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

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**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2018**

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**Background**

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

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

**Group Level**

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

Accordingly, the consolidated financial statements comprising the income statement and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the third quarter ended 31 March 2018 have been presented as a continuation of the Capital City Group’s financial results and operations, in accordance with the following:

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

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

#### **Company Level**

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

#### **Notes**

- i) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the third quarter ended 31 March 2018 refer to the enlarged group which included the results of Capital City Group from 1 January 2018 to 31 March 2018 and the result of Capital World Limited from 1 January 2018 to 31 March 2018.
- ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the third quarter ended 31 March 2017 refer to the results of Capital City Group from 1 January 2017 to 31 March 2017.
- iii) The Group's consolidated statement of financial position as at 31 March 2018 and 30 June 2017 refer to the consolidated statement of financial position of the enlarged group comprising Capital City Group and Capital World Limited.
- iv) The Company's statement of financial position as at 31 March 2018 and 30 June 2017 refer to that of the Company.
- v) The Company's statement of changes in equity for the third quarter ended 31 March 2018 and 31 March 2017 respectively refer to that of the Company.

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

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

	Group			Group		
	Third quarter ended 31 March			Nine months ended 31 March		
	2018	2017	Change	2018	2017	Change
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>	43,514	74,625	(42)	133,623	120,282	11
Cost of sales	(10,398)	(19,538)	(47)	(34,533)	(27,713)	25
<b>Gross profit</b>	33,116	55,087	(40)	99,090	92,569	7
Other income	265	215	23	935	706	32
Selling and distribution expenses	(1,789)	(3,004)	(40)	(5,199)	(6,178)	(16)
General and administrative expenses	(5,765)	(1,524)	278	(19,057)	(4,518)	322
Finance costs	(271)	(2)	13,450	(333)	(4)	8,225
<b>Profit before tax</b>	25,556	50,772	(50)	75,436	82,575	(9)
Income tax expense	(6,304)	(12,370)	(49)	(19,102)	(20,314)	(6)
<b>Profit after tax</b>	19,252	38,402	(50)	56,334	62,261	(10)
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences arising from translation of foreign operations	(215)	(10)	2,050	(556)	(17)	3,171
Other comprehensive income, net of tax	(215)	(10)	2,050	(556)	(17)	3,171
<b>Total comprehensive income, net of tax</b>	19,037	38,392	(50)	55,778	62,244	(10)
<b>Profit attributable to:</b>						
Owners of the Company	19,225	38,402	(50)	56,348	62,261	(9)
Non-controlling interests	27	-	n.m.	(14)	-	n.m.
	19,252	38,402	(50)	56,334	62,261	(10)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	19,010	38,392	(50)	55,792	62,244	(10)
Non-controlling interests	27	-	n.m.	(14)	-	n.m.
	19,037	38,392	(50)	55,778	62,244	(10)

n.m. denotes not meaningful

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

Group			Group		
Third quarter ended 31 March			Nine months ended 31 March		
2018	2017	Change	2018	2017	Change
(unaudited)	(unaudited)		(unaudited)	(unaudited)	
RM'000	RM'000	%	RM'000	RM'000	%

