



HATTEN LAND LIMITED

(formerly known as VGO Corporation Limited)
(Company Registration No: 199301388D)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements Announcement For Third Quarter Ended 31 March 2019

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

1(a)(i) 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.

| | Notes | Group Third Quarter Ended | | | Group 9 Months Ended | | |
|--|-------|------------------------------|---------------------|-------------|-------------------------|---------------------|-------------|
| | | 31/3/2019 RM'000 | 31/3/2018 RM'000 | % Change | 31/3/2019 RM'000 | 31/3/2018 RM'000 | % Change |
| Revenue | 8a | 77,167 | 85,503 | (9.7) | 185,883 | 185,386 | 0.3 |
| Cost of sales | | (43,853) | (81,223) | (46.0) | (125,073) | (125,622) | (0.4) |
| Gross profit | 8b | 33,314 | 4,280 | N/M | 60,810 | 59,764 | 1.8 |
| Other income/gains | 8c | 1,004 | 4,710 | (78.7) | 23,244 | 12,036 | 93.1 |
| Other items of expense | | | | | | | |
| Selling and distribution expenses | 8d | (11,498) | (12,927) | (11.1) | (30,108) | (34,144) | (11.8) |
| General and administrative expenses | 8e | (12,367) | (10,990) | 12.5 | (31,786) | (30,993) | 2.6 |
| Finance costs | 8f | (7,237) | (2,089) | N/M | (14,619) | (3,274) | N/M |
| Profit/(loss) before tax | | 3,216 | (17,016) | N/M | 7,541 | 3,389 | N/M |
| Income tax (expense)/credit | 8g | (2,424) | 3,800 | N/M | (4,624) | (2,804) | 64.9 |
| Profit/(loss) after tax | 8h | 792 | (13,216) | N/M | 2,917 | 585 | N/M |
| Other comprehensive income: | | | | | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | | | | | |
| Foreign currency translation | | - | (562) | N/M | - | (1,088) | N/M |
| Total comprehensive income | | 792 | (13,778) | N/M | 2,917 | (503) | N/M |
| Profit/(loss) for the period attributable to: | | | | | | | |
| Owners of the Company | | 906 | (13,216) | N/M | 3,031 | 585 | N/M |
| Non-controlling interests | | (114) | - | N/M | (114) | - | N/M |
| | | 792 | (13,216) | | 2,917 | 585 | |
| Total comprehensive income for the period attributable to: | | | | | | | |
| Owners of the Company | | 906 | (13,778) | N/M | 3,031 | (503) | N/M |
| Non-controlling interests | | (114) | - | N/M | (114) | - | N/M |
| | | 792 | (13,778) | | 2,917 | (503) | |

N/M - Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

| | Group Third Quarter Ended | | | Group 9 Months Ended | | |
|--|------------------------------|-----------|--------|-------------------------|-----------|--------|
| | 31/3/2019 | 31/3/2018 | % | 31/3/2019 | 31/3/2018 | % |
| | RM'000 | RM'000 | Change | RM'000 | RM'000 | Change |
| Profit/(loss) for the period is arrived at after charging/(crediting): | | | | | | |
| Depreciation of property, plant and equipment | 1,321 | 1,021 | 29.4 | 3,201 | 2,332 | 37.3 |
| Loss/(gain) on disposal of property, plant and equipment | (48) | - | N/M | 29 | (202) | N/M |
| Interest expense | 7,237 | 2,089 | N/M | 14,619 | 3,274 | N/M |
| Interest income | (515) | (429) | 20.0 | (2,262) | (3,001) | (24.6) |
| Issuance of shares to employees | - | - | N/M | - | 1,845 | N/M |

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.

