



**GLOBAL ORIENTAL BERHAD**

(Incorporated in Malaysia)

(543867-T)

Interim Financial Report

30 June 2019

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**GLOBAL ORIENTAL BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2019 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.06.2018 RM'000 (unaudited)	Current Year To Date 30.06.2019 RM'000 (unaudited)	Preceding Year Corresponding Year To Date 30.06.2018 RM'000 (unaudited)
Revenue	40,556	27,855	40,556	27,855
Cost of sales	(34,761)	(25,779)	(34,761)	(25,779)
Gross profit	5,795	2,076	5,795	2,076
Interest income	2,096	645	2,096	645
Other operating income	2,946	1,630	2,946	1,630
Depreciation and amortisation	(142)	(310)	(142)	(310)
Operating expenses	(7,767)	(12,249)	(7,767)	(12,249)
Operating profit/(loss)	2,928	(8,208)	2,928	(8,208)
Finance costs	(800)	(1,381)	(800)	(1,381)
Share of results of an associated company	-	1,412	-	1,412
Profit/(Loss) before tax	2,128	(8,177)	2,128	(8,177)
Taxation	(283)	(468)	(283)	(468)
<b>Profit/(Loss) for the financial period</b>	<b>1,845</b>	<b>(8,645)</b>	<b>1,845</b>	<b>(8,645)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the financial period</b>	<b>1,845</b>	<b>(8,645)</b>	<b>1,845</b>	<b>(8,645)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	2,190	(8,464)	2,190	(8,464)
Non-controlling interests	(345)	(181)	(345)	(181)
	<b>1,845</b>	<b>(8,645)</b>	<b>1,845</b>	<b>(8,645)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	2,190	(8,464)	2,190	(8,464)
Non-controlling interests	(345)	(181)	(345)	(181)
	<b>1,845</b>	<b>(8,645)</b>	<b>1,845</b>	<b>(8,645)</b>
<b>Earnings per share attributable to Owners of the Company:</b>				
- Basic (sen)	0.48	(1.86)	0.48	(1.86)
- Diluted (sen)	Not Applicable	Not Applicable	Not Applicable	Not Applicable

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.*

**GLOBAL ORIENTAL BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	<b>As at 30.06.2019 RM'000 (unaudited)</b>	<b>As at 31.03.2019 RM'000 (audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,507	1,622
Investment properties	1,740	1,740
Land held for property development	269,115	266,628
Goodwill	9,191	9,191
Deferred tax assets	1,380	1,380
Other receivables, deposits and prepayments	44,132	43,001
	<u>327,065</u>	<u>323,562</u>
<b>Current assets</b>		
Inventories	85,262	84,919
Property development costs	337,445	333,586
Trade receivables	25,861	33,477
Other receivables, deposits and prepayments	23,963	27,800
Amount owing by an associated company	49,777	49,777
Tax recoverable	3,308	3,507
Fixed deposits with licensed banks	15,761	15,743
Cash and bank balances	130,537	143,324
	<u>671,914</u>	<u>692,133</u>
<b>TOTAL ASSETS</b>	<u>998,979</u>	<u>1,015,695</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	227,338	227,338
Reserves	56,765	54,575
	<u>284,103</u>	<u>281,913</u>
<b>Non-controlling interests</b>	(3,282)	(2,937)
<b>TOTAL EQUITY</b>	<u>280,821</u>	<u>278,976</u>
<b>LIABILITIES</b>		
<b>Non-current and deferred liabilities</b>		
Borrowings - secured	140,570	139,486
Deferred tax liabilities	4,083	4,225
Trade payables	178,468	179,048
	<u>323,121</u>	<u>322,759</u>
<b>Current liabilities</b>		
Contract liabilities	56,106	61,049
Trade payables	77,024	85,896
Other payables and accruals	167,080	166,510
Provisions	18,668	18,723
Borrowings - secured	65,969	70,739
Tax liabilities	10,190	11,043
	<u>395,037</u>	<u>413,960</u>
<b>TOTAL LIABILITIES</b>	718,158	736,719
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>998,979</u>	<u>1,015,695</u>
Net assets per ordinary share attributable to owners of the Company (RM)	<u>0.62</u>	<u>0.62</u>

