



MGB BERHAD

Company No. 200201021504 (589167-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT 30 SEPTEMBER 2019

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
- FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter Ended 30-Sep-19 (Unaudited) RM'000	Preceding Year Quarter 30-Sep-18 (Unaudited) RM'000	Current Year To Date Ended 30-Sep-19 (Unaudited) RM'000	Preceding Year To Date Ended 30-Sep-18 (Unaudited) RM'000
Revenue		168,038	204,493	569,957	573,821
Cost of sales		(146,407)	(179,434)	(508,500)	(493,181)
Gross profit		21,631	25,059	61,457	80,640
Interest income		22	33	118	101
Other income		77	435	2,212	619
Operating expenses		(15,412)	(11,586)	(41,110)	(36,481)
Finance costs		(2,702)	(1,542)	(7,164)	(4,024)
Share of (loss)/ profit of an associate (net of tax)		(44)	9	(35)	*
Profit before tax		3,572	12,408	15,478	40,855
Taxation	B5	(868)	(4,382)	(6,882)	(12,637)
Profit after tax for the financial period		2,704	8,026	8,596	28,218
Other comprehensive income for the financial period		-	-	-	-
Total comprehensive income for the financial period		2,704	8,026	8,596	28,218
Profit/(Loss) for the financial period attributable to:					
Owners of the parent		3,008	8,017	10,116	28,227
Non-controlling interests		(304)	9	(1,520)	(9)
		2,704	8,026	8,596	28,218
Total comprehensive income/(loss) for the financial period attributable to:					
Owners of the parent		3,008	8,017	10,116	28,227
Non-controlling interests		(304)	9	(1,520)	(9)
		2,704	8,026	8,596	28,218
Earnings per share attributable to owners of the parent:					
Basic (Sen)	B10	0.60	1.61	2.03	5.69
Diluted (Sen)	B10	0.51	1.36	1.72	4.79

* Less than thousand , representing share of profit in an associate company of RM118

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 30 SEPTEMBER 2019

	Note	30 September 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment ("PPE")	A9	113,080	107,477
Capital work-in-progress		2,601	1,300
Deferred tax asset		395	-
Intangible assets		2,450	3,987
Investment properties		57,610	58,543
Investment in associates		61	96
Goodwill on consolidation		254,695	254,695
		430,892	426,098
Current Assets			
Inventories		32,944	57,618
Contract assets		121,497	120,443
Trade receivables		70,617	165,470
Other receivables		24,642	16,597
Amount due from related companies		260,971	234,858
Amount due from an associate		-	40
Tax recoverable		2,911	3,022
Fixed deposits with licensed banks		1,886	2,361
Cash held under Housing Development Accounts		2,536	683
Cash and bank balances		33,778	14,998
		551,782	616,090
TOTAL ASSETS		982,674	1,042,188

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 30 SEPTEMBER 2019 (cont'd)

	Note	30 September 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to owners of the parent:			
Share capital			
- Ordinary shares		325,821	325,503
- Irredeemable Convertible Preference Shares ("ICPS")		60,300	60,300
Warrant reserves		462	526
Asset revaluation reserve		4,747	4,747
Retained earnings		61,636	51,456
		452,966	442,532
Non-controlling interests		(911)	609
Total Equity		452,055	443,141
<u>LIABILITIES</u>			
Non-current Liabilities			
Bank borrowings	B7	51,158	61,966
Finance lease liabilities	B7	25,375	30,798
Deferred tax liabilities		2,981	3,626
		79,514	96,390
Current Liabilities			
Trade payables		268,658	280,242
Contract liabilities		23,139	24,458
Amount due to related companies		11,746	18,251
Other payables		49,945	38,786
Bank overdrafts	B7	13,308	13,781
Bank borrowings	B7	72,416	114,927
Finance lease liabilities	B7	11,436	10,166
Tax payable		457	2,046
		451,105	502,657
Total Liabilities		530,619	599,047
TOTAL EQUITY AND LIABILITIES		982,674	1,042,188
Net assets per share attributable to owners of the parent (RM)		0.91	0.89

