



MGB BERHAD

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2020

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
- FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter Ended 31-Dec-20 (Unaudited) RM'000	Preceding Year Quarter Ended 31-Dec-19 (Unaudited) RM'000	Current Year To Date Ended 31-Dec-20 (Unaudited) RM'000	Preceding Year To Date Ended 31-Dec-19 (Audited) RM'000
Revenue		181,574	184,378	563,274	756,145
Cost of sales		(157,392)	(162,454)	(487,010)	(675,753)
Gross profit		24,182	21,924	76,264	80,392
Interest income		198	38	481	156
Other income		312	271	4,382	2,482
Operating expenses		(14,704)	(14,332)	(51,284)	(52,478)
Finance costs		(1,633)	(2,606)	(7,336)	(9,701)
Share of (loss) /profit of an associate (net of tax)		(6)	111	188	55
Profit before tax		8,349	5,406	22,695	20,906
Taxation	B5	(2,567)	(1,581)	(9,110)	(8,425)
Profit after tax for the financial year		5,782	3,825	13,585	12,481
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive income for the financial year		5,782	3,825	13,585	12,481
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		5,628	3,303	13,951	13,491
Non-controlling interests		154	522	(366)	(1,010)
		5,782	3,825	13,585	12,481
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		5,628	3,303	13,951	13,491
Non-controlling interests		154	522	(366)	(1,010)
		5,782	3,825	13,585	12,481
Earnings per share attributable to owners of the parent:					
Basic (Sen)	B10	1.12	0.66	2.78	2.71
Diluted (Sen)	B10	0.95	0.56	2.36	2.29

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 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 31 DECEMBER 2020

	Note	31 December 2020 (Unaudited) RM'000	31 December 2019 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment ("PPE")	A9	25,180	24,226
Right-of-use assets ("ROU")		87,319	87,341
Intangible assets		347	1,828
Investment properties		39,872	57,298
Capital work-in-progress		-	3,901
Investment in associates		338	151
Goodwill on consolidation		254,695	254,695
		407,751	429,440
Current Assets			
Inventories		10,924	19,707
Contract assets		63,196	146,396
Trade receivables		41,049	67,258
Other receivables		16,943	19,417
Amount due from related companies		345,908	248,439
Amount due from an associate		7	12
Tax recoverable		2,004	1,809
Fixed deposits with licensed banks		3,637	3,000
Cash held under Housing Development Accounts		34,619	1,896
Cash and bank balances		31,811	28,204
		550,098	536,138
Asset held for sale		-	3,000
		550,098	539,138
TOTAL ASSETS		957,849	968,578

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The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 31 DECEMBER 2020 (cont'd)

	Note	31 December 2020 (Unaudited) RM'000	31 December 2019 (Audited) RM'000
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to owners of the parent:			
Share capital			
- Ordinary shares		327,886	327,886
- Irredeemable Convertible Preference Shares ("ICPS")		60,300	60,300
Other reserve		(1,684)	(1,684)
Asset revaluation reserve		4,159	4,591
Retained earnings		80,004	65,621
		470,665	456,714
Non-controlling interests		692	1,058
Total Equity		471,357	457,772
<u>LIABILITIES</u>			
Non-current Liabilities			
Loans and borrowings	B7	19,651	35,636
Lease liabilities	B7	21,092	23,563
Deferred tax liabilities		2,182	1,911
		42,925	61,110
Current Liabilities			
Trade payables		212,015	255,891
Contract liabilities		52,617	40,649
Amount due to related companies		13,073	10,352
Other payables		30,960	42,405
Amount due to an associate		69	7
Bank overdrafts	B7	3,720	12,282
Loans and borrowings	B7	119,507	75,990
Lease liabilities	B7	11,426	11,903
Tax payable		180	217
		443,567	449,696
Total Liabilities		486,492	510,806
TOTAL EQUITY AND LIABILITIES		957,849	968,578
Net assets per share attributable to owners of the parent (RM)		0.94	0.91

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<-----Attributable to owners of the parent----->						Non-Controlling Interests RM'000	Total Equity RM'000
	<-----Non-Distributable----->							
Group	Share Capital RM'000	ICPS RM'000	Asset Revaluation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000		
At 1 January 2020	327,886	60,300	4,591	(1,684)	65,621	456,714	1,058	457,772
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	13,951	13,951	(366)	13,585
Realisation of asset revaluation reserve	-	-	(432)	-	432	-	-	-
At 31 December 2020	327,886	60,300	4,159	(1,684)	80,004	470,665	692	471,357