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.*

**GLOBAL ORIENTAL BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Attributable to the Owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Issued capital RM'000	Capital reserve RM'000	Share option reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings / (Accumulated losses) RM'000			
<b>Current 3 months ended 30 June 2019 (unaudited)</b>									
As at 1 April 2019	227,338	91,037	3,022	20,227	344	(60,055)	281,913	(2,937)	278,976
Profit/(Loss) for the financial period	-	-	-	-	-	2,190	2,190	(345)	1,845
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	2,190	2,190	(345)	1,845
As at 30 June 2019	227,338	91,037	3,022	20,227	344	(57,865)	284,103	(3,282)	280,821

	Attributable to the Owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Issued capital RM'000	Capital reserve RM'000	Share option reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
<b>Preceding 3 months ended 30 June 2018 (unaudited)</b>									
As at 1 April 2018	227,338	91,037	3,464	20,227	344	38,273	380,683	(2,168)	378,515
Loss for the financial period	-	-	-	-	-	(8,464)	(8,464)	(181)	(8,645)
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	-	(8,464)	(8,464)	(181)	(8,645)
As at 30 June 2018	227,338	91,037	3,464	20,227	344	29,809	372,219	(2,349)	369,870

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	<b>Current 3 months ended 30.06.2019 RM'000 (unaudited)</b>	<b>Preceding 3 months ended 30.06.2018 RM'000 (unaudited)</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Profit/(Loss) before taxation	2,128	(8,177)
Adjustments for:		
Reversal of provision for sales incentives	(55)	-
Depreciation of property, plant and equipment	142	310
Property, plant and equipment written off	-	1
Loss/(Gain) on disposal of property, plant and equipment	1	(3)
Allowance for doubtful debts no longer required	(69)	-
Share of results of an associated company	-	(1,412)
Unrealised foreign exchange loss	429	-
Interest expenses	800	1,381
Interest income	(2,096)	(645)
Operating profit/(loss) before working capital changes	1,280	(8,545)
Decrease/(Increase) in:		
Land held for property development	(2,487)	(3,475)
Property development costs	(1,160)	6,194
Inventories	(342)	(832)
Receivables	11,522	68,665
Increase/(Decrease) in:		
Contract liabilities	(4,944)	8,966
Payables	(8,883)	(10,760)
Cash (used in)/generated from operations	(5,014)	60,213
Interest received	966	645
Interest paid	(3,498)	(4,133)
Tax paid	(1,080)	(2,879)
Net cash (used in)/generated from operating activities	(8,626)	53,846
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of property, plant and equipment	(29)	(101)
Proceeds from disposal of property, plant and equipment	1	3
Decrease in short-term funds	-	10,329
(Placement)/Withdrawal of fixed deposits	(18)	491
Net cash (used in)/from investing activities	(46)	10,722
<b><u>Cash Flows from Financing Activities</u></b>		
Drawdown of bank borrowings	17,311	13,117
Repayment of bank borrowings	(21,729)	(47,500)
Repayment of hire-purchase creditors	(49)	(46)
Net cash used in financing activities	(4,467)	(34,429)
Net (decrease)/increase in cash and cash equivalents	(13,139)	30,139
Cash and cash equivalents at beginning of financial period	133,225	128,109
Cash and cash equivalents at end of financial period	120,086	158,248
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	130,537	173,565
Fixed deposits with licensed banks	15,761	12,348
Bank overdraft	(11,351)	(15,817)
Less: Fixed deposits pledged	(14,861)	(11,848)
	120,086	158,248

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.*

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD**  
**134**

**1. BASIS OF PREPARATION**

The interim financial statements of Global Oriental Berhad (“GOB” or “Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019. These explanatory notes attached to the 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 March 2019.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2019, except for the compliance with the new/revised MFRSs and amendments to MFRSs that are effective for the financial period beginning on or after 1 January 2019:

MFRS 16	Leases <sup>1</sup>
Amendments to MFRS 3	Definition of a Business <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to MFRS 101 and MFRS 108	Definition of Material <sup>2</sup>
Amendments to MFRS 128	Long Term Interests in Associates and Joint Venture <sup>1</sup>
IC Interpretation 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to MFRS	Annual Improvements to MFRSs 2015-2017 Cycle <sup>1</sup>
Amendments to References to the Conceptual Framework in MFRS Standards <sup>2</sup>	

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective date deferred to a date to be determined and announced by MASB

These new and amended MFRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application.

**2. AUDITORS’ REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements of GOB for the financial year ended 31 March 2019 was not qualified.

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's performance for the quarter ended 30 June 2019 was not affected by any significant seasonal or cyclical fluctuations.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates during the quarter under review that had a material effect on the interim financial statements.