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	←-----Attributable to owners of the parent-----→						Non-Distributable	Non-Controlling Interests	Total Equity
	Share Capital	ICPS	Warrant Reserves	Asset Revaluation Reserve	Retained Earnings	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group									
At 1 January 2019	325,503	60,300	526	4,747	51,456	442,532	609	443,141	
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	10,116	10,116	(1,520)	8,596	
Transactions with owners									
Issuance of ordinary shares pursuant to: - exercise of warrants	318	-	-	-	-	318	-	318	
Realisation of warrants reserves	-	-	(64)	-	64	-	-	-	
Total transactions with owners	318	-	(64)	-	64	318	-	318	
At 30 September 2019	325,821	60,300	462	4,747	61,636	452,966	(911)	452,055	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (cont'd)

	<-----Attributable to owners of the parent----->							
	<-----Non-Distributable----->			Assets	Retained	Total	Non-Controlling	
Group	Share Capital RM'000	ICPS RM'000	Warrant Reserves RM'000	Revaluation Reserve RM'000				Earnings RM'000
At 1 January 2018								
- as previously stated	322,982	60,300	1,030	4,903	18,879	408,094	2,388	410,482
- effect of adoption of MFRS 9	-	-	-	-	(375)	(375)	-	(375)
At 1 January 2018 (restated)	322,982	60,300	1,030	4,903	18,504	407,719	2,388	410,107
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	28,227	28,227	(9)	28,218
Transactions with owners								
Issuance of ordinary shares pursuant to:								
- exercise of warrants	2,479	-	-	-	-	2,479	-	2,479
Realisation of warrants reserves	-	-	(496)	-	496	-	-	-
Total transactions with owners	2,479	-	(496)	-	496	2,479	-	2,479
At 30 September 2018	325,461	60,300	534	4,903	47,227	438,425	2,379	440,804

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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

	As at 30-Sep-19 RM'000 (Unaudited)	As at 30-Sep-18 RM'000 (Unaudited)
Profit before tax	15,478	40,855
Adjustments for:		
Amortisation of intangible assets	1,537	2,008
Depreciation and amortisation of		
- PPE	8,605	5,207
- investment properties	933	933
Finance costs	7,164	4,024
PPE written off	-	159
Reversal of impairment losses on receivables	(12)	(195)
Gain on disposal of PPE	(42)	(2)
Interest income	(118)	(101)
Share of loss of an associate (net of tax)	35	*
Operating profit before working capital changes	33,580	52,888
Changes in working capital:		
Inventories	24,674	13,577
Receivables	86,871	(25,636)
Payables	(425)	55,638
Contract assets and contract liabilities	(2,373)	(92,020)
Related companies	(33,929)	(42,695)
	74,818	(91,136)
Cash generated from/ (used in) operations	108,398	(38,248)
Interest paid	(7,164)	(4,024)
Interest income	118	101
Income tax paid	(9,400)	(12,736)
	(16,446)	(16,659)
Net cash generated from/ (used in) operating activities	91,952	(54,907)

* Less than thousand , representing share of profit in an accociate company of RM118

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (cont'd)

	As at 30-Sep-19 RM'000 (Unaudited)	As at 30-Sep-18 RM'000 (Unaudited)
Cash flows from investing activities		
Net cash outflows from acquisition of subsidiary companies	-	(2,771)
Purchase of PPE	(9,328)	(24,938)
Proceeds from disposal of PPE	156	2
Investment in an associate	-	(15)
Net cash used in investing activities	(9,172)	(27,722)
Cash flows from financing activities		
Drawdown of term loans	126,821	89,629
Decreased of fixed deposits pledged	475	941
Proceeds from issuance of ordinary shares arising from conversion of warrants	318	2,479
Repayment of finance lease liabilities	(8,206)	(2,566)
Repayment of term loans	(181,083)	(9,694)
Net cash (used in)/ generated from financing activities	(61,675)	80,789
Net increase/ (decrease) in cash and cash equivalents	21,105	(1,840)
Cash and cash equivalents at the beginning of the financial period	1,178	5,470
Cash and cash equivalents at the end of the financial period	22,283	3,630
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	33,778	18,062
Cash held under Housing Development Accounts	2,536	135
Fixed deposits with licensed banks	1,886	3,392
Bank overdrafts	(13,308)	(13,844)
	24,892	7,745
Less: Fixed deposits pledged with licensed banks	(1,886)	(3,392)
Cash and bank balances pledged with a licensed bank	(723)	(723)
	22,283	3,630