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

Group	Attributable to owners of the parent						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	ICPS RM'000	Warrant Reserve RM'000	Asset Revaluation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000			
At 1 January 2019	325,503	60,300	526	4,747	-	51,448	442,524	609	443,133
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	-	13,491	13,491	(1,010)	12,481
Changes of stakes in a subsidiary company	-	-	-	-	(826)	-	(826)	601	(225)
Changes in equity interest	-	-	-	-	(858)	-	(858)	858	-
Realisation of asset revaluation reserve	-	-	-	(156)	-	156	-	-	-
Transactions with owners									
Issuance of ordinary shares pursuant to: - exercise of warrants	2,383	-	-	-	-	-	2,383	-	2,383
Realisation of warrants reserves	-	-	(526)	-	-	526	-	-	-
Total transactions with owners	2,383	-	(526)	-	-	526	2,383	-	2,383
At 31 December 2019	327,886	60,300	-	4,591	(1,684)	65,621	456,714	1,058	457,772

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 2019 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	As at 31-Dec-20 RM'000 (Unaudited)	As at 31-Dec-19 RM'000 (Audited)
Profit before tax	22,695	20,906
Adjustments for:		
Amortisation of intangible assets	1,481	2,159
Depreciation and amortisation of		
- PPE	5,814	5,676
- investment properties	999	1,244
- ROU	7,596	6,592
Impairment losses on:		
- contract assets	-	157
- trade receivables	99	36
- other receivables	-	42
- related companies	63	7
Finance costs	7,336	9,701
Reversal of impairment losses on:		
- trade receivables	(14)	(77)
Gain on disposal of:		
- Investment properties	(2,660)	-
- PPE	(365)	(207)
- ROU	(258)	-
Interest income	(481)	(156)
Share of profit of an associate (net of tax)	(188)	(55)
Operating profit before working capital changes	42,117	46,025
Changes in working capital:		
Inventories	8,783	34,911
Receivables	28,598	95,390
Payables	(26,521)	(21,135)
Contract assets and contract liabilities	95,168	(9,920)
Related companies	(97,758)	(24,087)
Associate	67	35
	8,337	75,194
Cash generated from operations	50,454	121,219
Interest paid	(7,336)	(9,701)
Interest income	481	156
Income tax refund	43	-
Income tax paid	(9,113)	(10,756)
	(15,925)	(20,301)
Net cash generated from operating activities	34,529	100,918

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

	As at 31-Dec-20 RM'000 (Unaudited)	As at 31-Dec-19 RM'000 (Audited)
Cash flows from investing activities		
Net cash outflows from acquisition of subsidiary companies	-	(225)
Purchase of:		
-PPE	(6,442)	(8,588)
-ROU	(2,531)	(1,153)
Proceeds from disposal of PPE	233	485
Proceeds from disposal of ROU	541	-
Net cash used in investing activities	(8,199)	(9,481)
Cash flows from financing activities		
Drawdown of bank borrowings	267,466	162,604
Decrease/(increase) of cash and bank balances pledged	789	(67)
Increase of fixed deposits pledged	(637)	(638)
Proceeds from issuance of ordinary shares arising from conversion of warrants	-	2,383
Repayment of lease liabilities	(8,332)	(11,140)
Repayment of bank borrowings	(239,935)	(228,728)
Net cash generated from/(used in) financing activities	19,351	(75,586)
Net increase in cash and cash equivalents	45,681	15,851
Cash and cash equivalents at the beginning of the financial year	17,029	1,178
Cash and cash equivalents at the end of the financial year	62,710	17,029
Cash and cash equivalents at the end of the financial year comprise:		
Cash and bank balances	31,811	28,205
Cash held under Housing Development Accounts	34,619	1,895
Fixed deposits with licensed banks	3,637	3,000
Bank overdrafts	(3,720)	(12,282)
	66,347	20,818
Less: Fixed deposits pledged with licensed banks	(3,637)	(3,000)
Cash and bank balances pledged with a licensed bank	-	(789)
	62,710	17,029

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2019. 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 2019.

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 2019 except for the adoption of the following:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3

Amendments to MFRS 3

Amendments to MFRS 9, MFRS 139 and MFRS 7

Amendments to MFRS 101 and MFRS 108

Reference to the Conceptual Framework

Definition of a Business

Interest Rate Benchmark Reform

Definition of Material

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.

