



# JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2018

|   | (Unaudited)<br>As at<br>31-Jul-18<br>RM'000 | (Restated)<br>As at<br>31-Jan-18<br>RM'000 | (Restated)<br>As at<br>1-Feb-17<br>RM'000 |
|---|---|--|---|
| <b>Assets</b>   |   |  |   |
| <b>Non-Current Assets</b>   |   |  |   |
| Property, plant and equipment   | 21,180                                      | 21,524                                     | 20,849                                    |
| Investment property   | 3,469                                       | 3,512                                      | 3,597                                     |
| Investment in an associate  | -   | -  | 3,346                                     |
| Other investments   | 18  | 18   | 18  |
| Inventories   | 286,641                                     | 287,256                                    | 234,122                                   |
| Deferred tax assets   | 5,029                                       | 5,029                                      | 3,837                                     |
| Deposits  | 8,500                                       | 8,500                                      | 0   |
|   | 324,837                                     | 325,839                                    | 265,769                                   |
| <b>Current Assets</b>   |   |  |   |
| Property development costs  | 153,662                                     | 130,703                                    | 114,434                                   |
| Inventories   | 10,095                                      | 10,629                                     | 10,288                                    |
| Trade and other receivables   | 28,952                                      | 23,613                                     | 17,039                                    |
| Current tax assets  | 4,197                                       | 1,879                                      | 2,656                                     |
| Short term investments  | 3,762                                       | 21,681                                     | 1,093                                     |
| Cash and cash equivalents   | 90,831                                      | 110,447                                    | 79,759                                    |
|   | 291,499                                     | 298,952                                    | 225,269                                   |
| <b>TOTAL ASSETS</b>   | <b>616,336</b>                              | <b>624,791</b>                             | <b>491,038</b>                            |
| <b>EQUITY AND LIABILITIES</b>   |   |  |   |
| <b>Equity attributable to Owners of the Company</b>                           |   |  |   |
| Share capital   | 231,159                                     | 231,159                                    | 80,099                                    |
| Retained earnings   | 231,765                                     | 231,981                                    | 220,002                                   |
|   | 462,924                                     | 463,140                                    | 300,101                                   |
| <b>Non-Controlling Interests</b>  | (11)  | (5)  | 8,954                                     |
| <b>Total Equity</b>   | 462,913                                     | 463,135                                    | 309,055                                   |
| <b>Non-Current Liabilities</b>  |   |  |   |
| Deferred tax liabilities  | 15  | 15   | 15  |
| Loan and borrowings   | 114,503                                     | 114,503                                    | 127,670                                   |
|   | 114,518                                     | 114,518                                    | 127,685                                   |
| <b>Current Liabilities</b>  |   |  |   |
| Trade and other payables  | 21,512                                      | 13,605                                     | 15,341                                    |
| Current tax payables  | 19  | 3  | 186                                       |
| Loan and borrowings   | 17,374                                      | 33,530                                     | 38,771                                    |
|   | 38,905                                      | 47,138                                     | 54,298                                    |
| <b>Total Liabilities</b>  | 153,423                                     | 161,656                                    | 181,983                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>616,336</b>                              | <b>624,791</b>                             | <b>491,038</b>                            |
| <b>Net assets per share attributable to equity holders of the parent (RM)</b> | 0.20  | 0.20                                       | 0.40                                      |

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2018 and the accompanying notes attached to the interim financial statements)*



## JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Period Ended 31 July 2018

|  | <u>Attributable to owners of the Company</u> |   |                               | <u>Non-Controlling Interests</u><br><u>RM'000</u> | <u>Total Equity</u><br><u>RM'000</u> |
|--|--|---|-------------------------------|---|--------------------------------------|
|  | <u>Distributable</u>                         |   |                               |   |                                      |
|  | <u>Share Capital</u><br><u>RM'000</u>        | <u>Retained Earnings</u><br><u>RM'000</u> | <u>Total</u><br><u>RM'000</u> |   |                                      |
| <b>6 Months Ended 31 July 2018</b>           |  |   |                               |   |                                      |
| At 1 February 2018 ( as previously reported) | 231,159                                      | 236,198                                   | 467,357                       | (5)   | 467,352                              |
| Effect of first-time MFRS adoption           | -  | (4,217)                                   | (4,217)                       | -   | (4,217)                              |
| At 1 February 2018 (Restated)                | 231,159                                      | 231,981                                   | 463,140                       | (5)   | 463,135                              |
| Total Comprehensive income for the period    | -  | (216)                                     | (216)                         | (6)   | (222)                                |
| At 31 July 2018                              | 231,159                                      | 231,765                                   | 462,924                       | (11)  | 462,913                              |

