

SENTORIA GROUP BERHAD (Company No : 463344-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	UNAUDITED CURRENT YEAR QUARTER 31/12/2016 RM'000	UNAUDITED PRECEDING YEAR QUARTER 31/12/2015 RM'000	UNAUDITED CURRENT YEAR TO DATE 31/12/2016 RM'000	UNAUDITED PRECEDING YEAR TO DATE 31/12/2015 RM'000
Revenue	60,032	47,013	60,032	47,013
Cost of sales	(37,127)	(23,993)	(37,127)	(23,993)
Gross profit	22,905	23,020	22,905	23,020
Other income	154	143	154	143
Distribution expenses	(504)	(260)	(504)	(260)
Administration expenses	(8,588)	(7,712)	(8,588)	(7,712)
Amortisation and depreciation	(2,784)	(3,000)	(2,784)	(3,000)
Profit from operations	11,183	12,191	11,183	12,191
Finance income	115	92	115	92
Finance costs	(713)	(1,907)	(713)	(1,907)
Profit before tax	10,585	10,376	10,585	10,376
Tax expense	(2,109)	(1,962)	(2,109)	(1,962)
Net profit from operations	8,476	8,414	8,476	8,414
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income	8,476	8,414	8,476	8,414
Net profit from operations attributable to:				
Owners of the Company	8,481	8,429	8,481	8,429
Non-controlling interest	(5)	(15)	(5)	(15)
	8,476	8,414	8,476	8,414
Total comprehensive income attributable to:				
Owners of the Company	8,481	8,429	8,481	8,429
Non-controlling interest	(5)	(15)	(5)	(15)
	8,476	8,414	8,476	8,414
Profit per share attributable to owners of the Company:				
Basic (sen)	1.75	1.74	1.75	1.74
Diluted (sen)	1.74	1.73	1.74	1.73

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial report.

SENTORIA GROUP BERHAD (Company No : 463344-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT END OF CURRENT YEAR 31/12/2016 RM'000	AUDITED AS AT PRECEDING YEAR ENDED 30/09/2016 RM'000
Non-Current Assets		
Property, plant and equipment	378,991	375,542
Biological assets	4,203	4,362
Property development costs	23,685	14,329
Investment properties	30,549	30,562
Fixed deposits with licensed banks	3,760	3,684
Investment in short term funds	7,345	7,288
Goodwill on consolidation	3	3
Deferred tax assets	50,450	50,307
Total Non-Current Assets	498,986	486,077
Current Assets		
Property development costs	125,075	136,647
Amount due from customers	16,680	18,812
Inventories	2,169	2,199
Trade and other receivables	197,967	189,934
Tax recoverable	820	368
Deposits with a licensed bank	20,000	73
Cash and bank balances	19,509	14,386
Total Current Assets	382,220	362,419
Total Assets	881,206	848,496
Equity and Liabilities		
Share capital	97,822	97,822
Share premium	48,744	48,744
Treasury shares	(1)	-
Revaluation reserves	66,155	66,298
Retained earnings	198,477	189,853
	411,197	402,717
Non-controlling interests	470	475
Total Equity	411,667	403,192
Non-Current Liabilities		
Deferred tax liabilities	3,374	3,382
Borrowings	192,299	191,627
Total Non-Current Liabilities	195,673	195,009
Current Liabilities		
Trade and other payables	153,175	162,594
Amount owing to holding company	-	10
Amount due to customers	901	-
Borrowings	117,027	84,653
Tax payable	2,763	3,038
Total Current Liabilities	273,866	250,295
Total Liabilities	469,539	445,304
Total Equity and Liabilities	881,206	848,496
Net assets per share (RM)	0.84	0.82