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A2. Changes in Accounting Policies (Cont'd)

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>
Amendment to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	17 August 2020
MFRS 101	Classification of Liabilities as Current or Non-current – Deferral of Effective Date	17 August 2020
MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRSs	Standards 2018-2020	1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 17		
• Amendments to MFRS 141		
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investors and its Associates or Joint Venture	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 2019 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 and dormant.

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A4. Segmental Information (Cont'd)

31 December 2020 (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	479,136	83,652	486	563,274	-	563,274
Inter-segment revenue	95,937	-	1	95,938	(95,938)	-
Total revenue	575,073	83,652	487	659,212	(95,938)	563,274
Results						
Interest income	274	204	3	481	-	481
Finance costs	(5,699)	(1)	(1,636)	(7,336)	-	(7,336)
Depreciation and amortisation	(13,857)	(69)	(483)	(14,409)	-	(14,409)
Amortisation of intangible assets	-	-	(1,481)	(1,481)	-	(1,481)
Share of profit of associates (net of tax)	188	-	-	188	-	188
Segment profit/(loss) profit before tax	10,326	14,400	(2,031)	22,695	-	22,695
Taxation						(9,110)
Profit after tax						13,585
Other non-cash items						
Gain on disposal of:						
- PPE	(82)	-	(283)	(365)	-	(365)
- Investment properties	-	-	(2,660)	(2,660)	-	(2,660)
- ROU	(258)	-	-	(258)	-	(258)
Impairment losses on receivables	49	99	-	148	-	148
Assets						
Additions to PPE	9,325	75	-	9,400	-	9,400
Additions to ROU	7,915	-	-	7,915	-	7,915
Segment assets	605,502	94,124	258,223	957,849	-	957,849
Liabilities						
Segment liabilities	449,637	22,968	13,887	486,492	-	486,492

A4. Segmental Information (Cont'd)

31 December 2019 (Audited)

	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	631,021	122,603	2,521	756,145	-	756,145
Inter-segment revenue	134,638	-	10	134,648	(134,648)	-
Total revenue	765,659	122,603	2,531	890,793	(134,648)	756,145
Results						
Interest income	84	68	4	156	-	156
Finance costs	(7,468)	(8)	(2,225)	(9,701)	-	(9,701)
Depreciation and amortisation	(12,309)	(106)	(1,097)	(13,512)	-	(13,512)
Amortisation of intangible assets	-	-	(2,159)	(2,159)	-	(2,159)
Share of profit of associates	55	-	-	55	-	55
Segment profit/(loss) before tax	14,885	11,457	(5,436)	20,906	-	20,906
Taxation						(8,425)
Profit after tax						12,481
Other non-cash items						
Impairment losses on:						
- contract assets	157	-	-	157	-	157
- trade receivables	1	35	-	36	-	36
- other receivables	42	-	-	42	-	42
- amount due from related companies	7	-	-	7	-	7
Gain on disposal of PPE	(207)	-	-	(207)	-	(207)
Reversal of impairment losses on trade receivables	(41)	(36)	-	(77)	-	(77)
Assets						
Additions to non-current assets	18,887	82	29	18,997	-	18,997
Segment assets	564,638	116,052	287,887	968,578	-	968,578
Liabilities						
Segment liabilities	450,185	32,144	28,477	510,806	-	510,806

A4. Segmental Information (Cont'd)

Segmental Performance (financial year ended 31 December 2020 against financial year ended 31 December 2019)

Construction and Trading

(i) Construction

The segment recorded a lower revenue of RM479.14 million in current financial year as compared to revenue of RM631.02 million in the preceding year, representing a decline of approximately RM151.88 million or 24.07%.

The lower revenue was attributed to the enforcement of various phases of Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") by the Government of Malaysia, in order to curtail the outbreak of Coronavirus 19 ("COVID-19") pandemic.

All construction sites were required to shut down during MCO period while only 50% capacity allowed during CMCO. This unprecedented nature of disruption has resulted in comparatively low construction progress achieved compared to previous year.

Recovery Movement Control Order ("RMCO") was introduced in August 2020 and extended till 31 December 2020. During the RMCO, construction activities picked up pace and gained momentum, allowing higher recognition of construction progress in the second half of 2020. Despite the improvement in construction progress, the segment only achieved profit before tax of RM10.33 million as compared to RM14.89 million in the preceding year, representing a decrease of approximately RM4.56 million in line with the lower segmental revenue recognized.