For The Financial Period Ended 31 July 2017

|  | <u>Attributable to owners of the Company</u> |   |                               | <u>Non-Controlling Interests</u><br><u>RM'000</u> | <u>Total Equity</u><br><u>RM'000</u> |
|--|--|---|-------------------------------|---|--------------------------------------|
|  | <u>Distributable</u>                         |   |                               |   |                                      |
|  | <u>Share Capital</u><br><u>RM'000</u>        | <u>Retained Earnings</u><br><u>RM'000</u> | <u>Total</u><br><u>RM'000</u> |   |                                      |
| <b>6 Months Ended 31 July 2017</b>                 |  |   |                               |   |                                      |
| At 1 February 2017 ( as previously reported)       | 80,099                                       | 220,002                                   | 300,101                       | 8,954   | 309,055                              |
| Effect of first-time MFRS adoption                 | -  | -   | -                             | -   | -                                    |
| At 1 February 2017 (Restated)                      | 80,099                                       | 220,002                                   | 300,101                       | 8,954   | 309,055                              |
| Total Comprehensive income for the period          | -  | 8,283                                     | 8,283                         | 744   | 9,027                                |
| Right Issues                                       | 151,662                                      | -   | 151,662                       | -   | 151,662                              |
| Dividend   | -  | (2,275)                                   | (2,275)                       | -   | (2,275)                              |
| Acquisition of additional interest in a subsidiary | -  | 3,111                                     | 3,111                         | (9,111)   | (6,000)                              |
| At 31 July 2017 ( Restated)                        | 231,761                                      | 229,121                                   | 460,882                       | 587   | 461,469                              |

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2018 and the accompanying notes attached to the interim financial statements)*



# JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For The Financial Period Ended 31 July 2018

|   | Individual Quarter                             |   |              | Cumulative Quarter                                |  |              |
|---|--|---|--------------|---|--|--------------|
|   | Current Year<br>Quarter<br>31-Jul-18<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31-Jul-17<br>RM'000 | %<br>+ / (-) | Current<br>Year<br>To Date<br>31-Jul-18<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31-Jul-17<br>RM'000 | %<br>+ / (-) |
| <b>Revenue</b>  | 14,480   | 10,208  | 41.8         | 35,761  | 39,788   | (10.1)       |
| Cost of sales   | (10,913)                                       | (4,766)   |              | (25,728)  | (16,755)   |              |
| <b>Gross profit</b>   | 3,567  | 5,442   | (34.5)       | 10,033  | 23,033   | (56.4)       |
| Selling and marketing expenses  | (247)  | (1,011)   |              | (689)   | (2,057)  |              |
| Administrative expenses   | (4,019)  | (3,972)   |              | (8,371)   | (8,491)  |              |
| Other operating income  | 705  | 724   |              | 1,355   | 1,074  |              |
| <b>Operating profit</b>   | 6  | 1,183   | (99.5)       | 2,328   | 13,559   | (82.8)       |
| Share of results of an associate  | -  | 25  |              | -   | 25   |              |
| <b>Profit before interest and tax</b>   | 6  | 1,208   | (99.5)       | 2,328   | 13,584   | (82.9)       |
| Finance income  | 395  | 547   |              | 1,312   | 883  |              |
| Finance cost  | (1,245)  | -   |              | (2,380)   | -  |              |
| <b>Profit before tax</b>  | (844)  | 1,755   | (148.1)      | 1,260   | 14,467   | (91.3)       |
| Tax expenses  | (390)  | (1,318)   |              | (1,482)   | (5,440)  |              |
| <b>Profit and total comprehensive income for the period</b>                   | (1,234)  | 437   | (382.4)      | (222)   | 9,027  | (102.5)      |
| <b>Profit and total comprehensive income for the period attributable to :</b> |  |   |              |   |  |              |
| Owners of the Company   | (1,,228)                                       | 205   | (699.0)      | (216)   | 8,283  | (102.6)      |
| Non-controlling interests   | (6)  | 232   |              | (6)   | 744  |              |
| <b>Profit and total comprehensive income for the period</b>                   | (1,234)  | 437   | (382.4)      | (222)   | 9,027  | (102.5)      |
| <b>Basic earnings per share</b>   | Sen<br>(0.05)                                  | Sen<br>0.01   | (699.0)      | Sen<br>(0.01)                                     | Sen<br>0.51  | (101.9)      |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2018 and the accompanying notes attached to the interim financial statements)



# JKG LAND BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For The Financial Period Ended 31 Jul 2018

|  | <b>Current<br/>period to<br/>31-Jul-2018<br/>RM'000</b> | <b>(Restated)<br/>Preceding<br/>period to<br/>31-Jul-2017<br/>RM'000</b> |
|--|---|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                             |   |  |
| Profit before tax  | 1,260   | 14,467   |
| Adjustment for :   |   |  |
| Share of results of an associate                                       | -   | (25)   |
| Depreciation of property, plant and equipment                          | 1,288   | 1,273  |
| Depreciation of investment property                                    | 43  | 43   |
| Interest income  | (1,312)   | (883)  |
| Gain on redemption of short term fund                                  | (13)  | -  |
| Dividend received  | (1)   | (1)  |
| Fair value adjustment on short term investment                         | (160)   | (7)  |
| Operating profit before changes in working capital                     | <u>1,105</u>  | <u>14,867</u>  |
| Changes in working capital   |   |  |
| Property development costs   | (19,467)  | (7,032)  |
| Inventories  | 534   | 52   |
| Trade and other receivables  | (5,339)   | (11,412)   |
| Trade and other payables   | 7,907   | (1,816)  |
|  | <u>(16,365)</u>   | <u>(20,208)</u>  |
| Cash used in operating activities                                      | <u>(15,260)</u>   | <u>(5,341)</u>   |
| Tax paid   | (3,784)   | (2,046)  |
| Net cash used in operating activities                                  | <u>(19,044)</u>   | <u>(7,387)</u>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                             |   |  |
| Additions of property, plant and equipment                             | (944)   | (1,116)  |
| Additions to non-current inventories                                   | (2,877)   | (28,872)   |
| Redemption of short term investments                                   | 3,079   | -  |
| Accretion of interest in an existing subsidiary                        | -   | (6,000)  |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | -   | (10,923)   |
| Interest received  | 1,312   | 883  |
| Gain on redemption of short term fund                                  | 13  | -  |
| Dividend received  | 1   | 1  |
| Withdrawal of fixed deposits-aged more than 3 months                   | 15,000  | -  |
| Net cash used in investing activities                                  | <u>15,584</u>   | <u>(46,027)</u>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                             |   |  |
| Repayment of term loans and borrowings                                 | (16,156)  | (1,021)  |
| Dividend paid to shareholders of the company                           | -   | (2,275)  |
| Proceeds from right issues   | -   | 151,662  |
| Net cash (used in)/ from investing activities                          | <u>(16,156)</u>   | <u>148,366</u>   |
| Net (decrease)/increase in cash and cash equivalents                   | <u>(19,616)</u>   | <u>94,952</u>  |
| Cash and cash equivalents at beginning of the period                   | <u>110,447</u>  | <u>79,759</u>  |
| Cash and cash equivalents at end of the period                         | <u><b>90,831</b></u>                                    | <u><b>174,711</b></u>  |
| <b>Cash and cash equivalents at end of the period comprised of :</b>   |   |  |
| Fixed Deposit Placed With Licensed Banks-aged within 3 months          | 42,114  | 29,172   |
| Cash and Bank Balances   | <u>48,717</u>   | <u>145,539</u>   |
|  | <u><b>90,831</b></u>                                    | <u><b>174,711</b></u>  |