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

Interest income	(268)	(161)	66	(681)	(399)	71
Depreciation of property, plant & equipment	746	56	1,232	2,285	181	1,162
Amortisation of intangible assets (mining rights)	753	-	n.m.	2,385	-	n.m.
Amortisation of deferred expenditure	1,482	2,627	(44)	3,030	4,140	(27)
Interest expense	271	2	13,450	333	4	8,225
Write off of property, plant and machinery	-	-	n.m.	258	-	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 31.03.18 (unaudited) RM'000	As at 30.06.17 (audited) RM'000	As at 31.03.18 (unaudited) RM'000	As at 30.06.17 (audited) RM'000
<b>Current assets</b>				
Inventory properties	188,231	175,839	-	-
Inventories	13,717	13,417	-	-
Deferred expenditure	4,979	8,242	-	-
Trade receivables	21,949	26,755	-	-
Unbilled receivables	2,066	813	-	-
Other receivables, deposits and prepayments	12,147	9,401	794	395
Amounts due from subsidiaries	-	-	53,345	32,308
Fixed deposits	6,563	12,946	-	-
Cash on hand and at banks	5,524	10,495	151	3,388
	<u>255,176</u>	<u>257,908</u>	<u>54,290</u>	<u>36,091</u>
<b>Non-current assets</b>				
Inventory properties	100,816	94,244	-	-
Deferred expenditure	468	1,080	-	-
Property, plant and equipment	109,040	103,760	248	-
Investment property under construction	165,518	142,321	-	-
Intangible assets	157,695	97,109	-	-
Investment in subsidiaries	-	-	763,225	763,223
	<u>533,537</u>	<u>438,514</u>	<u>763,473</u>	<u>763,223</u>
<b>Total assets</b>	<u>788,713</u>	<u>696,422</u>	<u>817,763</u>	<u>799,314</u>
<b>Current liabilities</b>				
Trade payables	122,811	159,377	-	-
Other payables and accruals	138,216	38,126	7,084	9,477
Provisions	4,977	4,977	-	-
Deferred revenue	29,257	126,995	-	-
Hire purchase payables	47	50	-	-
Loans and borrowings	45,688	-	19,171	-
Provision for taxation	33,829	23,522	26	23
	<u>374,825</u>	<u>353,047</u>	<u>26,281</u>	<u>9,500</u>
<b>Non-current liabilities</b>				
Trade payables	95,147	82,620	-	-
Hire purchase payables	2	38	-	-
Loans and borrowings	2,949	-	2,949	-
Deferred tax liabilities	22,948	23,653	-	-
	<u>121,046</u>	<u>106,311</u>	<u>2,949</u>	<u>-</u>
Total liabilities	<u>495,871</u>	<u>459,358</u>	<u>29,230</u>	<u>9,500</u>
<b>Equity</b>				
Share capital	108,044	108,044	157,169	157,169
Reserves	184,671	128,879	631,364	632,645
<b>Equity attributable to owners of the Company</b>	<u>292,715</u>	<u>236,923</u>	<u>788,533</u>	<u>789,814</u>
Non-controlling interests	127	141	-	-
<b>Total equity</b>	<u>292,842</u>	<u>237,064</u>	<u>788,533</u>	<u>789,814</u>
Total equity and liabilities	<u>788,713</u>	<u>696,422</u>	<u>817,763</u>	<u>799,314</u>

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

	Group			
	As at 31.03.18		As at 30.06.17	
	(unaudited)		(audited)	
	RM'000		RM'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable within one year	45,735	-	50	-
Amount repayable after one year	2,951	-	38	-
	48,686	-	88	-

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

1. Pledge of certain shares by the controlling shareholders.
2. Pledge of the fixed deposits with a licensed bank.

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.

	<b>Group</b>	
	<b>Third quarter ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	25,556	50,772
Adjustments for:		
Depreciation of property, plant and equipment	746	56
Amortisation of intangible assets	753	-
Amortisation of deferred expenditure	1,482	2,627
Plant and equipment written off	-	-
Interest income	(268)	(161)
Interest expense	271	2
<b>Operating cash flows before changes in working capital</b>	<b>28,540</b>	<b>53,296</b>
Changes in working capital:		
Inventory properties	(6,496)	(20,478)
Inventories	33	-
Deferred expenditure	(109)	(921)
Trade and other receivables	3,808	(12,503)
Trade and other payables	(28,468)	(32,874)
	(2,692)	(13,480)
Interest paid	(110)	(2)
Interest received	268	161
Tax paid	(2,084)	(3,499)
<b>Net cash flows used in operating activities</b>	<b>(4,618)</b>	<b>(16,820)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,908)	(755)
Expenditure on investment property under construction	(7,902)	12,253
<b>Net cash flows (used in) generated from investing activities</b>	<b>(11,810)</b>	<b>11,498</b>
<b>Cash flows from financing activities</b>		
Loans and borrowings received	11,537	-
Loans and borrowings repayment	(1,155)	-
Repayment of hire purchase payables	(17)	(12)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>10,365</b>	<b>(12)</b>
Net decrease in cash and cash equivalents	(6,063)	(5,334)
Cash and cash equivalents at beginning of financial year	13,035	22,315
Currency translation differences	(116)	(16)
<b>Cash and cash equivalents at end of period</b>	<b>6,856</b>	<b>16,965</b>
<b>Cash and cash equivalents:</b>	<b>As at 31 Mar 2018</b>	<b>As at 31 Mar 2017</b>
Fixed deposits	6,563	12,879
Cash on hand and at banks	5,524	4,086
	12,087	16,965
Less: Deposits not available for use	(5,231)	-
Cash and cash equivalents	6,856	16,965