| | Note | Group | | Company | |
|-------------------------------------|------|---------------------|---------------------|---------------------|---------------------|
| | | 31/3/2019 RM'000 | 30/6/2018 RM'000 | 31/3/2019 RM'000 | 30/6/2018 RM'000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 8i | 222,687 | 155,580 | - | - |
| Deposit | | 597 | 587 | - | - |
| Investment in subsidiaries | | - | - | 1,203,315 | 1,203,315 |
| Deferred tax assets | 8j | 85,472 | 76,329 | - | - |
| | | <u>308,756</u> | <u>232,496</u> | <u>1,203,315</u> | <u>1,203,315</u> |
| Current assets | | | | | |
| Development properties | 8k | 960,504 | 603,996 | - | - |
| Trade and other receivables | 8l | 462,998 | 519,683 | 270,179 | 250,574 |
| Other current assets | 8m | 42,192 | 51,393 | - | - |
| Cash and bank balances | | 64,655 | 59,475 | 2,506 | 12,686 |
| | | <u>1,530,349</u> | <u>1,234,547</u> | <u>272,685</u> | <u>263,260</u> |
| Total assets | | <u>1,839,105</u> | <u>1,467,043</u> | <u>1,476,000</u> | <u>1,466,575</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Loans and borrowings | 8n | 173,062 | 245,177 | - | - |
| Income tax payable | | 39,019 | 39,428 | - | - |
| Trade and other payables | 8o | 671,270 | 513,577 | 674 | 985 |
| Amount due to directors | 8p | 34,159 | - | - | - |
| Other liabilities | | 723 | 561 | - | - |
| | | <u>918,233</u> | <u>798,743</u> | <u>674</u> | <u>985</u> |
| Net current assets | | 612,116 | 435,804 | 272,011 | 262,275 |
| Non-current liabilities | | | | | |
| Loans and borrowings | 8n | 267,120 | 262,633 | 183,709 | 174,274 |
| Other payables | 8o | 452,984 | 175,501 | - | - |
| | | <u>720,104</u> | <u>438,134</u> | <u>183,709</u> | <u>174,274</u> |
| Total liabilities | | <u>1,638,337</u> | <u>1,236,877</u> | <u>184,383</u> | <u>175,259</u> |
| Net assets | | <u>200,768</u> | <u>230,166</u> | <u>1,291,617</u> | <u>1,291,316</u> |
| Equity | | | | | |
| Share capital | | 252,719 | 252,719 | 1,285,223 | 1,285,223 |
| Retained earnings | | 34,252 | 32,274 | 6,394 | 6,093 |
| Merger reserve | | (86,089) | (54,827) | - | - |
| Non-controlling interest | | (114) | - | - | - |
| Total equity | | <u>200,768</u> | <u>230,166</u> | <u>1,291,617</u> | <u>1,291,316</u> |
| Total equity and liabilities | | <u>1,839,105</u> | <u>1,467,043</u> | <u>1,476,000</u> | <u>1,466,575</u> |

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| As at 31/03/2019 | | As at 30/06/2018 | |
|-------------------------|---------------------|-------------------------|---------------------|
| Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
| 173,062 | - | 245,177 | - |

Amount repayable after one year

| As at 31/03/2019 | | As at 30/06/2018 | |
|-------------------------|---------------------|-------------------------|---------------------|
| Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
| 267,120 | - | 262,633 | - |

The Group's loans and borrowings include obligations under finance leases and bank borrowings, guaranteed secured bonds, convertible loan and the medium-term notes issued.

Details of collaterals

The loans and borrowings are secured by the following: -

1. Joint and several guarantee by directors of the borrowing entities.
2. Legal charge over the project land under development, fixed and floating charges over all assets of the project of the borrowing entities.
3. Pledge of 400 million shares of the Company provided by Hatten Holdings Pte Ltd.
4. Third party first legal assignment over certain property assets owned by related parties of the borrowing entities.
5. Debenture over fixed and floating present and future assets of the borrowing entities.
6. Legal assignment over designated bank account and monies and legal assignment of sales proceeds from the sale of project units of the borrowing entities in favour of the lender.
7. Corporate guarantee by a related party of the borrowing entities and deed of subordination of advances due to shareholders and directors.
8. Pledge of fixed deposits with licensed banks.
9. Debenture over the 44 units of luxury residences service apartments and 11 units of penthouse suites from the development of borrowing entity.
10. Personal guarantee by a director of the Company.
11. Land charge for assets owned by related parties of the borrowing entity.