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 January 2018 and the accompanying notes attached to the interim financial statements)*

## SELECTED EXPLANATORY NOTES

PART A : Explanatory notes pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134

### 1. **Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting and other MFRSs issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2018 which have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the Companies Act 2016. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2018.

### 2. **Accounting Policies**

The significant accounting policies, method of computation and basis of consolidation applied in the consolidated condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2018, except for the adoption of MFRS framework effective for the financial period beginning on 1 February 2018.

The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements using the MFRS framework in its first MFRS financial statements for the financial year ending 31 January 2019. These consolidated condensed interim financial statements are part of the period covered by the Group’s first MFRS annual financial statements for the financial year ending 31 January 2019 and hence MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework.

The effects on the adoption of MFRS framework are as follows:

#### MFRS 9, Financial Instruments

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognized.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group.

#### MFRS 141, Agriculture and Amendments to MFRS 116 and MFRS 141, Agriculture : Bearer Plants

MFRS 141 requires biological assets, except for bearer plants to be measured at fair value less costs to sell from initial recognition up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. This standard requires subsequent change in fair value less costs to sell of biological asset be included in profit or loss for the period which it arises.

Based on the assessment, the Group does not expect the application of MFRS 141 to have significant financial impact on the interim financial statements.

#### MFRS 15, Revenue from Contracts with Customers

MFRS 15 established a five-step model to account for revenue arising from using contracts with customers. The core principle in MFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.



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## SELECTED EXPLANATORY NOTES

### 2. Accounting Policies (cont'd.) MFRS 15, Revenue from Contracts with Customers (cont'd)

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables:

(i) There is no impact on the condensed consolidated statement of financial position as at 1 February 2017 :

|   | Audited as at<br>1-Feb-17<br>RM'000 | Effect of<br>MFRS 15<br>RM'000 | Restated as at<br>1-Feb-17<br>RM'000 |
|---|-------------------------------------|--------------------------------|--------------------------------------|
| <b>Assets</b>   |                                     |                                |                                      |
| <b>Non-Current Assets</b>   |                                     |                                |                                      |
| Property, plant and equipment   | 20,849                              |                                | 20,849                               |
| Investment property   | 3,597                               |                                | 3,597                                |
| Investment in an associate  | 3,346                               |                                | 3,346                                |
| Other investments   | 18                                  |                                | 18                                   |
| Inventories   | 234,122                             |                                | 234,122                              |
| Deferred tax assets   | 3,837                               |                                | 3,837                                |
|   | 265,769                             |                                | 265,769                              |
| <b>Current Assets</b>   |                                     |                                |                                      |
| Property development costs  | 114,434                             |                                | 114,434                              |
| Inventories   | 10,288                              |                                | 10,288                               |
| Trade and other receivables   | 17,039                              |                                | 17,039                               |
| Current tax assets  | 2,656                               |                                | 2,656                                |
| Short term investments  | 1,093                               |                                | 1,093                                |
| Cash and cash equivalents   | 79,759                              |                                | 79,759                               |
|   | 225,269                             |                                | 225,269                              |
| <b>TOTAL ASSETS</b>   | <b>491,038</b>                      |                                | <b>491,038</b>                       |
| <b>EQUITY AND LIABILITIES</b>   |                                     |                                |                                      |
| <b>Equity attributable to Owners of the Company</b>                           |                                     |                                |                                      |
| Share capital   | 80,099                              |                                | 80,099                               |
| Retained earnings   | 220,002                             |                                | 220,002                              |
|   | 300,101                             |                                | 300,101                              |
| <b>Non-Controlling Interests</b>  | <b>8,954</b>                        |                                | <b>8,954</b>                         |
| <b>Total Equity</b>   | <b>309,055</b>                      |                                | <b>309,055</b>                       |
| <b>Non-Current Liabilities</b>  |                                     |                                |                                      |
| Deferred tax liabilities  | 15                                  |                                | 15                                   |
| Loan and borrowings   | 127,670                             |                                | 127,670                              |
|   | 127,685                             |                                | 127,685                              |
| <b>Current Liabilities</b>  |                                     |                                |                                      |
| Trade and other payables  | 15,341                              |                                | 15,341                               |
| Current tax payables  | 186                                 |                                | 186                                  |
| Loan and borrowings   | 38,771                              |                                | 38,771                               |
|   | 54,298                              |                                | 54,298                               |
| <b>Total Liabilities</b>  | <b>181,983</b>                      |                                | <b>181,983</b>                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>491,038</b>                      |                                | <b>491,038</b>                       |
| <b>Net assets per share attributable to equity holders of the parent (RM)</b> | <b>0.40</b>                         |                                | <b>0.40</b>                          |