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

SENTORIA GROUP BERHAD (Company No : 463344-K)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000	Distributable Retained Earnings RM'000			
Unaudited								
Financial quarter ended 31 December 2016								
As at 1 October 2016	97,822	48,744	-	66,298	189,853	402,717	475	403,192
Crystallisation of revaluation reserves	-	-	-	(143)	143	-	-	-
Net profit from operations	-	-	-	-	8,481	8,481	(5)	8,476
Total comprehensive income	-	-	-	(143)	8,624	8,481	(5)	8,476
Transactions with owners								
Share buy-back	-	-	(1)	-	-	(1)	-	(1)
	-	-	(1)	-	-	(1)	-	(1)
As at 31 December 2016	97,822	48,744	(1)	66,155	198,477	411,197	470	411,667
Unaudited								
Financial quarter ended 31 December 2015								
As at 1 October 2015	96,822	46,744	-	66,878	165,826	376,270	93	376,363
Crystallisation of revaluation reserves	-	-	-	(119)	119	-	-	-
Net profit from operations	-	-	-	-	8,429	8,429	(15)	8,414
Total comprehensive income	-	-	-	(119)	8,548	8,429	(15)	8,414
Transactions with owners								
Additional investment in a subsidiary company	-	-	-	-	-	-	400	400
	-	-	-	-	-	-	400	400
As at 31 December 2015	96,822	46,744	-	66,759	174,374	384,699	478	385,177

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

SENTORIA GROUP BERHAD (Company No : 463344-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED CURRENT YEAR TO DATE 31/12/2016 RM'000	UNAUDITED PRECEDING YEAR YEAR TO DATE 31/12/2015 RM'000
Operating Activities		
Profit before tax	10,585	10,376
Adjustments for :		
Amortisation and depreciation	2,784	3,167
Interest and commission expense	713	1,905
Interest income	(115)	(92)
Operating profit before changes in working capital	13,967	15,356
Property development costs	2,218	4,219
Inventories	30	211
Amount due from customers	3,023	(16,806)
Receivables	(8,034)	(1,599)
Payables	(9,422)	1,377
Cash generated from operations	1,782	2,758
Interest and commission expense paid	(713)	(1,905)
Interest income received	115	92
Net tax paid	(2,986)	(2,846)
Net cash used in operating activities	(1,802)	(1,901)
Investing Activities		
Proceeds from subscription of shares in a subsidiary by non-controlling interest	-	400
Net movement in fixed deposits with licensed banks	(20,004)	(6)
Net movement in short term funds	(57)	(42)
Purchase of biological assets	(11)	-
Purchase of property, plant and equipment	(5,741)	(10,282)
Net cash used in investing activities	(25,813)	(9,930)
Financing Activities		
Share buy-back	(1)	-
Repayment of finance lease liabilities	(465)	-
Repayment to holding company	-	(6)
Net drawdown of borrowings	31,001	3,125
Net cash from financing activities	30,535	3,119
Net change in cash and cash equivalents	2,920	(8,712)
Cash and cash equivalents at beginning of financial year	8,327	4,449
Cash and cash equivalents at end of financial year	11,247	(4,263)
Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	19,509	12,975
Fixed deposits with licensed banks	20,000	-
Bank overdrafts	(28,262)	(17,238)
	11,247	(4,263)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and Paragraph 9.22 of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2016 and these explanatory notes.

These explanatory notes 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 30 September 2016.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the Audited Financial Statements for the financial year ended 30 September 2016 except for the changes in accounting policies and presentation resulting from the adoption of new and revised Financial Reporting Standards (“FRS”) and Amendments to FRSs that are effective for the financial periods beginning on or after 1 October 2016.

The Group has not adopted the following new FRSs and Amendments to FRSs issued by Malaysian Accounting Standards Board (“MASB”):

Amendments to FRSs effective 1 January 2017

FRS 107	Statement of Cash Flows: Disclosure Initiative
FRS 112	Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses

FRS and Amendments to FRSs effective 1 January 2018

FRS 9	Financial Instruments (International Financial Reporting Standards (“IFRS”) 9 issued by International Accounting Standards Board (“IASB”) in July 2014)
Amendments to FRS 2	Share-based Payment - Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 7	Financial Instruments – Disclosure: Mandatory effective date of FRS 9 and transitional disclosures

Amendments to FRSs (deferred effective dates to be announced by MASB):

FRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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FRS 128 and Amendments to FRS 2 are not applicable to the Group’s existing operations.

The possible impact on the adoption of the above FRSs and Amendments to FRSs (except for FRS 9 and FRS 107) are not expected to have any significant financial impact to the Group. As for FRS 9 and 107, the financial impacts in the period of initial application cannot be determined at present.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

New MASB Approved Accounting Standards

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the Malaysian Accounting Standards Board (“MASB”) had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and MFRS 15 Revenue from Contracts with Customers for Construction, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRSs. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2018.