(ii) Manufacturing and trading of precast products

The manufacturing segment recorded internal revenue of approximately RM34.17 million compared to the preceding year of RM41.64 million, representing a drop of approximately RM7.47 million or 17.94%.

Lower revenue achieved in current financial year due to closure of factories and suspension of production activities in compliance with MCO as opposed to capacity from 2 plants located at Alam Perdana and Nilai respectively which operated in full swing in the preceding year.

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.

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A4. Segmental Information (Cont'd)

Segmental Performance (financial year ended 31 December 2020 against financial year ended 31 December 2019)

Property Development

Overall, the property development posted a decrease in revenue of approximately RM38.95 million or 31.77% as evident from the maiden project, Zenopy Residences, where revenue dropped by approximately RM61.47 million. However, the decrease was partially mitigated by higher revenue contribution from another development project, Laman Bayu, after all phases have been opened for sales in 2020. Laman Bayu has generated revenue of RM55.55 million representing approximately RM22.51 million higher than financial year ended 2019 of RM33.04 million.

Notwithstanding the decrease in revenue, balance profit from Zenopy Residences has been unlocked and realised following the delivery of vacant possession of Phase 2 in December 2020. Coupled with the advanced progression achieved by Laman Bayu Phase 1 & 2 and savings in finance cost due to lower interest rate and rapid redemption, PBT for the segment has registered a growth of 25.65% or RM2.94 million in current financial year of RM14.40 million as compared to preceding financial year of RM11.46 million.

Others

The segment reported loss of approximately RM2.03 million in current financial year, narrowed down from preceding year loss of RM5.44 million. The improvement in performance was attributed by the recognition of one-time gain from disposal of investment properties and PPE of approximately RM2.94 million under the hospitality business. Following the disposal of the properties, the group has ceased the hospitality business and saved on fix expenses incurred such as depreciation, finance cost and staff expenses. Other expenses incurred under this segment including the amortisation of intangible assets, finance cost and administrative expenses incurred by the Company.

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 year.

A6. Material Changes in Estimates

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

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A7. Seasonal or Cyclical Factors

The operations of the Group during the current quarter under review and financial year 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 year.

A9. Valuation of PPE and ROU

There were no valuation of PPE and ROU carried out during the current quarter under review.

Included in the ROU are leasehold lands and buildings that are stated at revalued amount less accumulated depreciation and accumulated impairment losses.

A10. Debts and Equity Securities

There was no issue, repurchase and repayment of debt and equity securities during the financial year.

A11. Changes in Composition of the Group

There were no other changes in the composition of the Group during the financial year.

A12. Capital Commitments

Total capital commitments of the Group comprised of the followings:

	As at 31-Dec-20 RM'000	As at 31-Dec-19 RM'000
<u>Authorised and contracted for :</u>		
Sale and Purchase Agreement for		
- Property, plant and equipment	-	9,103
Joint Venture Agreement for		
- Settlement units to landowner	4,950	-
Purchase Order for		
- Interior design and renovation works	320	1,029
	320	1,029

A13. Subsequent Events

There were no subsequent events as at 16 February 2021, being the latest practicable date (“LPD”), which shall not be earlier than seven (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 31-Dec-20	As at 31-Dec-19
	RM'000	RM'000
Bank guarantees issued for:		
- Construction Contracts	3,633	3,561
- Property Development	2,415	2,145
- Others	8	8
	6,056	5,714

(b) Contingent Assets

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

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 year were summarised as follows:

	As at 31-Dec-20	As at 31-Dec-19
	RM'000	RM'000
Income		
Contract revenue	507,288	511,570
Expenses		
Contractor's fee	3,044	-
Purchase of materials	17,898	23,434
Renovation works	706	-
Purchase of properties	21,350	-
Rental of premises	-	45
	-	45

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

B1. Review of Group Performance

	Individual				Cumulative			
	Period Ended	Period Ended	Variance		Year Ended	Year Ended	Variance	
	31-Dec-20	31-Dec-19	RM'000	%	31-Dec-20	31-Dec-19	RM'000	%
Revenue	181,574	184,378	(2,804)	-1.52%	563,274	756,145	(192,871)	-25.51%
Profit before tax ("PBT")	8,349	5,406	2,943	54.44%	22,695	20,906	1,789	8.56%
Profit after tax ("PAT")	5,782	3,825	1,957	51.16%	13,585	12,481	1,104	8.85%

Individual Period

The Group posted PBT of RM8.35 million in the current individual quarter, a marked improvement of RM2.94 million or 54.44% as compared to preceding year corresponding quarter. The main contributors to the improved results were from the segments explained below.