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## SELECTED EXPLANATORY NOTES

### 2. Accounting Policies (cont'd.) MFRS 15, Revenue from Contracts with Customers (cont'd)

(ii) Impact on the condensed consolidated statement of financial position as at 31 January 2018 :

|   | Audited as at<br>31-Jan-18<br>RM'000 | Effect of<br>MFRS 15<br>RM'000 | Restated as at<br>31-Jan-18<br>RM'000 |
|---|--------------------------------------|--------------------------------|---------------------------------------|
| <b>Assets</b>   |                                      |                                |                                       |
| <b>Non-Current Assets</b>   |                                      |                                |                                       |
| Property, plant and equipment   | 21,524                               |                                | 21,524                                |
| Investment property   | 3,512                                |                                | 3,512                                 |
| Investment in an associate  | 0                                    |                                | 0                                     |
| Other investments   | 18                                   |                                | 18                                    |
| Inventories   | 287,256                              |                                | 287,256                               |
| Deferred tax assets   | 5,029                                |                                | 5,029                                 |
| Deposits  | 8,500                                |                                | 8,500                                 |
|   | 325,839                              |                                | 325,839                               |
| <b>Current Assets</b>   |                                      |                                |                                       |
| Property development costs  | 134,920                              | (4,217)                        | 130,703                               |
| Inventories   | 10,629                               |                                | 10,629                                |
| Trade and other receivables   | 23,613                               |                                | 23,613                                |
| Current tax assets  | 1,879                                |                                | 1,879                                 |
| Short term investments  | 21,681                               |                                | 21,681                                |
| Cash and cash equivalents   | 110,447                              |                                | 110,447                               |
|   | 303,169                              |                                | 298,952                               |
| <b>TOTAL ASSETS</b>   | <b>629,008</b>                       |                                | <b>624,791</b>                        |
| <b>EQUITY AND LIABILITIES</b>   |                                      |                                |                                       |
| <b>Equity attributable to Owners of the Company</b>                           |                                      |                                |                                       |
| Share capital   | 231,159                              |                                | 231,159                               |
| Retained earnings   | 236,198                              | (4,217)                        | 231,981                               |
|   | 467,357                              |                                | 463,140                               |
| <b>Non-Controlling Interests</b>  | <b>(5)</b>                           |                                | <b>(5)</b>                            |
| <b>Total Equity</b>   | <b>467,352</b>                       |                                | <b>463,135</b>                        |
| <b>Non-Current Liabilities</b>  |                                      |                                |                                       |
| Deferred tax liabilities  | 15                                   |                                | 15                                    |
| Loan and borrowings   | 114,503                              |                                | 114,503                               |
|   | 114,518                              |                                | 114,518                               |
| <b>Current Liabilities</b>  |                                      |                                |                                       |
| Trade and other payables  | 13,605                               |                                | 13,605                                |
| Current tax payables  | 3                                    |                                | 3                                     |
| Loan and borrowings   | 33,530                               |                                | 33,530                                |
|   | 47,138                               |                                | 47,138                                |
| <b>Total Liabilities</b>  | <b>161,656</b>                       |                                | <b>161,656</b>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>629,008</b>                       |                                | <b>624,791</b>                        |
| <b>Net assets per share attributable to equity holders of the parent (RM)</b> | <b>0.21</b>                          |                                | <b>0.20</b>                           |

**SELECTED EXPLANATORY NOTES**
**2. Accounting Policies (cont'd.)**
**MFRS 15, Revenue from Contracts with Customers (cont'd)**

(iii) There is no impact on the condensed consolidated income statement for the 6 months period ended 31 July 2017 :

|   | 6 months ended<br>31-Jul-17<br>RM'000 | Effect of<br>MFRS 15<br>RM'000 | Restated<br>6 months ended<br>31 Jul-17<br>RM'000 |
|---|---------------------------------------|--------------------------------|---|
| <b>Revenue</b>  | 39,788                                |                                | 39,788  |
| Cost of sales   | (16,755)                              |                                | (16,755)  |
| <b>Gross profit</b>   | 23,033                                |                                | 23,033  |
| Selling and marketing expenses  | (2,057)                               |                                | (2,057)   |
| Administrative expenses   | (8,491)                               |                                | (8,491)   |
| Other operating income  | 1,074                                 |                                | 1,074   |
| <b>Operating profit</b>   | 13,559                                |                                | 13,559  |
| Share of results of an associate  | 25                                    |                                | 25  |
| <b>Profit before interest and tax</b>   | 13,584                                |                                | 13,584  |
| Finance income  | 883                                   |                                | 883   |
| Finance cost  | -                                     |                                | -   |
| <b>Profit before tax</b>  | 14,467                                |                                | 14,467  |
| Tax expenses  | (5,440)                               |                                | (5,440)   |
| <b>Profit and total comprehensive income for the period</b>                   | <u>9,027</u>                          |                                | <u>9,027</u>                                      |
| <b>Profit and total comprehensive income for the period attributable to :</b> |                                       |                                |   |
| Owners of the Company   | 8,283                                 |                                | 8,283   |
| Non-controlling interests   | 744                                   |                                | 744   |
|   | <u>9,027</u>                          |                                | <u>9,027</u>                                      |
| <b>Basic earnings per share</b>   | <b>Sen</b><br>0.51                    |                                | <b>Sen</b><br>0.51                                |

**3. Audit Report Qualification and Status**

The financial statements of the Group for the financial year ended 31 January 2018 were not subject to any audit qualification.

