increase in inventory properties of RM37.6 million and ii) decrease in trade and other payables of RM37.0 million.

Net cash used in investing activities of RM33.1 million in FY2017 was due to the increase in property, plant and equipment and investment property under construction and expenditure on investment property under construction.

Net cash from financing activities mainly related to proceeds from the share placement of RM16.1 million.

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.

There remain bright spots which represent exciting growth opportunities for the Group. Catalytic projects such as infrastructure developments will spur the growth of the property industry in Malaysia. Besides the high-speed rail (HSR) line between Singapore and Kuala Lumpur, the government also has unveiled the plan for the East Coast Rail Link, a new railway that will connect the east coast areas such as Kuantan, Gombak, Kuala Terengganu, Kota Baru, Tumpat to Klang Valley. The construction is expected to start next year and to be completed by 2022¹. With the commencement of infrastructure improvements, it is likely that there will be an injection of interest from the property buyers.

In addition, the overall housing loan approval rates in Malaysia continues to remain stable at 74%. From January till May this year, more than RM25.7 billion loans have been approved by commercial banks in Malaysia and in excess of RM24.6 billion loans for the purchase of residential property have been disbursed. Higher approved loans disbursed into the property market is a good sign that the property transaction would have increased and thus boost the sales of the property developers².

The demand from genuine homebuyers remains robust in Malaysia and affordable houses are highly demanded by the property buyers due to the tightening of the loan requirements in Malaysia. In addition, affordable landed properties which are well-equipped with facilities and good amenities are also highly sought after by the property buyers. Therefore, there are demands for attractive product offerings with strong value propositions in Malaysia³.

Project Capital City is progressing well and is on schedule for completion in 2020. The construction of the building structure of Capital 21 retail mall has been completed and is expected to commence operations in 2018. On the upcoming Project Austin, the Group has submitted its application for planning permission to the relevant authorities for approval. It will be ready for launch once the building plan approval has been obtained.

Moving ahead, the Group remains committed to look for potential joint venture partners with land assets in strategic locations which are ready for development on a joint venture basis. The Group will adopt a similar approach to property development in Malaysia and in other regions.

¹ RM55bil East Coast rail kicks off, <http://www.thestar.com.my/business/business-news/2017/03/29/east-coast-rail-kicks-off/>

¹ Commercial banks are providing financing to eligible house buyers, <http://www.themalaymailonline.com/what-you-think/article/commercial-banks-are-providing-financing-to-eligible-house-buyers-abm#v8Kt37SxwZW0vJB6.97>

¹ DBS Group Research, Malaysia Industry Focus, Malaysia Property on 9 March 2017

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

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

None.

¹ RM55bil East Coast rail kicks off, <http://www.thestar.com.my/business/business-news/2017/03/29/east-coast-rail-kicks-off/>

² Commercial banks are providing financing to eligible house buyers, <http://www.themalaymailonline.com/what-you-think/article/commercial-banks-are-providing-financing-to-eligible-house-buyers-abm#v8Kt37SxwZW0vJB6.97>

³ DBS Group Research, Malaysia Industry Focus, Malaysia Property on 9 March 2017

(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.

No dividend has been declared or recommended for FY2017.

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 Group did not obtain a general mandate from shareholders for IPT pursuant to Rule 920(1)(a)(ii). Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the financial year under review.

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 controlling shareholder of the Company for the provision of architectural consultation services)</i>	1,370	-

14. Update on use of proceeds.

As at the date of this announcement, the gross proceeds raised from the share placement had been utilized by the Group to the intended uses as follows:

	Amount raised	Amount utilised	Amount unutilised	Descriptions
	S\$'000	S\$'000	S\$'000	
General working capital	5,200	4,863	337	i) Professional fee of S\$2.6 million ii) Payroll and vendors payments of S\$2.3 million
Total	5,200	4,863	337	

The above utilisation was in accordance with the intended use of the net proceeds from the RTO, as stated in the Company's circular document dated 29 March 2017.

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.

	Property developmen RM'000	Marble RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Total RM'000
Revenue						
External revenue	182,566	1,321	-	183,887		183,887
Inter-segment revenue	-	-	923	923	(923)	-
Total	182,566	1,321	923	184,810	(923)	183,887
Segment results						
Operating profit	115,319	(1,518)	(12,596)	101,205	(18)	101,187
Other income	318	4	-	322		322
Interest income	620	-	-	620		620
Interest expenses	(5)	-	(11)	(16)		(16)
Profit (loss) before tax	116,252	(1,514)	(12,607)	102,131	(18)	102,113
Income tax expenses	(32,162)	158	(5)	(32,009)	-	(32,009)
Profit (loss) after tax	84,090	(1,356)	(12,612)	70,122	(18)	70,104
Attributable to:						
Shareholders of the Company	84,090	(1,347)	(12,612)	70,131	(18)	70,113
Non-controlling interest	-	(9)	-	(9)	-	(9)
	84,090	(1,356)	(12,612)	70,122	(18)	70,104
Other information						
Segment assets	546,584	146,055	3,783	696,422	-	696,422
Segment liabilities	(412,738)	(37,126)	(9,495)	(459,359)	-	(459,359)
Net assets	133,846	108,929	(5,712)	237,063	-	237,063
Depreciation and amortisation	6,493	1,016	-	7,509	-	7,509
Geographical segment	Malaysia	Singapore	China	Sub-total	Elimination	Total
External sales	182,580	62	1,245	183,887	-	183,887
Non-current assets	431,094	7,367	53	438,514	-	438,514

There was only one operating segment for the year ended 30 June 2016 which related to the property development segment solely.

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 types of business in the Group, namely property development and marble businesses.

There is no significant change to the property development segment with the robust growth in revenue and healthy margins. The revenue contribution was RM182.6 million for FY2017, accounting for 99% of the Group's revenue, with net profit of RM84.1 million for the year.

For the marble business, approximately two months results from RTO date of 4 May 2017 to 30 June 2017 were included in the Group's unaudited financial statements presented herein, which has an insignificant impact on the overall Group financials. The revenue was RM1.3 million with a loss of RM1.4 million.

17. A breakdown of sales as follows:

<u>Group</u>	FY2017 RM'000	FY2016 RM'000	Change %
a) Revenue			
- first half year	45,657	48,710	(6)
- second half year	138,230	32,927	320
	<u>183,887</u>	<u>81,637</u>	
b) Operating profit after tax before deducting non-controlling interest			
- first half year	23,859	25,633	(7)
- second half year	46,254	17,280	168
	<u>70,113</u>	<u>42,913</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:

Not applicable.

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 issuer 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

Chief Executive Officer and Executive Director

28 August 2017

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") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. 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 Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).