**6. DEBT AND EQUITY SECURITIES**

During the quarter under review, no ordinary shares were allotted to the employees of the Group as no ESOS option was exercised. As at 30 June 2019, a total of 5,773,113 ESOS options to subscribe for ordinary shares remain unexercised.

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

**7. DIVIDENDS PAID**

There were no dividends paid or declared during the quarter under review.



8. SEGMENTAL INFORMATION

Group	Property	Construction	Trading	Investment	Others	Elimination	Total
	development		and				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results For 3 Months Ended</b>							
<b>30 June 2019</b>							
<b>Revenue</b>							
External sales	36,124	-	4,397	-	35	-	40,556
Inter-segment sales	-	5,343	-	-	-	(5,343)	-
	<u>36,124</u>	<u>5,343</u>	<u>4,397</u>	<u>-</u>	<u>35</u>	<u>(5,343)</u>	<u>40,556</u>
<b>Results</b>							
Segment results	2,973	(65)	293	461	(103)	(631)	2,928
Unallocated expenses:							
- Finance costs							(800)
Profit before tax							<u>2,128</u>
Taxation							<u>(283)</u>
Profit for the financial period							<u>1,845</u>

Group	Property	Construction	Trading	Investment	Others	Elimination	Total
	development		and				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results For 3 Months Ended</b>							
<b>30 June 2018</b>							
<b>Revenue</b>							
External sales	21,886	-	5,515	-	454	-	27,855
Inter-segment sales	-	-	-	-	-	-	-
	<u>21,886</u>	<u>-</u>	<u>5,515</u>	<u>-</u>	<u>454</u>	<u>-</u>	<u>27,855</u>
<b>Results</b>							
Segment results	(2,445)	(176)	745	421	(3,603)	(3,150)	(8,208)
Unallocated expenses:							
- Finance costs							(1,381)
- Share of results of an associated company							<u>1,412</u>
Loss before tax							<u>(8,177)</u>
Taxation							<u>(468)</u>
Loss for the financial period							<u>(8,645)</u>

**9. VALUATION OF PROPERTY, PLANT & EQUIPMENT AND INVESTMENT PROPERTIES**

There has been no change to the valuations of property, plant and equipment and investment properties since the audited financial statements for the year ended 31 March 2019.

**10. SUBSEQUENT EVENTS**

There were no material events subsequent to the reporting period.

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the quarter under review.

**12. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

As at the date of this report, there were no material contingent liabilities except as follows:

Corporate guarantee amounting to RM183.7 million given by our Company to financial institutions for credit facilities granted to our subsidiaries.

**13. CAPITAL COMMITMENTS**

There were no material capital commitments as at the date of this report.

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

1. REVIEW OF PERFORMANCE

a) Financial review for current quarter and financial year to date

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter 30.06.2019	Preceding Year Corresponding Quarter 30.06.2018		Current Year To Date 30.06.2019	Preceding Year To Date 30.06.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	40,556	27,855	46%	40,556	27,855	46%
Operating profit/(loss)	2,928	(8,208)	136%	2,928	(8,208)	136%
Profit/(Loss) before tax	2,128	(8,177)	126%	2,128	(8,177)	126%
Profit/(Loss) after tax	1,845	(8,645)	121%	1,845	(8,645)	121%
Profit/(Loss) attributable to owners of the Company	2,190	(8,464)	126%	2,190	(8,464)	126%

Current Quarter

For the current quarter, the Group registered higher revenue of RM40.6 million compared to RM27.9 million of the preceding year corresponding quarter. The increase in revenue was mainly attributed to higher sales recognition from a development project in Seri Kembangan.

The Group recorded profit before tax of RM2.1 million for the current quarter under review compared to loss before tax of RM8.2 million of the preceding year corresponding quarter. The improved performance was mainly due to lower operating expenses and higher profit recognition from property development.

b) Financial review for current quarter compared with immediate preceding quarter

	Current Year Quarter 30.06.2019 RM'000	Immediate Preceding Quarter 31.03.2019 RM'000	Changes %
Revenue	40,556	44,644	-9%
Operating profit/(loss)	2,928	(21,576)	114%
Profit/(Loss) before tax	2,128	(42,827)	105%
Profit/(Loss) after tax	1,845	(61,417)	103%
Profit/(Loss) attributable to owners of the Company	2,190	(61,187)	104%

Compared against the immediate preceding quarter, the Group's revenue was lower at RM40.6 million against RM44.6 million recorded previously. The decrease in revenue was mainly due to lower sales recognition of a development project in Kuala Lumpur.