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 | | Group | |
|---|----------------------------------|-----------------|-----------------------------|-----------------|
| | Third Quarter Ended 31/3/2019 | 31/3/2018 | 9 Months Ended 31/3/2019 | 31/3/2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from operating activities | | | | |
| Profit/(loss) before tax | 3,216 | (17,016) | 7,541 | 3,389 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 1,321 | 1,021 | 3,201 | 2,332 |
| (Gain)/loss on disposal of property, plant and equipment | (48) | - | 29 | (202) |
| Interest income | (515) | (429) | (2,262) | (3,001) |
| Interest expense | 7,237 | 2,089 | 14,619 | 3,274 |
| Issuance of shares to employees | - | - | - | 1,845 |
| Unrealised foreign exchange (gain)/loss | (2,402) | 98 | 1,815 | (3,371) |
| Operating cash flows before working capital changes | 8,809 | (14,237) | 24,943 | 4,266 |
| Decrease/(increase) in: | | | | |
| Development properties | (8,667) | (14,296) | (65,620) | (50,693) |
| Trade and other receivables | 134,847 | (43,548) | 91,967 | (41,909) |
| Other current assets | 5,980 | 4,453 | 9,201 | (2,140) |
| Increase/(decrease) in: | | | | |
| Trade and other payables | (69,111) | (12,135) | 133,659 | (41,467) |
| Other liabilities | 723 | 50,331 | 162 | 60,875 |
| Cash flow from/(used in) operations | 72,581 | (29,432) | 194,312 | (71,068) |
| Interest paid | (7,237) | (2,089) | (14,619) | (3,274) |
| Interest received | 515 | 429 | 2,262 | 3,001 |
| Income tax paid | (5,085) | (5,677) | (14,175) | (23,526) |
| Net cash flows from/(used in) operating activities | 60,774 | (36,769) | 167,780 | (94,867) |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | 77 | - | 792 | 265 |
| Acquisition of subsidiaries | (241) | - | 267 | - |
| Increase in pledged fixed deposit | 0 | - | (55) | (54) |
| Additions to property, plant and equipment | (42,424) | (22,868) | (67,406) | (41,472) |
| Net cash flows used in investing activities | (42,588) | (22,868) | (66,402) | (41,261) |
| Cash flows from financing activities | | | | |
| Proceeds from term loans | 16,495 | 16,708 | 33,672 | 70,619 |
| Proceed from issuance of bonds | - | 96,575 | - | 96,575 |
| Proceeds from issuance of convertible loan and secured | - | - | - | 81,985 |
| Proceeds from issuance of medium-term notes | - | - | - | 25,000 |
| Repayment of obligations under finance leases | (660) | (371) | (2,285) | (1,350) |
| Repayment of loan and borrowings | (74,954) | (18,260) | (126,812) | (104,892) |
| Dividend paid on ordinary shares | - | - | (1,053) | (2,142) |
| Net cash flows (used in)/from financing activities | (59,119) | 94,652 | (96,478) | 165,795 |
| Net change in cash and cash equivalents | (40,933) | 35,015 | 4,900 | 29,667 |
| Cash and cash equivalents at the beginning of the period | 102,145 | 75,594 | 56,091 | 81,468 |
| Effects of exchange rate changes on cash and cash equivalents | 3 | (564) | 224 | (1,090) |
| Cash and cash equivalents at the end of the period | 61,215 | 110,045 | 61,215 | 110,045 |
| Cash and bank balances | 64,655 | 112,256 | 64,655 | 112,256 |
| Less: Pledged fixed deposit | (3,440) | (2,211) | (3,440) | (2,211) |
| Cash and cash equivalents as per above | 61,215 | 110,045 | 61,215 | 110,045 |