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A1. Basis of Preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. These explanatory notes attached to the condensed 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 MGB Berhad ("the Company") and all its subsidiary companies (collectively known as "the Group") since the financial year ended 31 December 2018.

Basis of Accounting

The financial information has been prepared on the historical cost convention and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2018 except for the adoption of the following:

MFRS 16	Leases
Amendments to MFRS 9	Financial Instruments – Prepayment Features with Negative Compensation
Amendments to MFRS 128	Investment in Associates and Joint Ventures -Long-interest in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendment, Curtailment of Settlement
IC Interpretation 23	Uncertainty over Income Tax Treatment
Annual Improvements to MFRS Standards 2015-2017 Cycle	
<ul style="list-style-type: none"> • Amendments to MFRS 3 • Amendments to MFRS 11 • Amendments to MFRS 112 • Amendments to MFRS 123 	Business Combinations Joint Agreements: - Previously Held Interest in a Joint Operation Income Taxes – Consequences of Payments on Financial Instruments Classified as Equity Borrowing Costs – Borrowing Costs Eligible for Capitalisation

The initial application of the abovementioned new standards and amendments to standards did not have significant impacts on the financial statements of the Group and of the Company.

A2. Changes in Accounting Policies (Cont'd)

MFRS 16 - Lease

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee either finance leases (on statement of financial position) or operating lease (off statement of financial position).

The new requirements in MFRS 16 require a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with finance cost recognised in profit or loss.

The adoption of MFRS 16 has no financial impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group has not adopted the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board which are not yet effective for the Group. The Group intends to adopt the below mentioned new standards and amendments to standards when they become effective.

		<u>Effective date for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Business Combination – Definition of a Business	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	Deferred until further notice

The adoption of the abovementioned new standards and amendments to standards when they become effective are not expected to have significant impact on the financial statements of the Group and of the Company.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

A4. Segmental Information

The Group's reporting segments as described below are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The following summarised the operations in each of the Group's reportable segment:

- (i) Construction and trading – Design and build, civil engineering, general construction, piling activities, trading of construction materials and manufacturing of Industrialised Building System ("IBS") precast products.
- (ii) Property development – Development of residential and commercial properties.
- (iii) Others - Investment holding, hospitality and dormant.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

A4. Segmental Information (Cont'd)

30 September 2019 (Unaudited)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustment and eliminations RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	479,194	89,133	1,630	569,957	-	569,957
Inter-segment revenue	99,396	-	10	99,406	(99,406)	-
Total revenue	578,590	89,133	1,640	669,363	(99,406)	569,957
Results						
Interest income	62	54	2	118	-	118
Finance costs	(5,483)	-	(1,681)	(7,164)	-	(7,164)
Depreciation and amortisation	(8,709)	(5)	(824)	(9,538)	-	(9,538)
Amortisation of intangible assets	-	-	(1,537)	(1,537)	-	(1,537)
Share of loss of an associate (net of tax)	(35)	-	-	(35)	-	(35)
Segment profit/(loss) before tax	12,813	8,498	(5,833)	15,478	-	15,478
Taxation	(5,791)	(872)	(219)	(6,882)	-	(6,882)
Segment profit/(loss) after tax	7,022	7,626	(6,052)	8,596	-	8,596
Other non-cash items						
Gain on disposal of PPE	(42)	-	-	(42)	-	(42)
(Reversal) / impairment losses on receivables	(79)	67	-	(12)	-	(12)
Assets						
Additions to PPE	14,296	-	26	14,322	-	14,322
Segment assets	568,626	124,716	289,332	982,674	-	982,674
Liabilities						
Segment liabilities	464,991	36,466	29,162	530,619	-	530,619