The Group registered profit before tax of RM2.1 million against loss before tax of RM42.8 million of the immediate preceding quarter. The improved performance was mainly due to lower operating expenses and finance costs.

## **2. COMMENTARY ON PROSPECTS**

The Group expects the property market and sales of premium products to remain challenging for financial year ending 31 March 2020 ("FY2020") amid prevailing high level of unsold completed properties and weak consumer sentiment.

Nevertheless, the Group continues to intensify its efforts to ensure progressive construction of ongoing projects and continuous positive marketing measures to maintain satisfactory financial performance in FY2020.

## **3. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee for the financial year under review.

## **4. TAXATION**

	<b>Current Year Quarter 30.06.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2018 RM'000</b>	<b>Current Year To Date 30.06.2019 RM'000</b>	<b>Preceding Year To Date 30.06.2018 RM'000</b>
Current taxation	426	468	426	468
Deferred taxation	(143)	-	(143)	-
	283	468	283	468

The Group's effective tax rate for the current quarter is lower than the statutory tax rate mainly due to availability of tax losses.

## **5. CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the date of this report.

**6. BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.06.2019</b>		
	<b>Long Term RM'000</b>	<b>Short Term RM'000</b>	<b>Total Borrowing RM'000</b>
Bank borrowings			
- Ringgit Malaysia	113,088	54,400	167,488
- Singapore Dollar (1:3.0618)	27,206	-	27,206
Hire-purchase creditors	276	218	494
Bank overdrafts	-	11,351	11,351
	140,570	65,969	206,539

	<b>As at 30.06.2018</b>		
	<b>Long Term RM'000</b>	<b>Short Term RM'000</b>	<b>Total Borrowing RM'000</b>
Bank borrowings	146,512	57,658	204,170
Hire-purchase creditors	482	202	684
Bank overdrafts	-	15,817	15,817
	146,994	73,677	220,671

All borrowings were denominated in Ringgit Malaysia and Singapore Dollar and were fully secured.

**7. CHANGES IN MATERIAL LITIGATION**

The Company and its subsidiary companies are not engaged, either as plaintiff or defendant, in any litigation which has a material effect since the date of the last annual statement of financial position to the date of this report. The Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and/or adversely affect the position or business of the Group.

**8. DIVIDEND**

No dividend has been proposed or declared for the current quarter.

**9. EARNINGS PER SHARE**

**a) Basic**

The basic earnings per share is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the financial period.

	<b>Current Year Quarter 30.06.2019</b>	<b>Preceding Year Corresponding Quarter 30.06.2018</b>	<b>Current Year To Date 30.06.2019</b>	<b>Preceding Year To Date 30.06.2018</b>
Profit/(Loss) attributable to owners of the Company (RM'000)	2,190	(8,464)	2,190	(8,464)
Number of ordinary shares in issue ('000)	454,676	454,676	454,676	454,676
Basic earnings per share (sen)	0.48	(1.86)	0.48	(1.86)

**b) Diluted**

ESOS granted and warrants are excluded from the diluted earnings per share calculation because their effects are anti-dilutive.

**10. PROFIT/(LOSS) BEFORE TAX**

The following items have been included in arriving at profit/(loss) before tax:

	<b>Current Year Quarter 30.06.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2018 RM'000</b>	<b>Current Year To Date 30.06.2019 RM'000</b>	<b>Preceding Year To Date 30.06.2018 RM'000</b>
<b>After Charging:</b>				
Interest expenses	800	1,381	800	1,381
Depreciation and amortisation	142	310	142	310
Property, plant and equipment written off	-	1	-	1
Loss on disposal of property, plant and equipment	1	-	1	-
Unrealised foreign exchange loss	429	-	429	-
<b>After Crediting:</b>				
Interest income	2,096	645	2,096	645
Allowance for doubtful debts no longer required	69	-	69	-
Gain on disposal of property, plant and equipment	-	3	-	3
Reversal of provision for sales incentives	55	-	55	-

There were no gain or loss on disposal of quoted investment, gain or loss on derivatives and exceptional items for the current quarter under review.

**11. AUTHORISATION FOR ISSUE**

These interim financial statements have been authorised by the Board of Directors for issuance in accordance with a resolution of the Directors duly passed at the Board of Directors' Meeting held on 29 August 2019.

By Order of the Board  
Chin Pei Fung (MAICSA 7029712)  
Company Secretary  
Selangor Darul Ehsan  
29 August 2019