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.

| | Attributable to owners of the Company | | | | | |
|------------------------------------|---------------------------------------|-------------------|---------------------|--------------------------|-----------------|----------------|
| | Share capital | Retained earnings | Translation reserve | Non-Controlling Interest | Merger reserve | Total equity |
| | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 |
| Group | | | | | | |
| Balance as at 31 December 2018 | 252,719 | 33,346 | - | - | (86,089) | 199,976 |
| Profit/(loss) for the period | - | 906 | - | (114) | | 792 |
| Balance as at 31 March 2019 | 252,719 | 34,252 | - | (114) | (86,089) | 200,768 |
| Balance as at 31 December 2017 | 252,719 | 42,903 | (407) | - | (54,827) | 240,388 |
| Loss for the period | - | (13,216) | (562) | - | - | (13,778) |
| Balance as at 31 March 2018 | 252,719 | 29,687 | (969) | - | (54,827) | 226,610 |
| Company | | | | | | |
| | Share capital | Retained earnings | Total equity | | | |
| | RM'000 | RM'000 | RM'000 | | | |
| Balance as at 31 December 2018 | 1,285,223 | 7,237 | 1,292,460 | | | |
| Loss for the period | - | (843) | (843) | | | |
| Balance as at 31 March 2019 | 1,285,223 | 6,394 | 1,291,617 | | | |
| Balance as at 31 December 2017 | 1,285,223 | (869) | 1,284,354 | | | |
| Loss for the period | - | (3,317) | (3,317) | | | |
| Balance as at 31 March 2018 | 1,285,223 | (4,186) | 1,281,037 | | | |

- 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 |
|------------------------------------|-------------------------|--------------------|
| Balance as at 30 June 2018 | 1,378,096,353 | 252,718,519 |
| Balance as at 31 March 2019 | 1,378,096,353 | 252,718,519 |

As at 31 March 2019 and 31 March 2018, the Company had a convertible loan due of an aggregate amount of US\$20,000,000, which may be converted into approximately 77,142,857 new fully paid ordinary shares of the Company based on a fixed conversion price of S\$0.35 per share (assuming an exchange rate of US\$1: S\$1.35). The conversion right will expire on 10 October 2019.

The Company does not have any treasury shares and subsidiary holdings as at 31 March 2019 and 31 March 2018.

- 1(d)(iii) To show the 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 31/3/2019 | As at 30/6/2018 |
|-------------------------------|--------------------|--------------------|
| Total number of issued shares | 1,378,096,353 | 1,378,096,353 |

The Company does not have any treasury shares as at 31 March 2019 and 30 June 2018.

- 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. The Company does not have any 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. The Company does not have any 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 auditing standard or practice.

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

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

Not applicable.

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 the financial statements for the current financial year compared with those of the audited 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.**

The accounting policies adopted are consistent with those the previous financial year except in the current financial year, the Group has adopted all new and revised standards which are effective for annual financial periods beginning on or after 1 July 2018. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except for the effects of the borrowing costs relating to Development Properties finalised by The Interpretations Committee in March 2019. The management is in the process of assessing the impact from the adopting this accounting policy on its financial statement.

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.**

| | Group 3 Months Ended | | Group 9 Months Ended | |
|--|-------------------------|---------------|-------------------------|---------------|
| | 31/3/2019 | 31/3/2018 | 31/3/2019 | 31/3/2018 |
| Profit/(Loss) attributable to owners of the Company(RM'000) | 792 | (13,216) | 2,917 | 585 |
| Weighted average number of ordinary shares in issue | 1,378,096,353 | 1,378,096,353 | 1,378,096,353 | 1,376,637,527 |
| Basic and fully diluted earnings per share ("EPS")(RM'cents) | 0.06 | (0.96) | 0.21 | 0.04 |

Note:

The diluted EPS for the period ended 31 March 2019 and 31 March 2018 were the same as the basic EPS assuming that no potential ordinary shares are to be issued under the convertible loan due to the conversion price or exercise price being higher than the prevailing market price as at 31 March 2019 and 31 March 2018 respectively.