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	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
<b>Group (unaudited)</b>									
<b>Balance as at 1 Jan 2018</b>	108,044	12,888	-	5,000	(173)	147,946	273,705	100	273,805
Total comprehensive income for the year	-	-	-	-	(215)	19,225	19,010	27	19,037
	-	-	-	-	(215)	19,225	19,010	27	19,037
<b>Balance as at 31 Mar 2018</b>	108,044	12,888	-	5,000	(388)	167,171	292,715	127	292,842
<b>Balance as at 1 Jan 2017</b>	5,000	-	-	-	(7)	64,569	69,562	-	69,562
Issue of ordinary shares	2	-	-	-	-	-	2	-	2
Total comprehensive income for the year	-	-	-	-	(10)	38,402	38,392	-	38,392
<b>Balance as at 31 Mar 2017</b>	5,002	-	-	-	(17)	102,971	107,956	-	107,956

	Share capital	Share premium	Capital reserve	Merger reserve	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
<b>Company (unaudited)</b>									
<b>Balance as at 1 Jan 2018</b>	157,169	654,645	487	-	4,166	(27,490)	788,977	-	788,977
Total comprehensive loss for the year	-	-	-	-	(689)	245	(444)	-	(444)
	-	-	-	-	(689)	-	-	-	-
<b>Balance as at 31 Mar 2018</b>	157,169	654,645	487	-	3,477	(27,245)	788,533	-	788,533
<b>Balance as at 1 Jan 2017</b>	27,649	122,109	487	-	-	(31,662)	118,583	-	118,583
Reclassification	(6,473)	6,473	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	5,630	5,630	-	5,630
<b>Balance as at 31 Mar 2017</b>	21,176	128,582	487	-	-	(26,032)	124,213	-	124,213



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.

**Ordinary shares**

	<b>Number of issued shares</b>	<b>Share capital RM'000</b>
As at 31 December 2017 and 31 March 2018	1,268,314,067	157,169

There was no movement of the Company's share capital during the third quarter ended 31 March 2018.

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

	<b>As at 31.03.18</b>	<b>As at 30.06.17</b>
Total number of issued shares excluding treasury shares	1,268,314,067	1,268,314,067

The Company has no treasury shares as at 31 March 2018 and 30 June 2017 respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

	<b>Third quarter ended 31 March 2018</b>	<b>2017</b>
Profit after tax attributable to owners of the Company (RM'000)	19,225	38,402
Weighted average number of ordinary shares in issue	1,268,314,067	1,071,428,571
(a) Basic earnings per ordinary share (RM cents)	1.52	3.58
(b) Diluted earnings per ordinary share (RM cents)	1.52	3.58

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2018 and 31 March 2017.

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

	Group		Company	
	As at 31.03.18	As at 30.06.17	As at 31.03.18	As at 30.06.17
Net assets value (RM'000)	292,715	236,923	788,533	789,814
Number of ordinary shares in issue	1,268,314,067	1,268,314,067	1,268,314,067	1,268,314,067
Net asset value per ordinary share based on issued share capital (RM cents)	23.08	18.68	62.17	62.27

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

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

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

**Third quarter ended 31 March 2018 ("3Q2018") vs third quarter ended 31 March 2017 ("3Q2017")**

The Group's revenue decreased by RM31.1 million from RM74.6 million in 3Q2017 to RM43.5 million in 3Q2018 mainly due to a decrease in an incremental percentage of completion ("POC") which was used for the revenue recognition, for the Capital 21 (retail podium component of the Group's mixed development in Johor, Malaysia). The POC was 75.1% as at 31 March 2018 compared to 69.6% as at 31 December 2017, whereas it was 46.0% as at 31 March 2017 compared to 30.7% as at 31 December 2016. The POC is derived using the actual development costs to-date divided by the total budgeted costs. The total budgeted costs for Capital 21 shall be re-assessed upon its completion.