A4. Segmental Information (Cont'd)

30 September 2018 (Unaudited)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustment and eliminations RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	510,669	61,443	1,709	573,821	-	573,821
Inter-segment revenue	75,354	-	8	75,362	(75,362)	-
Total revenue	586,023	61,443	1,717	649,183	(75,362)	573,821
Results						
Interest income	87	5	9	101	-	101
Finance costs	(2,956)	-	(1,068)	(4,024)	-	(4,024)
Depreciation and amortisation	(5,393)	(4)	(743)	(6,140)	-	(6,140)
Amortisation of intangible assets	-	-	(2,008)	(2,008)	-	(2,008)
Share of losses of an associate (net of tax)	*	-	-	*	-	*
Segment profit/(loss) before tax	39,733	5,848	(4,726)	40,855	-	40,855
Taxation	(11,808)	(1,298)	469	(12,637)	-	(12,637)
Segment profit/(loss) after tax	27,925	4,550	(4,257)	28,218	-	28,218
Other non-cash items						
PPE written off	159	-	-	159	-	159
Gain on disposal of PPE	(2)	-	-	(2)	-	(2)
Reversal of expected credit loss on receivables	(195)	-	-	(195)	-	(195)
Assets						
Additions to PPE	34,474	175	1,086	35,736	-	35,736
Segment assets	576,869	127,164	289,758	993,791	-	993,791
Liabilities						
Segment liabilities	484,154	36,605	32,228	552,987	-	552,987

* Less than thousand, representing share of profit in an associate company of RM118

A4. Segmental Information (Cont'd)

Segmental Performance (financial period ended 30 September 2019 against financial period ended 30 September 2018)

Construction and Trading

(i) Construction

The Group registered a lower revenue of RM479.19 million in current financial quarter as compared to RM510.67 million in the preceding year corresponding quarter.

The dip in revenue in the segment is consistent with a lower PAT of RM7.02 million as compared to previous year corresponding quarter of RM27.93 million. Low PAT in current financial period mainly attributable to soft profit margin from on-going construction projects and delays in replenishment of orderbook due to low property market sentiment. Net finance costs also rose from RM2.96 million in the preceding year to RM5.48 million current financial quarter, coupled with the increasing depreciation and amortisation expenses contributed to lower PAT.

Nevertheless, the Group will continue to implement rigorous cost control measures to safeguard the profit margin and remain competitive at the same time. The Group will focus on project execution this year to ensure our quality maintained while vigilantly participate in tender exercises.

(ii) Manufacturing and trading of precast products

The manufacturing and trading of precast products business is carried out by MGB SANY (M) IBS Sdn. Bhd. ("MGB SANY") to supply to the construction projects secured by its holding company, MITC Engineering Sdn. Bhd.

In current financial period, the business has generated internal revenue of approximately RM27.57 million compared to the preceding year corresponding quarter of RM11.33 million, representing a substantial hike of approximately RM16.24 million or 143.34%. Higher revenue achieved in current financial period as MGB SANY is concurrently supplying to two (2) projects from its plants located at Alam Perdana and Nilai as opposed to one (1) plant supplying to one (1) project in previous year. The manufacturing plant in Nilai has started operation since March 2019.

Against this backdrop, MGB SANY managed to narrow its loss to approximately RM0.39 million as at 30 September 2019, after eliminating inter-companies' transactions such as rental and management fee. The net loss was attributable to non-achievement of full economies of scale to support the operation cost, depreciation expenses and finance cost incurred to operate two (2) manufacturing plants. However, the Group is confident that the operation will complement the Group's core business, construction, and eventually will enhance the earnings in the long run through cost saving on preliminary expenses and labor.

Should the manufacturing and trading of precast products business contribute external revenue and profit in the future, it shall be reported separately as an individual reportable segment.