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: -**
(a) current financial period reported on; and
(b) immediately preceding financial year.

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 31/3/2019 | 30/6/2018 | 31/3/2019 | 30/6/2018 |
| Net asset value (RM'000) | 200,768 | 230,166 | 1,291,617 | 1,291,316 |
| Number of ordinary shares in issue | 1,378,096,353 | 1,378,096,353 | 1,378,096,353 | 1,378,096,353 |
| Net asset value per ordinary share (RM'cents) | 14.57 | 16.70 | 93.72 | 93.70 |

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

Consolidated Statement of Comprehensive Income

Review of Group performance for the third quarter ended 31 March 2019 ("3Q FY2019") as compared to the third quarter ended 31 March 2018 ("3Q FY2018")

- (a) The Group recorded revenue of RM77.2 million for 3Q FY2019, which was RM8.3 million or 9.7% lower than 3Q FY2018. The decrease in revenue was mainly attributed to lower revenue recorded from Hatten City Phase 2 project and slowdown in sales of the remaining unsold units of Hatten City

Phase 1 project. The revenue decline was partially offset by the increase in revenue for Harbour City project and a result of the acquisition of Unicity Project completed in December 2018.

- (b) The Group recorded gross profit of RM33.3 million for 3Q FY2019, which was RM29.0 million higher than 3Q FY2018. The higher gross profit margin was largely due to the lower estimated gross development costs for Unicity project arising from the management's review of the project development budget as at end 3Q FY2019. The total project development budget of Unicity project is being reassessed following the Certificate of Completion and Compliance ("**CCC**") obtained in January 2019 and one-off additional borrowings cost charged out to income statement for Hatten City Phase 2 project in 3Q FY2018 which was absent in 3Q FY2019.
- (c) Other income/gains decreased by RM3.7 million mainly due lower interest income from late payment interest charged to purchasers and the absence of unrealized foreign exchange gain from the strengthening of the Ringgit Malaysia recorded in 3Q FY2018. The decrease was partially offset by increase in rental income from Hatten Place and Elements Mall under Hatten City Phase 1 project.
- (d) Selling and distribution expenses decreased by RM1.4 million mainly due to lower agent commission for Hatten City Phase 2 project which was in line with the decrease in revenue from Hatten City Phase 2 project and lower sales activities and marketing campaigns for Satori project in 3Q FY2019.
- (e) General and administrative expenses increased by RM1.4 million mainly due to higher professional costs and increase in headcount and related overheads arising from the acquisition of subsidiary companies.
- (f) Finance costs increased by RM5.1 million mainly due to the interest cost charged to income statement for Hatten City Phase 2 project after it obtained the CCC in November 2018.
- (g) Income tax expense of RM2.4 million in 3Q FY2019 as compared to income tax credit of RM3.8 million in the preceding corresponding period was mainly due to recognition of deferred tax asset in 3Q FY2018.
- (h) As a result of the above, the Group recorded a profit after tax of RM0.8 million in 3Q FY2019 as compared to a loss after tax of RM13.2 million in 3Q FY2018.

Review of Group performance for the 9 months ended 31 March 2019 ("**9M FY2019**") as compared to the 9 months ended 31 March 2018 ("**9M FY2018**")