**4. Seasonal or Cyclical Factors**

The Group's business operations are not materially affected by seasonal or cyclical factors.

**5. Unusual Items**

There were no unusual items for the current financial period under review.

**6. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial year that have a material effect for the current financial period under review.

**7. Debt & Equity Securities, Share Buy-Backs and Treasury Shares**

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period under review.





# JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

## SELECTED EXPLANATORY NOTES

### 8. Dividend Paid

The first and final single tier dividend of 0.1 sen per share on 2,274,930,000 ordinary shares amounting to RM2,274,930 in respect of the financial year ended 31 January 2018 was approved by the shareholders during the Annual General Meeting on 11 July 2018 and was paid on 16 August 2018.

### 9. Segmental Information

The Group's activities comprise the following main business segments which are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance :-

|                          |  |
|--------------------------|--|
| Property development:    | Development of residential, commercial and other properties                    |
| Cultivation of oil palm: | Cultivation of oil palm and Sale of fresh fruit bunches (FFB)                  |
| Others:                  | Operations related to investment holdings and provision of management services |

| 6 months ended<br>31 July 2018 | Property<br>Development<br>RM'000 | Cultivation of Oil<br>Palm<br>RM'000 | Others<br>RM'000 | Group<br>RM'000 |
|--------------------------------|-----------------------------------|--------------------------------------|------------------|-----------------|
| Segment Revenue                | 34,157                            | 974                                  | 630              | 35,761          |

#### Segment Result

|                                       |       |     |     |              |
|---------------------------------------|-------|-----|-----|--------------|
| Operating profit before tax           | 1,207 | 491 | 630 | 2,328        |
| Share of results of an associate      |       |     |     | -            |
| <b>Profit before interest and tax</b> |       |     |     | 2,328        |
| Finance income                        |       |     |     | 1,312        |
| Finance costs                         |       |     |     | (2,380)      |
| <b>Profit before tax</b>              |       |     |     | 1,260        |
| Tax expense                           |       |     |     | (1,482)      |
| <b>Profit after tax</b>               |       |     |     | <b>(222)</b> |

|                          |         |       |       |                |
|--------------------------|---------|-------|-------|----------------|
| Segment assets           | 602,883 | 9,931 | 3,522 | 616,336        |
| Investment in associates |         |       |       | -              |
| <b>Total assets</b>      |         |       |       | <b>616,336</b> |

| 6 months ended<br>31 July 2017 (restated) | Property<br>Development<br>RM'000 | Cultivation of<br>Oil Palm<br>RM'000 | Others<br>RM'000 | Group<br>RM'000 |
|---|-----------------------------------|--------------------------------------|------------------|-----------------|
| Segment Revenue                           | 38,119                            | 1,113                                | 556              | 39,788          |

#### Segment Result

|                                       |        |     |     |              |
|---------------------------------------|--------|-----|-----|--------------|
| Operating profit before tax           | 12,355 | 648 | 556 | 13,559       |
| Share of results of an associate      |        |     |     | 25           |
| <b>Profit before interest and tax</b> |        |     |     | 13,584       |
| Finance income                        |        |     |     | 883          |
| Finance costs                         |        |     |     | -            |
| <b>Profit before tax</b>              |        |     |     | 14,467       |
| Tax expense                           |        |     |     | (5,440)      |
| <b>Profit after tax</b>               |        |     |     | <b>9,027</b> |

|                          |         |       |       |                |
|--------------------------|---------|-------|-------|----------------|
| Segment assets           | 628,952 | 9,940 | 3,561 | 642,453        |
| Investment in associates |         |       |       | -              |
| <b>Total assets</b>      |         |       |       | <b>642,453</b> |



## **JKG LAND BERHAD**

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

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### **SELECTED EXPLANATORY NOTES**

**10. Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment carried out during the current financial period ended 31 July 2018.

**11. Material Subsequent Event**

There were no material events subsequent to the financial year ended 31 July 2018.

**12. Changes in the Composition of the Group**

On 10 August 2018, the Company acquired 2 ordinary shares, representing 100% of the issued and paid-up share capital in Modern Plus Sdn Bhd [“MPSB”] for a total cash consideration of RM2.00 only. Following the acquisition, MPSB has become a wholly-owned subsidiary of the Company.

**13. Contingent Liabilities**

There were no material contingent liabilities for the Group since the preceding financial year ended 31 January 2018.

**14. Capital Commitments**

There were no capital commitments for the Group as at 31 July 2018.

**15. Related Party Transaction**

The Company had on 27 August 2018 entered into a Sale and Purchase Agreement (“SPA”) amounted to RM3,799,792.00 with a person connected to a director and shareholder (“Related Party”) for the sale of two units of one and a half storey semi-detached factories from its property development project known as “Taman Industri Makmur (“Taman IM”) (Kulim, Kedah). The sales consideration for the property is based on standard terms and pricing applicable to the general public which is on normal commercial terms and subject to the Company’s employee discount policy for employees and directors of the Company, if any.