Correspondingly, gross profit decreased by RM22.0 million from RM55.1 million in 3Q2017 to RM33.1 million in 3Q2018, with a gross profit margin of 76.1% in 3Q2018 as compared to 73.8% in 3Q2017, which was relatively consistent.

The decrease in selling and distribution expenses, comprised mainly sales commission and advertising and promotional expenses, by RM1.2 million from RM3.0 million in 3Q2017 to RM1.8 million in 3Q2018 was in tandem with the decrease in revenue.

The increase in general and administrative expenses of RM4.3 million from RM1.5 million in 3Q2017 to RM5.8 million in 3Q2018 was mainly due to: i) higher payroll related costs from additional headcounts after the RTO; ii) additional depreciation and amortization expenses from the fair value upward adjustments on the plant and equipment and mining rights as a result of the reverse takeover accounting in FY2017; and iii) fees for liaising and sourcing tenants for the Capital City mall.

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

As a result of the aforementioned, the Group recorded a lower net profit of RM19.3 million in 3Q2018 as compared to a net profit of RM38.4 million in 3Q2017.

**REVIEW OF STATEMENT OF FINANCIAL POSITION OF THE GROUP**

Total assets increased by RM92.3 million from RM696.4 million as at 30 June 2017 to RM788.7 million as at 31 March 2018, mainly due to: i) increase in inventory properties (current) and investment properties under construction of RM12.4 million and RM23.2 million respectively, which were in line with higher recognition of completed works; ii) increase in intangible assets of RM60.6 million, which was mainly the result of acquisition of a subsidiary for a landed housing township development (Pengerang project), for an amount of RM63.0 million as announced on 23 November 2017; and iii) increase in other

receivables, deposits and prepayments which was mainly due to the higher GST receivable as at 31 March 2018. The increase was partially offset by: i) a decrease in trade receivables which was mainly due to faster collection of the debts from the customers; ii) a decrease in deferred expenditure which was mainly due to the amortization expense recognised during the current period; and iii) a decrease in fixed deposits and cash on hand and at bank.

Total liabilities increased by RM36.5 million from RM459.4 million as at 30 June 2017 to RM495.9 million as at 31 March 2018, mainly due to: i) increase in other payables and accruals of RM100.1 million, which was due to the increased business activities and the remaining unpaid purchase consideration of RM61.8 million per the Sale of Share Agreement relating to the acquisition (Pengerang Project) as announced on 23 November 2017; ii) loans and borrowings of RM48.6 million secured mainly for the development of Project Capital City; and iii) offset by the decrease in deferred revenue of RM97.7 million as a result of revenue recognition by transferring from the deferred revenue based on percentage of completion method and decrease in trade payable (current and non-current) of RM24.0 million due to substantial payment made to the contractor during the current quarter.

The net current liability of RM119.6 million as at 31 March 2018 was mainly due to:

- i) deferred revenue of RM29.3 million which is a non-cash item and to be recognised in the future based on percentage of completion method; and
- ii) the remaining unpaid amount of RM61.8 million arising from the acquisition of a subsidiary in November 2017. Out of RM61.8 million, RM58.0 million is to be paid by utilising twenty per centum (20%) of each net progress claims received commenced from the sixth (6th) stage of the schedule of payment, after a minimum thirty per centum (30%) of the purchase price (of RM63.0 million) amounting to RM18.9 million to be settled in the form of properties and parcels purchased by the vendors.