- (a) The Group recorded revenue of RM185.9 million for 9M FY2019, which was RM0.5 million higher than 9M FY2018. The increase in revenue was mainly attributed to higher revenue recorded from Harbour City, Satori and Unicity Projects. The increase in revenue was partially offset by the lower revenue recorded from slowdown in sales of the remaining unsold units of Hatten City Phase 1 and Hatten City Phase 2 projects.
- (c) Other income/gains increased by RM11.2 million mainly due to a non-recurring back charged of expenses to third party property management office and additional rental income from Hatten Place and Elements Mall under Hatten City Phase 1 project. The increase was partially offset by lower interest income from late payment interest charged to purchasers.
- (d) Selling and distribution expenses decreased by RM4.0 million mainly due to lower agent commission for Hatten City Phase 2 project in 9M FY2019 which was in line with the decrease in revenue from the Hatten City Phase 2 project. The decrease was partially offset by higher sales activities and marketing campaigns for Harbour City and Satori projects.
- (f) Finance costs increased by RM11.3 million mainly due to the interest cost for Hatten City Phase 2 project, which was previously capitalized in the project before it obtained the CCC in November 2018 and were in line with the new financing facilities made available to the Group since October 2017.
- (g) Income tax expense increased by RM1.8 million in 9M FY2019 as compared with the preceding year corresponding period mainly due to higher taxable profits. The increase in income tax expenses was offset by the recognition of deferred tax assets.
- (h) As a result of the above, the Group recorded a profit after tax of RM2.9 million in 9M FY2019 as compared to a profit after tax of RM0.6 million in 9M FY2018.

Consolidated Statement of Financial Position

Review for the financial position of the Group as at 31 March 2019 as compared to 30 June 2018

- (i) Property, plant and equipment increased by RM67.1 million or 43.1% to RM222.7 million as at 31 March 2019 compared to RM155.6 million as at 30 June 2018 mainly due to the additional construction work in progress for car park and theme park for Harbour City, Unicity and Hatten City Phase 2 projects.
- (j) Deferred tax assets increased by RM9.1 million or 12.0% to RM85.5 million. The deferred tax assets mainly comprised of rental guarantees and unutilised tax losses and capital allowances. The increase is mainly due to deferred tax assets on rental guarantees provided in conjunction with the sale of development properties.
- (k) Development properties increased by RM356.5 million or 59.0% to RM960.5 million as at 31 March 2019 from RM604.0 million as at 30 June 2018 due to the capitalisation of development costs and construction services fees incurred for the current on-going construction for Harbour City and Satori projects and an effect from the acquisition of subsidiary companies during the financial period.
- (l) Trade and other receivables decreased by RM56.7 million or 10.9% to RM597.8 million as at 31 March 2019 from RM519.7 million as at 30 June 2018 mainly due to better collections from Hatten City Phase 2 project. However, the aforesaid decrease was offset by increase in progress billings from Harbour City projects.
- (m) Other current assets decreased by RM9.2 million or 17.9% to RM42.2 million as at 31 March 2019 from RM51.4 million as at 30 June 2018 mainly due to amortization of sales commission capitalized for Harbour City and Hatten City Phase 2 project to income statement during the financial period.
- (n) Loans and borrowings (current and non-current) decreased by RM67.6 million or 13.3% to RM440.2 million as at 31 March 2019 from RM507.8 million as at 30 June 2018 mainly due to repayment during the financial period.
- (o) Trade and other payables (current and non-current) increased by RM435.2 million or 63.2% to RM1,124.3 million as at 31 March 2019 from RM689.1 million as at 30 June 2018 mainly due to increase in progress billings for Harbour City and an effect from the acquisition of subsidiary companies during the financial period.
- (p) Amount due to directors increased by RM34.4 million due to acquisition of Velvet Valley Group during the financial period.

Consolidated Statement of Cash Flows

Review of Statement of Cash Flows for 9M FY2019 as compared to 9M FY2018

The Group reported net cash flows from operating activities of RM194.3 million mainly due to an increase in trade and other payables and decrease in trade and other receivables, partially offset by an increase in development properties.

The Group recorded net cash flows used in investing activities of RM66.4 million mainly due additional construction work in progress for car park and theme park for ongoing projects.

The Group recorded net cash flows used in financing activities of RM96.5 million mainly due to proceeds from term loan, partially offset by repayment of loan and borrowings, finance lease liabilities and payment of dividend on ordinary shares.

As a result of the above, the Group's cash and cash equivalents decreased to RM61.2 million as at 31 March 2019 as compared to RM110.0 million as at 31 March 2018.