The Group falls within the scope of Transitioning Entities and has opted to defer adoption of MFRSs. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 September 2019.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 September 2019.

MFRSs and Amendments to MFRSs effective 1 January 2018

MFRS 15	Revenue from Contracts with Customers
Clarification to MFRS 15	Revenue from Contracts with Customers

MFRS effective 1 January 2019

MFRS 16	Leases
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The adoption of MFRS 15 and 16 will result in a change in accounting policy in the period of initial application, the possible impact of which cannot be determined at present.

A2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 30 September 2016 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the property development segment were not subjected to seasonal or cyclical factors. As for the leisure and hospitality segment, its operations normally peak during major festivities, and public and school holiday seasons.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow for the current financial year to-date.

A5 Changes in Estimates

There were no changes in estimates of amounts reported in a prior financial quarter of a prior financial year, which have material impact on the current financial year to-date.

A6 Changes in Debt and Equity Securities

On 2 December 2016, the Company bought back 1,000 of its own ordinary shares for a total consideration of RM785. These purchased shares have been retained as treasury shares.

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial year to-date.

A7 Dividends Paid

No dividends were paid by the Company during the current financial year to-date.

A8 Segmental Information

The Group has identified property development, leisure and hospitality and others as operating segments. These segments are monitored and strategic decisions are made on the basis of adjusted segment results.

Segment results for the current financial year to-date were as follows:

	Property Development RM'000	Leisure & Hospitality RM'000	Others RM'000	Elimination/ Adjustments RM'000	Consolidated RM'000
Revenue					
External	45,804	14,228	-	-	60,032
Inter-segment	-	1,524	-	(1,524)	-
	45,804	15,752	-	(1,524)	60,032
Results					
Segment profit	9,537	2,518	(354)	(518)	11,183
Finance income	58	-	57	-	115
Finance costs	(248)	(470)	5	-	(713)
Profit/(loss) before taxation	9,347	2,048	(292)	(518)	10,585
Taxation	(2,251)	41	-	101	(2,109)
Profit/(loss) for the period	7,096	2,089	(292)	(417)	8,476

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

A9 Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter which have not been reflected in the interim financial statements.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A11 Contingent Assets and Contingent Liabilities

There were no material changes to the contingent assets and contingent liabilities of the Group since the end of the prior financial year.

A12 Capital Commitments

The Group's capital commitments at the end of the current financial quarter were as follows:

	RM'000
Authorised and contracted for	<u>91,151</u>
Authorised but not contracted for	<u>-</u>

A13 Significant Related Party Transactions

(a) The Group's significant related party transactions during the current financial year to-date were as follows:

	RM'000
Rental paid to companies in which certain directors have interests	92
Rental paid to persons connected to a director	15
Sales to a company in which certain directors have interests	<u>285</u>

(b) During the current financial year to-date:

- (i) the holding company's shares in the Company were pledged as security for the construction and completion of a joint venture development project of the Group. The market value of these shares as at the end of the current financial quarter was approximately RM20.0 million. The holding company also provided a corporate guarantee and indemnity during the current financial quarter to guarantee the payment by the Group of certain sums of up to RM30.0 million due to the land owner for the project concerned.
- (ii) certain directors jointly and severally guaranteed banking facilities granted to a subsidiary company. The amount of these facilities outstanding as at the end of the current financial quarter was approximately RM1.9 million.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

B1 Review of Performance

For current financial quarter ["CFQ"], the Group's revenue increased by 27.7% year-on-year ["YoY"] to RM60.0 million from that of RM47.0 million in the preceding year's corresponding financial quarter. This increase was mainly contributed by the development projects in Kuching and Morib which were launched in late 2015.

Despite the double-digit increase in revenue YoY, the Group's profit before taxation ["PBT"] for the CFQ only increased marginally by 1.9% YoY to RM10.6 million from that of RM10.4 million in the preceding year's corresponding quarter. This contraction in profitability rate was due to lower margin in view of the current tighter market conditions.

B2 Comparison with Immediate Preceding Quarter's Results

The Group's revenue of RM10.6 million for the CFQ decreased by 17.0% as compared to that of RM72.4 million in the preceding financial quarter. This decrease was mainly due to lower billings by the Property Development Division.