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

## REVIEW OF STATEMENT OF CASH FLOWS OF THE GROUP

In 3Q2018, the Group's net cash used in operating activities amounted to RM4.6 million. This comprised mainly operating cash inflow before working capital changes of RM28.5 million, adjusted for net working capital outflow of RM31.2 million and tax payment of RM2.1 million.

The net working capital outflow of RM31.2 million was mainly due to: i) increase in inventory properties of RM6.5 million; ii) increase in trade and other receivables of RM3.8 million; and iii) decrease in trade and other payables of RM28.5 million as a result of substantial payment made to the contractors.

Net cash used in investing activities of RM11.8 million in 3Q2018 was due to increase in property, plant and equipment and expenditure on investment property under construction.

Net cash generated from the financing activities of RM10.4 million in 3Q2018 was due to loans and borrowing received, after netting off the repayments.

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

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

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

Tourism sector has now played a vital role in Johor's economic development. Johor has seen a steady increase in tourist arrivals since 2013 and it has now ranked third in terms of attracting foreign tourists in Malaysia, with 2.6 million international tourists visiting in 2016. The state government of Johor is taking initiatives to promote the tourism sector in Johor by working closely with the Malaysian Association of Tour and Travel Agents to introduce unique packages which promote interesting places in the state<sup>1</sup>. Capitalizing on the booming tourism sector in Johor, Capital 21 Mall is well-poised to ride on this favourable trend.

Notable developments and catalytic projects in Johor such as the Coastal Highway Southern Link, Pengerang Integrated Petroleum Complex and Golf Course in Desaru Coast are expected to spur the growth for residential, commercial and retail sub-sectors in Johor<sup>2</sup>. Coupled with the Kuala-Lumpur-Singapore High Speed Rail Project which is expected to be operational by 2026, the prospects of the property industry in Johor remain bright.

Project Capital City, the one-stop entertainment hub and shopping haven in Johor Bahru, is expected to commence operation in third calendar quarter 2018. The application of CCC ("Certificate of Compliance and Completion") has been submitted and pending approval from the relevant authority.

Moving ahead, the Group will continue with our efforts to look for potential joint venture partners with land assets in strategic locations in Malaysia and the Asean countries, which are ready for development on a joint venture basis, as and when the opportunities arise, in order to allow the Group to further strengthen its property business.

**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.

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<sup>1</sup> Promoting Johor's unique destinations, <https://www.thestar.com.my/metro/metro-news/2018/01/15/promoting-johors-unique-destinations-state-government-to-work-with-matta-in-developing-special-packa/>

<sup>2</sup> Local property market continues to self-correct: Knight Frank Malaysia, <https://www.nst.com.my/business/2018/01/329939/local-property-market-continues-self-correct-knight-frank-malaysia>

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

Not applicable.

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

No dividend has been declared or recommended for the third quarter ended 31 March 2018.

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

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

Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the nine months ended 31 March 2018.

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RM’000	RM’000
RDC Arkitek Sdn. Bhd.  <i>(an associate of Director and controlling shareholder of the Company, Mr Siow Chien Fu for the provision of architectural consultation services in respect of Project Capital City)</i>	1,089	-

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

As at the date of this announcement, the gross proceeds from the drawdown of S\$7 million pursuant to the convertible bonds subscription agreement as approved at the shareholders' meeting held on 27 April 2018, and its utilisation by the Group are as follows:

<b>Use of proceeds</b>	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Amount unutilised</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Completion of construction of the Capital 21 Mall	6,607	5,500	1,107
Arranger fee and professional fee payment	393	393	-
<b>Total</b>	<b>7,000</b>	<b>5,893</b>	<b>1,107</b>

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

#### 15. Confirmation pursuant to Rule 705(5) of the Catalist Listing Rule

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the third quarter and nine months ended 31 March 2018 to be false or misleading in any material aspect.

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

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

**BY ORDER OF THE BOARD**  
**Siow Chien Fu**  
**Executive Director and Chief Executive Officer**  
**7 May 2018**

This announcement has been prepared by the Group and its contents have been reviewed by the Group's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of 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 Ms. Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).