**SELECTED EXPLANATORY NOTES**
**Part B : Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB**
**1. Performance Review**

For the current financial quarter and financial period, the Group posted a revenue of RM14.480 million and RM35.761 million, an increase of 41.8% and a drop of 10.1% respectively over the corresponding quarter and period of the preceding year. The Group's pre-tax profit for the current financial quarter and financial period stood at a loss before tax ("LBT") of RM0.844 million and a PBT of RM1.260 million, a decrease of 148.1% and 91.3% respectively compared to the preceding year's corresponding quarter and period. The Group's Property Development segment was the main contributor to the fluctuation in revenue and PBT.

The performance of the various operating segments were as follows :-

|   | Quarter ended 31 July |                    |                | 6-months ended 31 July |                    |                |
|---|-----------------------|--------------------|----------------|------------------------|--------------------|----------------|
|   | 2018                  | 2017<br>(restated) | %              | 2018                   | 2017<br>(restated) | %              |
|   | RM'000                | RM'000             | + / (-)        | RM'000                 | RM'000             | + / (-)        |
| <b>Segment Revenue</b>                              |                       |                    |                |                        |                    |                |
| Property Development                                | 13,722                | 9,510              | 44.3           | 34,157                 | 38,119             | (10.4)         |
| Cultivation of Oil Palm                             | 419                   | 417                | 0.5            | 974                    | 1,113              | (12.5)         |
| Others  | 339                   | 281                | 20.6           | 630                    | 556                | 13.3           |
| <b>Total</b>  | <b>14,480</b>         | <b>10,208</b>      | <b>41.8</b>    | <b>35,761</b>          | <b>39,788</b>      | <b>(10.1)</b>  |
| <b>Segment Results</b>                              |                       |                    |                |                        |                    |                |
| Property Development                                | (497)                 | 723                | (168.7)        | 1,207                  | 12,355             | (90.2)         |
| Cultivation of Oil Palm                             | 164                   | 179                | (8.4)          | 491                    | 648                | (24.2)         |
| Others  | 339                   | 281                | 20.6           | 630                    | 556                | 13.3           |
| <b>Total operating profit</b>                       | <b>6</b>              | <b>1,183</b>       | <b>(99.5)</b>  | <b>2,328</b>           | <b>13,559</b>      | <b>(82.8)</b>  |
| Share of results of an associate                    | -                     | 25                 |                | -                      | 25                 |                |
| <b>Profit before interest and tax</b>               | <b>6</b>              | <b>1,208</b>       | <b>(99.5)</b>  | <b>2,328</b>           | <b>13,581</b>      | <b>(82.9)</b>  |
| Finance income                                      | 395                   | 547                |                | 1,312                  | 883                |                |
| Finance costs                                       | (1,245)               | -                  |                | (2,380)                | -                  |                |
| <b>Profit before tax</b>                            | <b>(844)</b>          | <b>1,755</b>       | <b>(148.1)</b> | <b>1,260</b>           | <b>14,467</b>      | <b>(91.3)</b>  |
| Tax expense   | (390)                 | (1,318)            |                | (1,482)                | (5,440)            |                |
| <b>Profit after tax</b>                             | <b>(1,234)</b>        | <b>437</b>         | <b>(382.4)</b> | <b>(222)</b>           | <b>9,027</b>       | <b>(102.5)</b> |
| Non-controlling interests                           | 6                     | (232)              |                | 6                      | (744)              |                |
| <b>Profit attributable to owners of the Company</b> | <b>(1,228)</b>        | <b>205</b>         | <b>(699.0)</b> | <b>(216)</b>           | <b>8,283</b>       | <b>(102.6)</b> |

**a) Property Development**

|                                | Quarter ended 31 July |                    |                | 6-months ended 30 July |                    |               |
|--------------------------------|-----------------------|--------------------|----------------|------------------------|--------------------|---------------|
|                                | 2018                  | 2017<br>(restated) | %              | 2018                   | 2017<br>(restated) | %             |
|                                | RM'000                | RM'000             | + / (-)        | RM'000                 | RM'000             | + / (-)       |
| <b>Revenue</b>                 | 13,722                | 9,510              | 44.3           | 34,157                 | 38,119             | (10.4)        |
| Cost of sales                  | (10,658)              | (4,528)            |                | (25,245)               | (16,290)           |               |
| Gross profit                   | 3,064                 | 4,982              |                | 8,912                  | 21,829             |               |
| Selling and marketing expenses | (247)                 | (1,011)            |                | (689)                  | (2,057)            |               |
| Administrative expenses        | (4,019)               | (3,972)            |                | (8,371)                | (8,491)            |               |
| Other operating income         | 705                   | 724                |                | 1,355                  | 1,074              |               |
| <b>Operating profit/(loss)</b> | <b>(497)</b>          | <b>723</b>         | <b>(168.7)</b> | <b>1,207</b>           | <b>12,355</b>      | <b>(90.2)</b> |

**SELECTED EXPLANATORY NOTES****1. Performance Review (cont'd)****a) Property Development (cont'd.)**

For the current financial quarter, the segment posted an improved revenue of RM13.722 million compared to RM9.510 million in the preceding year's corresponding quarter largely attributable to new sales secured for The ERA, Kuala Lumpur with limited contribution during its initial stage of construction and the final development stage of Phase 1A and 1B in Taman Puteri, Padang Serai. The revenue for the current financial period decreased by 10.4% compared to the preceding year's corresponding period mainly due to high sales take up rate for the Group's two build-then-sell affordable homes projects, namely Phase 4F of Taman Lagenda and Phase 1C of Taman Desa in the preceding year's corresponding period.