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

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

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

Malaysia's central bank forecasted economic growth of 4.3-4.8 percent in 2019. It has on 7 May 2019 cut its benchmark interest rate by 25 basis point to 3% for the first time since July 2016, seeking to support the economy as global risks mount¹. Therefore, Group is hopeful that the reduced interest rate as well as the new policies rolled out by the newly elected Federal Government could stimulate the investment activities and improve the property sector in Malaysia.

With the recent announcement of Budget 2019, several measures were unveiled to encourage first-home buyers, which will drive property sales and lower the number of unsold units for property developers. This, together with Melaka's status as a favourite destination for historical and medical/wellness tourism, is expected to underpin the demand for the Group's projects. The launch of Visit Melaka Year (VMY) 2019 promotion targets to attract 20 million tourists in 2019².

Riding on the expected improvement of the property market in Malaysia, we will continue our focus on the soft launch of the Cyberjaya project by the fourth quarter of financial year ending 30 June 2019 ("FY2019"), subject to obtaining the relevant regulatory approvals for the soft launch. For geographical diversification purposes, the Company has recently announced its maiden overseas expansion with the mixed-use development in Melbourne Australia. The Group intends to develop a mixed-use development on the parcel of land in Melbourne, Australia which may comprise of retail and hospitality units, subject to the relevant regulatory approvals.

As at 31 March 2019, the Group has unbilled sales of development properties amounting to approximately RM416.3 million and this amount is expected to be recognised as the ongoing projects reach completion stage. As both Harbour City and Satori projects are expected to complete in financial year ending 30 June 2020, we expect a substantial amount of the unbilled sales to be recognised by then. Therefore, barring any unforeseen circumstances, we are cautiously optimistic about the Group's financial performance for FY2019.

The Group will continue to pursue value-accretive growth opportunities to enhance shareholders' value within as well as beyond Melaka and Malaysia.

Note:

1. Source: Bloomberg
2. Source: The StarOnline

11. Dividend

If a decision regarding dividend has been made:-

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

No.

(b) Amount per share (cents) and previous corresponding period (cents).

No dividend has been declared for 3Q FY2019 and in 3Q FY2018.

(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 Transfer receive by the Company (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.

Not applicable. No dividend has been declared/recommended for 3Q FY2019 as the Company will only declare/recommend dividend, if any, in the fourth quarter of FY2019

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 from its shareholders for IPTs at an annual general meeting of the Company held on 25 October 2018. For details, please refer to the Company's Appendix to the Annual Report 2018. Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the financial period ended 31 March 2019.

| Name of interested person | Aggregate value of all interested person transactions during the financial period 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 shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---|--|--|
| | Group RM'000 | Group RM'000 |
| Hatten Properties Sdn. Bhd. ¹ | - | 4,130 |
| Montane Construction Sdn. Bhd. ² | - | 38,949 |
| Temasek Blooms Sdn. Bhd. ³ | 533 | - |
| Hatten Place Sdn Bhd ⁴ | - | 8,275 |

Note:

- (1) Hatten Properties Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
- (2) Montane Construction Sdn. Bhd. is a company wholly owned by Tan Ler Choo, the aunt of Dato' Colin and Dato' Edwin. Transactions with Montane Construction Sdn Bhd were included under the IPT general mandate for prudence and good corporate governance although these transactions do not fall within the ambit of "interested person transactions" under Chapter 9 of the Catalyst Rules.
- (3) Temasek Blooms Sdn. Bhd is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
- (4) Hatten Place Sdn Bhd is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.

14. Confirmation pursuant to Rule 705(5) of the Catalyst Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the third quarter ended 31 March 2019 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Catalyst Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalyst Listing Manual.

**By Order of the Board
HATTEN LAND LIMITED**

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
14 May 2019

Dato' Tan Ping Huang, Edwin
Executive Director and Deputy Managing Director

This announcement has been prepared by Hatten Land Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Lam Siew Hwa, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.