(a) Construction

The construction segment PBT improved by approximately RM2.27 million for current quarter as compared to preceding year corresponding quarter (4Q 2020: RM4.34 million, 4Q 2019: RM2.07 million). Movement restrictions were eased following the RMCO and all construction projects were able to resume and this increased the momentum to catch up on slow down caused by MCO and CMCO. Correspondingly, higher profit realized due to rapid progress. Low PBT in preceding corresponding individual quarter partly due to delays in replenishment of orderbooks and some projects were at their starting stage.

(b) Property development

The property development segment registered growth of approximately RM2.02 million (4Q 2020: RM4.98 million, 4Q 2019: RM2.96 million) in PBT as a result of the encouraging sales from Laman Bayu Phase 2 upon all phases open for sales during the year coupled with satisfactory progression of the project and on-time delivery of vacant possession of Zenopy Residences in December 2020.

Year to Date ("YTD")

Revenue for the current YTD decreased by approximately RM192.87 million or 25.51% as compared to previous financial year. The drop in revenue was caused by the MCO and CMCO whereby construction progress was hampered and operated at 50% efficiency amid the Covid-19 pandemic.

Despite the challenging operating environment posed by Covid-19 pandemic, the Group embarked on cost rationalisation from the continuing operational savings and staff efficiency in a bid to improve performance. All construction projects have been at their maximum capacity as soon as RMCO implemented to catch up the work-done which correspondingly unlock the profit. As a result, the Group managed to achieve PBT and PAT of RM22.70 million and RM13.59 million respectively for current YTD, representing marginal growth of 8.56% and 8.85% respectively as compared to previous financial year.

B1. Review of Group Performance (Cont'd)

In term of segmental assets and liabilities, construction and trading segment remains as the top contributor with total assets of approximately RM605.50 million or 63.21% and total liabilities of RM449.64 million or 92.42% respectively out of the total Group's assets of RM957.85 million and Group's liabilities of RM486.49 million as at 31 December 2020.

B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 31-Dec-20	Preceding Quarter Ended 30-Sep-20	Variance	
	RM'000	RM'000	RM'000	%
Revenue	181,574	165,219	16,355	9.90%
Profit before tax ("PBT")	8,349	7,799	550	7.05%
Profit after tax ("PAT")	5,782	5,643	139	2.46%

The business activities in current and preceding quarter have fully resumed and picked up in pace. Despite increase in revenue, the result has been moderated by comparatively higher overhead and staff expenses recorded in current quarter. Thus, the Group has posted comparable result in respect of PBT and PAT for current quarter under review and immediate preceding quarter.

B3. Prospects for the Next Financial Year

The Malaysian economy was adversely affected by the Covid-19 pandemic, registering a contraction of 4.5 percent in 2020 whereby construction sector specifically suffered a massive 18.7 percent decline, in a year plagued by MCO and CMCO which restricted business operations and activities.

However, the Malaysian economy is forecasted to grow between 6.5 to 7.5 percent in 2021, with the construction sector contributing the major share at 13.9 percent. *(sourced: economic outlook 2021 by Ministry of Finance)*

To this end, the Government has been rigorous in implementing various stimulus packages to support the people and rejuvenate the economy. Amongst the stimulus packages introduced were PRIHATIN, PRIHATIN SME PLUS, PENJANA and KITA PRIHATIN, designed to provide aid in the form of wages subsidy, moratorium on loan repayment, extension of time for statutory contribution, tax revision, levies reduction and others.

The recently announced Budget 2021 also introduced wages subsidies for a period of six months to construction sectors with heavy reliance on foreign workers to replace with local workers. In addition, in a bid to boost home ownership, the stamp duty exemption limit has been increased from RM300,000 to RM500,000 to assist more Malaysians to own their first residential property. As the first property owner, the exemption of 100% stamp duty are given to both the instrument of transfer (also known as the MOT or DOA) and the loan agreement.

B3. Prospects for the Next Financial Year (Cont'd)

With all these initiatives from the Government coupled with the planned Covid-19 vaccination program to cover at least 80% of the Malaysian population by end of 2021, the Board remain hopeful that consumer confidence and sentiment will gradually turn positive in 2021. Backing by multiple developments for Idamanku via joint ventures entered last two years, the Group will leverage on these introduced opportunities amid favourable low interest rate environment to expand its foot print in the development of affordable housings.