The operating results of the current financial quarter and financial period fell by 168.7% and 90.2% respectively compared to the preceding year's corresponding quarter and period mainly due to higher costs recorded during the initial stage of development for The ERA in Kuala Lumpur.

**b) Cultivation of oil palm**

For the current financial quarter, this segment recorded a drop of 8.4% in operating results albeit a marginal improvement of 0.5% in revenue compared to preceding year's corresponding quarter. For the current financial period, both revenue and operating results decreased by 12.5% and 24.2% respectively as compared to the preceding year's corresponding period. These are mainly due to lower commodity prices as a result of adverse market supply and demand conditions despite increased sales volume of Fresh Fruit Bunch (FFB) by 21.4% and 9% respectively over the preceding year's corresponding quarter and period.

**c) Others**

The revenue and operating profit from others segment comprised mainly rental income and management services income for the Group. The revenue and operating profit, both registered an increase of 20.6% for the current financial quarter and an increase of 13.3% for the current financial period as compared to the preceding year's corresponding quarter and period. This is mainly due to new lettings during the current financial period, and provision of management services to third party during the current financial quarter.

**2. Material Changes in Profit Before Tax for Quarter Reported On as Compared to the Immediate Preceding Quarter**

The Group registered revenue of RM14.48 million, shrank by 32% compared with RM21.281 million reported in the immediate preceding quarter. On the back of weaker revenue, the Group reported a pre-tax loss of RM0.844 million for the quarter under review against a PBT of RM2.104 million reported in the preceding quarter. Lower revenue and a LBT were mainly due to weaker results from the property development segment.



## JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

### SELECTED EXPLANATORY NOTES

#### 3. Material Changes in Profit Before Tax for Quarter Reported On as Compared to the Immediate Preceding Quarter (cont'd.)

|   | Quarter Ended  |               | %              |
|---|----------------|---------------|----------------|
|   | 31-07-2018     | 30-04-2018    |                |
|   | RM'000         | RM'000        | + / (-)        |
| <b><u>Segment Revenue</u></b>                       |                |               |                |
| Property Development                                | 13,722         | 20,436        | (32.9)         |
| Cultivation of Oil Palm                             | 419            | 555           | (24.5)         |
| Investment Holding                                  | 339            | 290           | 16.9           |
| <b>Total</b>  | <b>14,480</b>  | <b>21,281</b> | <b>(32.0)</b>  |
| <b><u>Segment Results</u></b>                       |                |               |                |
| Property Development                                | (497)          | 1,705         | (129.1)        |
| Cultivation of Oil Palm                             | 164            | 327           | (49.8)         |
| Investment Holding                                  | 339            | 290           | 16.9           |
| <b>Total operating profit</b>                       | <b>6</b>       | <b>2,322</b>  | <b>(99.7)</b>  |
| Share of results of an associate                    | -              | 0             |                |
| <b>Profit before interest and tax</b>               | <b>6</b>       | <b>2,322</b>  | <b>(99.7)</b>  |
| Finance income                                      | 395            | 917           | (56.9)         |
| Finance costs                                       | (1,245)        | (1,135)       | 9.7            |
| <b>Profit before tax</b>                            | <b>(844)</b>   | <b>2,104</b>  | <b>(140.1)</b> |
| Tax expense   | (390)          | (1,092)       |                |
| <b>Profit after tax</b>                             | <b>(1,234)</b> | <b>1,012</b>  | <b>(221.9)</b> |
| Non-controlling interests                           | 6              | 0             |                |
| <b>Profit attributable to owners of the Company</b> | <b>(1,228)</b> | <b>1,012</b>  | <b>(221.3)</b> |

#### **Property Development Segment**

|                                | Quarter Ended |               | %              |
|--------------------------------|---------------|---------------|----------------|
|                                | 31-07-2018    | 30-04-2018    |                |
|                                | RM'000        | RM'000        | + / (-)        |
| <b>Revenue</b>                 | <b>13,722</b> | <b>20,436</b> | <b>(32.9)</b>  |
| Cost of sales                  | (10,658)      | (14,587)      |                |
| Gross profit                   | 3,064         | 5,849         | (47.6)         |
| Selling and marketing expenses | (247)         | (442)         | (44.1)         |
| Administrative expenses        | (4,019)       | (4,352)       | (7.7)          |
| Other operating income         | 705           | 650           | 8.5            |
| <b>Operating profit</b>        | <b>(497)</b>  | <b>1,705</b>  | <b>(129.1)</b> |

The property development segment posted a lower operating profit for the current quarter mainly due to lower revenue recognition from Phase 1A and 1B of Taman Puteri, Padang Serai as these two phases are completed with Certificate of Compliance and Completion ("CCC") during the current financial quarter.



## JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

### SELECTED EXPLANATORY NOTES

#### 3. Commentary on Prospects

The local property market is expected to remain challenging in the remaining period of FY2019 despite improving consumer sentiments. The key issues of price affordability, rising cost of living and tight financing continue to have a dampening effect. Nonetheless, the Group views that products with unique value propositions, strategic location and attractive price offering will continue to attract potential sales. Moving forward, the Group will continue to focus on market-driven products and unlock the value of its landbank, at strategic locations across the Klang Valley and Northern Region. Riding on the improved market sentiment, the Group has also embarked on various marketing campaigns and schemes to drive / spearhead sales of its signature developments, namely The ERA in Kuala Lumpur and Taman Puteri at Padang Serai which are expected to continue to contribute positively to the earnings of the Group for FY2019.

#### 4. Variance of Actual Profit from Forecast Profit

There was no profit forecast given for the current financial year ended 31 July 2018.

#### 5. Taxation

Tax charged for the current quarter and financial period ended 31 July 2018 comprised the followings:-

|   | <b>Quarter<br/>Ended<br/>31-7-2018<br/>RM'000</b> | <b>6-months<br/>Cumulative<br/>31-07-2018<br/>RM'000</b> |
|---|---|--|
| In respect of the current quarter/ year to-date<br>Malaysian income tax | 390   | 1,482  |

For the current quarter and financial period ended 31 July 2018, the effective tax rate of the group is higher than the statutory tax rate mainly due to certain expenses not being deductible for tax purposes and losses in certain subsidiaries which are not available to set off against taxable profits in other subsidiaries within the Group.

The above tax figures are based on best estimates and internal assessment.

#### 6. Status of Corporate Proposals

As at 31 July 2018, there were no outstanding corporate proposals.



# JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

## SELECTED EXPLANATORY NOTES

### 7. Status of Utilisation of Right Issue Proceeds

The Company had raised RM151.662 million cash (“Proceeds”) via its Rights Issue exercise which was completed on 21 April 2017. The following is the status of Utilisation of Proceeds :

| Purpose  | Amount approved for utilisation RM'mil | Actual utilisation RM'mil | Balance unutilized RM'mil | Intended timeframe for utilisation | Deviation |     | Explanation  |
|--|--|---------------------------|---------------------------|------------------------------------|-----------|-----|--|
|  |  |                           |                           |                                    | RM'mil    | %   |  |
| Finance property development projects and expansion plan | 115.0                                  | (88.7)                    | 26.3                      | April 2021                         | N/A       | N/A | -  |
| Repayment of short term bank borrowings                  | 25.0                                   | (25.0)                    |                           | April 2018                         | N/A       | N/A | -  |
| Working capital  | 10.7                                   | (10.7)                    |                           | October 2018                       | N/A       | N/A | -  |
| Defray estimated expenses relating to the Rights Issue   | 1.0                                    | (0.8)                     | 0.2                       | July 2017                          | 0.2       | 20  | Balance unutilized due to over estimated expenses relating to Rights Issue, will be used for financing property development projects and expansion plan. |
| <b>Total</b>   | <b>151.7</b>                           | <b>(125.2)</b>            | <b>26.5</b>               |                                    |           |     |  |

### 8. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the current financial period under review are as follows :

|                    | As at 31-7-2018     |                      |                 |
|--------------------|---------------------|----------------------|-----------------|
|                    | Long term<br>RM'000 | Short term<br>RM'000 | Total<br>RM'000 |
| Secured Term loans | 114,503             | 17,374               | 131,877         |

### 9. Material Litigation

There were no material litigations, which would have a material adverse effect on the financial results for the current financial year under review.

### 10. Proposed Dividend

No interim dividend was proposed during the current financial period under review.



## JKG LAND BERHAD

(Company No: 154232-K)  
(Incorporated in Malaysia under the Companies Act, 2016)

### SELECTED EXPLANATORY NOTES

#### 11. Earnings per share attributable to owners of the Company

The basic earnings per share has been calculated by dividing the Group's net profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the period.

|  | Quarter Ended |                          | 6-months Cumulative |                          |
|--|---------------|--------------------------|---------------------|--------------------------|
|  | 31-07-2018    | 31-07-2017<br>(restated) | 31-07-2018          | 31-07-2017<br>(restated) |
| Net profit/(loss) attributable to owners of the Company (RM'000) | (1,228)       | 205                      | (216)               | 8,283                    |
| Weighted average number of ordinary shares in issued ('000)      | 2,274,930     | 2,274,930                | 2,274,930           | 1,626,224                |
| Basic earnings/(loss) per share (sen)                            | (0.05)        | 0.01                     | (0.01)              | 0.51                     |

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 July 2018.

#### 12. Notes to the Comprehensive Income Statement

|   | Quarter Ended        | 6-months<br>Cumulative |
|---|----------------------|------------------------|
|   | 31-07-2018<br>RM'000 | 31-07-2018<br>RM'000   |
| a) Interest income  | 395                  | 1,312                  |
| b) Other income   | 705                  | 1,355                  |
| c) Interest expense   | 1,245                | 2,380                  |
| d) Depreciation and amortization  | 673                  | 1,331                  |
| e) Provision for and write off of receivables                               | -                    | -                      |
| f) Provision for and write off of inventories                               | -                    | -                      |
| g) Gain/(Loss) on disposal of quoted and unquoted investments or properties | -                    | -                      |
| h) Fair value gain/ (loss) on short term investment                         | 72                   | 160                    |
| i) Impairment of assets   | -                    | -                      |
| j) Foreign exchange gain / (loss)   | -                    | -                      |
| k) Gain / (Loss) on derivatives   | NA                   | NA                     |
| l) Exceptional items  | NA                   | NA                     |