The decreased revenue as well as lower margins generally lead to a quarter-on-quarter decline in the Group's PBT of RM11.4 million. In connection thereto, it must be noted that the profit decline would only be RM5.6 million if the preceding financial quarter's fair value gain on revaluation of investment properties of RM5.8 million is excluded.

B3 Commentary on Prospects

The Property Development Division will continue to emphasise on building and selling affordable homes. The Group's unbilled sales from its on-going projects in Kuantan, Morib and Kuching stood at RM267.3 million as of 31 December 2016. These on-going projects together with the planned launches (market conditions permitting) with gross development value in excess of RM350 million, in the same localities for the rest of the current financial year should be positive for the Group.

The near term outlook for the Leisure and Hospitality Division is expected to remain challenging. It will continue to optimise its management and operational efficiencies to improve its performance going forward.

B4 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax with profit forecast and shortfall in profit guarantee are not applicable.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

B5 Taxation

	Current Year Quarter RM'000	Current Year To- Date RM'000
Current income tax	2,068	2,068
Deferred taxation	41	41
	<u>2,109</u>	<u>2,109</u>
Effective income tax rate	<u>19.9%</u>	<u>19.9%</u>

The Group's effective income tax rate is lower than the applicable statutory income tax rate of 24% due to the utilisation of investment tax allowance by a subsidiary company.

B6 Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as of 15 February 2017.

B7 Borrowings and Debt Securities

The Group's borrowings, all of which were secured and denominated in RM as at the end of the current financial quarter were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Bankers' acceptances	22,021	-	22,021
Bridging loan	22,065	-	22,065
Bank overdrafts	28,262	-	28,262
Revolving credit	10,000	-	10,000
Finance lease liabilities	529	538	1,067
Term loans	34,150	191,761	225,911
	<u>117,027</u>	<u>192,299</u>	<u>309,326</u>

B8 Changes in Material Litigation

The Group has no material litigation as of 15 February 2017.

B9 Dividends

No dividend has been declared or recommended for the current financial year to-date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

B10 Earnings per Share

(i) Basic earnings per share

The basic earnings per ordinary share for a financial period is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period concerned.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2016	Preceding Year Quarter 31/12/2015	Current Year To-Date 31/12/2016	Preceding Year To-Date 31/12/2015
Profit attributable to owners of the Company (RM'000)	8,481	8,429	8,481	8,429
Weighted average number of ordinary shares in issue ('000)	484,944	484,111	484,944	484,111
Basic earnings per share (sen)	1.75	1.74	1.75	1.74

(ii) Diluted earnings per share

The diluted earnings per ordinary share for a financial period is calculated by dividing the profit attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding and the assumed conversion of warrants outstanding during and as of the end of the financial period concerned respectively.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2016	Preceding Year Quarter 31/12/2015	Current Year To-Date 31/12/2016	Preceding Year To-Date 31/12/2015
Profit attributable to owners of the Company (RM'000)	8,481	8,429	8,481	8,429
Weighted average number of ordinary shares in issue ('000)	486,964	487,850	486,964	487,850
Diluted earnings per share (sen)	1.74	1.73	1.74	1.73

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

B11 Profit Before Tax

Profit before tax is arrived at after taking into account the following income/(expenses):

	Current Year Quarter RM'000	Current Year To- Date RM'000
Interest income	115	115
Other income	154	154
Interest and commission expense	(713)	(713)
Amortisation and depreciation	<u>(2,784)</u>	<u>(2,784)</u>

The following items which were not disclosed were not applicable.

- a) Allowance and write off of receivables;
- b) Allowance and write off of inventories;
- c) Gain or loss on disposal of quoted or unquoted investments or properties;
- d) Impairment of assets;
- e) Foreign exchange gain or loss;
- f) Gain or loss on derivatives; and
- g) Exceptional items (with details).

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

B12 Supplementary Information Disclosed Pursuant to Listing Requirements

The breakdown of retained profits of the Group as at the reporting dates into realised and unrealised profits is as follows:

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	156,328	131,418
Unrealised	58,789	58,151
Consolidation adjustments	(16,640)	(15,196)
Total retained profits of the Group	198,477	174,373

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to the Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By order of the Board

Datuk Tan Leh Kiah
Company Secretary

22 February 2017