A4. Segmental Information (Cont'd)

Segmental Performance (financial period ended 30 September 2019 against financial period ended 30 September 2018) (Cont'd)

Property Development

The property development segment registered revenue of RM89.13 million and PAT of RM7.63 million in current financial quarter under review as compared to RM61.44 million and RM4.55 million respectively in preceding year corresponding quarter, representing growth of approximately 45.07% and 67.69% respectively.

The notable growth in revenue and PAT was driven predominantly by Laman Bayu (Phase 1 and Phase 2) with total 231 units of double storey terraces, developed by Multi Court Developers Sdn. Bhd. (“**MCDSB**”), which contributed combined new sales of RM21.10 million in the current financial period.

Others

The segmental losses of approximately RM6.05 million mainly due to depreciation and amortisation of PPE and intangible assets, finance cost and administrative expenses incurred by the Company and the hospitality business.

The hospitality business recorded a comparable revenue of RM1.63 million and RM1.71 million respectively in the current financial quarter and in preceding year corresponding quarter. Nevertheless, the operation profit has been fully mitigated by the depreciation and finance cost incurred amounting to approximately RM1.73 million.

A5. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flow that are unusual of their nature, size or incidence during the current quarter under review and financial period.

A6. Material Changes in Estimates

There were no material changes in estimates used for the preparation of the interim financial report.

A7. Seasonal or Cyclical Factors

The operations of the Group during the current quarter under review and financial period were not materially affected by any significant seasonal or cyclical factors.

A8. Dividends Paid

There were no dividends paid during the current quarter under review and financial period.

A9. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment carried out during the current financial period. Included in the property, plant and equipment are leasehold lands and buildings that are stated at revalued amount less accumulated depreciation and accumulated impairment losses.

A10. Debts and Equity Securities

Saved as disclosed below, there were no other issuances, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial period.

As at 30 September 2019, a total of 636,014 Warrants 2014/2019 were converted into ordinary shares at the exercise price of RM0.50 per warrant, which have resulted in 636,014 new ordinary shares being issued.

A11. Changes in Composition of the Group

Saved as disclosed below, there were no other changes in the composition of the Group during the financial period.

- a) On 17 June 2019, the Company has undertaken internal restructuring whereby Vintage Roofing & Construction Sdn. Bhd. ("**VRC**"), a wholly-owned subsidiary company of the Company, disposed 2 ordinary shares, representing the entire equity interest in Sinaran Kencana Sdn. Bhd. (formerly known as VTI Consortium Sdn. Bhd.), an indirect wholly-owned subsidiary company of the Company, to MGB Land Sdn. Bhd. ("**MGB Land**"), a wholly-owned subsidiary company of the Company, for consideration of Ringgit Malaysia Two only (RM2).
- b) On 28 June 2019, MGB Land, subscribed one (1) ordinary share in Idaman Aktif Sdn. Bhd. ("**IASB**") and Idaman Elegan Sdn. Bhd. ("**IESB**") respectively, representing entire equity interest in IASB and IESB, for consideration of Ringgit Malaysia One only (RM1) respectively, resulting in IASB and IESB became indirect wholly-owned subsidiary companies of the Company.
- c) On 28 August 2019, MGB Land, subscribed one (1) ordinary share in Idaman Living Sdn. Bhd. ("**ILSB**"), representing entire equity interest in ILSB, for consideration of Ringgit Malaysia One only (RM1), resulting in ILSB became indirect wholly-owned subsidiary company of the Company.

A12. Capital Commitments

Total capital commitments of the Group comprised of the followings:

	As at 30-Sep-19 RM'000	As at 30-Sep-18 RM'000
Authorised and contracted for :		
Sale and Purchase Agreement for - Property, plant and equipment	10,403	11,704
Purchase Order for - Interior design and renovation works	2,230	256
	2,230	256

A13. Subsequent Events

There were no subsequent events as at 14 November 2019, being the latest practicable date ("LPD"), which shall not be earlier than 7 days from the date of issuance of this interim financial report.