Notwithstanding the above, moving forward, digitalisation will inevitably take centre stage and the Group intends to invest reasonably and explore digital marketing initiatives and virtual events to engage with its customers.

Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group will perform satisfactorily in year 2021.

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 31-Dec-20 RM'000	Current Year to Date 31-Dec-20 RM'000
Income Tax:		
- Current period	2,946	9,528
- Prior year	(689)	(689)
	2,257	8,839
Deferred Tax:		
- Current period	11	(28)
- Prior year	299	299
Total Taxation	2,567	9,110

B6. Status of Corporate Proposals Announced

Saved as disclosed below, there were no corporate proposals announced that are yet to be completed as at LPD.

- (a) On 27 May 2019, the Company together with PNSB Construction Sdn. Bhd. (collectively referred to as “the Consortium”), has entered into a Development Rights Agreement (“DRA”) with Must Ehsan Development Sdn. Bhd. for the development on three (3) parcels of leasehold lands all situated in Seksyen 7, Bandar Shah Alam, Daerah Petaling, Negeri Selangor subject to and upon the terms and conditions of the DRA. This DRA has not been completed as the conditions precedent therein have not been complied.
- (b) On 24 January 2020, the Consortium together with Idaman Living Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had entered into a Development Rights Agreement with Solid Benefit Sdn. Bhd. and Eco Green City Sdn. Bhd. to develop all that piece of ninety-nine (99) years leasehold land expiring on 1 February 2104 held under PN 116631 Lot 120760 (previously held under H.S.(D) 43589, PT 54535) in Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 4.882 hectares into affordable homes under Rumah Selangorku Idaman scheme (“Proposed DRA”). The Proposed DRA has not been completed as the conditions precedent therein have not been complied.
- (c) On 24 January 2020, the Consortium together with Idaman Aktif Sdn. Bhd., an indirect wholly owned subsidiary of the Company have entered into a Joint Venture Agreement with Abadi Man Nien Sdn. Bhd. to jointly develop all that two (2) pieces of leasehold lands of ninety-nine (99) years, both expiring on 14 May 2091 held under H.S.(M) 22704, PT 49907, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 8,743 square meters and H.S.(M) 22705, PT 49908, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 15,769 square meters into affordable housing homes under Rumah Selangorku Idaman scheme (“Proposed JVA”). The Proposed JVA has not been completed as the conditions precedent therein have not been complied.

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B7. Borrowings and Debt Securities

Total borrowings of the Group comprised of the followings:

	As at 31-Dec-20 RM'000 (Unaudited)	As at 31-Dec-19 RM'000 (Audited)
Secured		
Term loans	104,144	76,607
Revolving credits	35,014	35,019
Bank overdrafts	3,720	12,282
Lease liabilities	32,518	35,466
Total	175,396	159,374
Current		
Term loans	84,493	40,971
Revolving credits	35,014	35,019
Bank overdrafts	3,720	12,282
Lease liabilities	11,426	11,903
Total	134,653	100,175
Non-current		
Term loans	19,651	35,636
Lease liabilities	21,092	23,563
Total	40,743	59,199

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 year.

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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	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit attributable to owners of the parent (RM'000)	5,628	3,303	13,951	13,491
Weighted average number of ordinary shares in issue ('000)	501,653	500,794	501,653	498,040
Basic EPS (Sen)	1.12	0.66	2.78	2.71

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	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit attributable to owners of the parent (RM'000)	5,628	3,303	13,951	13,491
Weighted average number of ordinary shares in issue ('000)	501,653	500,794	501,653	498,040
Effect of conversion of ICPS ('000)	90,000	90,000	90,000	90,000
	591,653	590,794	591,653	588,040
Diluted EPS (Sen)	0.95	0.56	2.36	2.29

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

	Current Quarter Ended 31-Dec-20 RM'000	Current Year To Date Ended 31-Dec-20 RM'000
Interest income	(198)	(481)
Rental income	(35)	(47)
Reversal of impairment losses on receivables	(14)	(14)
Gain on disposal of:		
- Investment properties	-	(2,660)
- PPE	37	(365)
- ROU	-	(258)
Impairment losses on receivables	141	162
Amortisation of intangible assets	485	1,481
Amortisation of investment properties	221	999
Depreciation of PPE	1,444	5,814
Depreciation of ROU	2,018	7,596
Finance costs	1,633	7,336

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 23 February 2021.

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