A14. Changes in Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

	As at 30-Sep-19 RM'000	As at 30-Sep-18 RM'000
Bank guarantees issued for:		
- Construction Contracts	3,561	12,770
- Property Development	2,145	560
- Others	8	8
	5,713	13,338

(b) Contingent Assets

There were no contingent assets as at the current financial period.

A15. Significant Related Party Transactions

The transactions with companies in which certain Directors are common directors and/or have interest or deemed interest for the current financial period were summarised as follows:

	As at 30-Sep-19 RM'000	As at 30-Sep-18 RM'000
Income		
Contract revenue	360,408	425,000
Expenses		
Purchase of materials	19,282	27,691
Rental of premises	37	51

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Group Performance

	Individual				Cumulative			
	Period Ended	Period Ended			Period Ended	Period Ended		
	30-Sep-19	30-Sep-18	Variance		30-Sep-19	30-Sep-18	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	168,038	204,493	(36,455)	-17.83%	569,957	573,821	(3,864)	-0.67%
Profit before tax ("PBT")	3,572	12,408	(8,836)	-71.21%	15,478	40,855	(25,377)	-62.11%
Profit after tax ("PAT")	2,704	8,026	(5,322)	-66.31%	8,596	28,218	(19,622)	-69.54%

Individual Period

Higher revenue and PAT recorded in the individual financial period ended 30 September 2018 mainly due to the recognition of variation order and profit upon finalisation of several major projects. Furthermore, finance cost and depreciation expenses were comparatively lower in 2018 as the manufacturing and trading of precast business only started in March 2018 with one (1) plant in operation.

Cumulative Period

For the cumulative financial period ended 30 September 2019, the Group recorded revenue of approximately RM569.96 million, representing a reduction of approximately RM3.86 million compared to the preceding year corresponding period.

The movement of the revenue mainly attributable to the increase recorded in property development segment of approximately RM27.69 million but mitigated by the decrease recorded in construction segment of approximately RM31.48 million.

The Group's overall PAT was adversely impacted by the soft profit margin from on-going construction projects and the increase in operation cost, finance cost and depreciation as a result of previous year business expansion. The development profit from newly launched project, Laman Bayu, also relatively lower compared to maiden project due to different product type launched.

In terms of segmental assets and liabilities, construction and trading segment remains as the top contributor with total assets of approximately RM568.63 million or 57.87% and total liabilities of RM464.99 million or 87.63% respectively out of the total Group's assets of RM982.67 million and Group's liabilities of RM530.62 million as at 30 September 2019.

B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 30-Sep-19	Preceding Quarter Ended 30-Jun-19	Variance	
	RM'000	RM'000	RM'000	%
Revenue	168,038	198,317	(30,279)	-15.27%
Profit before tax ("PBT")	3,572	6,614	(3,042)	-45.99%
Profit after tax ("PAT")	2,704	3,814	(1,110)	-29.10%

Compared to immediate preceding quarter, the decrease in revenue and PAT was mainly attributable to low contribution from construction segment.

The movement of the revenue and PAT were as follows.

	Current Quarter Ended 30-Sep-19 (RM'million)	Current Quarter Ended 30-Jun-19 (RM'million)
Construction Segment		
Revenue	135.16	169.37
PAT	2.07	3.43

B3. Prospects for the Year

Despite the challenging global economy environment mainly arising from the US-China trade dispute and the uncertainty on Brexit, Malaysia expects to sustain an economic growth rate of 4.3% to 4.8% in the year of 2019, underpinned by continued expansion on private sector activity.

The Board believes that the key actions plans announced by the Government in the National Housing Policy 2018-2025 such as initiative of building one (1) million affordable houses in 10 years or 100,000 units per year would bring positive impact to property market. The concept of pre-fabrication (under precast concrete) for building affordable houses is strongly recommended and recognised by the Government as an effective method that will substantially reduce the reliance on labour and delivering high quality products in a timely and cost-effective manner.

The Group continued to implement all-round growth strategies combining organic growth and internal integration with emphasis on 'Innovation'. In line with its innovation-driven strategy, the timely transformation on the further adoption of Industrialised Building System (IBS) via setting up of precast concrete plants in Nilai and Alam Perdana is poised to sharpen the Group's competitive edge in tendering and securing construction projects, particularly in affordable homes projects. The Group hopes to work hand in hand with the Government and strike to become the preferred collaboration partner for long term business opportunities.

Construction will continue to be the core driver to the Group's performance on the back of its outstanding order book of RM1.52 billion as at 30 September 2019. The Group targets to replenish quality order book by undertaking prudent execution of project management strategies.

B3. Prospects for the Year (Cont'd)

The Board and Management will constantly review all functions within the Group vigilantly and to consolidate effectively in order to increase efficiency which drive cost saving that will improve profitability.

Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group will perform satisfactorily in the coming year.

B4. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee issued by the Group to the public.

B5. Taxation

The effective tax rate was higher than the statutory tax rate of 24% as certain expenses were disallowed for tax deduction under income tax regulations.

	Individual Quarter 30-Sep-19 RM'000	Current Year to Date 30-Sep-19 RM'000
Income Tax:		
- Current period	1,127	7,271
- Prior year	508	652
	1,635	7,923
 Deferred Tax:		
- Current period	26	(248)
- Prior year	(793)	(793)
Total Taxation	868	6,882

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced that are yet to be completed as at LPD.

B7. Borrowings and Debt Securities

Total borrowings of the Group comprised of the followings:

	As at 30-Sep-19 RM'000 (Unaudited)	As at 30-Sep-18 RM'000 (Unaudited)
Secured Bank Borrowings		
Term loans	123,574	164,352
Bank overdrafts	13,308	13,844
Finance lease liabilities	36,811	16,667
Total Bank Borrowings	173,693	194,863
Short Term Borrowings		
Term loans	72,416	99,519
Bank overdrafts	13,308	13,844
Finance lease liabilities	11,436	4,934
Total Short Term Borrowings	97,160	118,297
Long Term Borrowings		
Term loans	51,158	64,833
Finance lease liabilities	25,375	11,733
Total Long Term Borrowings	76,533	76,566

All borrowings were dominated in Ringgit Malaysia ("RM").

B8. Changes in Material Litigation

There was no material litigation as at LPD, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

B9. Dividends Declared

No dividend has been declared for the current quarter under review and the financial period.

B10. Earnings Per Share (“EPS”)

Basic EPS

The calculation of the basic earnings per share is based on the profit attributable to the owners of the parent and divided by the weighted average number of ordinary shares in issue: -

	Individual Quarter Ended		Year to Date Ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Profit attributable to owners of the parent (RM'000)	3,008	8,017	10,116	28,227
Weighted average number of ordinary shares in issue ('000)	497,341	496,804	497,112	495,778
Basic EPS (Sen)	0.60	1.61	2.03	5.69

Diluted EPS

The calculation of the diluted earnings per share is based on the profit attributable to the owners of the parent and divided by the weighted average number of ordinary shares that would have been issued upon full exercise of the remaining option under warrants, adjusted for the number of such shares that would have been issued at fair value: -

	Individual Quarter Ended		Year to Date Ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Profit attributable to owners of the parent (RM'000)	3,008	8,017	10,116	28,227
Weighted average number of ordinary shares in issue ('000)	497,341	496,804	497,112	495,778
Effect of conversion of warrants ('000)	1,387	3,088	1,387	3,088
Effect of conversion of ICPS ('000)	90,000	90,000	90,000	90,000
	588,728	589,892	588,499	588,866
Diluted EPS (Sen)	0.51	1.36	1.72	4.79

B11. Notes to the condensed consolidated Statement of Profit or Loss and Other Comprehensive Income

	Current Quarter Ended 30-Sep-19 RM'000	Current Year To Date Ended 30-Sep-19 RM'000
Interest income	(22)	(118)
Gain on disposal of PPE	(2)	(42)
Reversal of impairment losses on receivables	1	(12)
Rental income	(114)	(119)
Amortisation of intangible assets	638	1,537
Amortisation of investment properties	311	933
Depreciation of PPE	3,082	8,605
Finance costs	2,702	7,164

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 21 November 2019.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)