



MGB BERHAD

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

INTERIM FINANCIAL REPORT 31 MARCH 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	Individual Quarter		Cumulative Period	
	Current Year Quarter Ended 31-Mar-21 (Unaudited) RM'000	Preceding Year Quarter Ended 31-Mar-20 (Restated) RM'000	Current Year To Date Ended 31-Mar-21 (Unaudited) RM'000	Preceding Year To Date Ended 31-Mar-20 (Restated) RM'000
Revenue	167,588	152,001	167,588	152,001
Cost of sales	(140,817)	(132,967)	(140,817)	(132,967)
Gross profit	26,771	19,034	26,771	19,034
Interest income	73	110	73	110
Other income	329	64	329	64
Operating expenses	(12,055)	(12,055)	(12,055)	(12,055)
Finance costs	(1,646)	(2,094)	(1,646)	(2,094)
Share of profit of associates (net of tax)	206	13	206	13
Profit before tax	13,678	5,072	13,678	5,072
Taxation	(3,552)	(2,924)	(3,552)	(2,924)
Profit after tax for the financial period	10,126	2,148	10,126	2,148
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	10,126	2,148	10,126	2,148
Profit/(Loss) for the financial period attributable to:				
Owners of the parent	10,089	2,435	10,089	2,435
Non-controlling interests	37	(287)	37	(287)
	10,126	2,148	10,126	2,148
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the parent	10,089	2,435	10,089	2,435
Non-controlling interests	37	(287)	37	(287)
	10,126	2,148	10,126	2,148
Earnings per share attributable to owners of the parent:				
Basic (Sen)	B10	2.01	0.49	2.01
Diluted (Sen)	B10	1.71	0.41	1.71

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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 31 MARCH 2021

	Note	31 March 2021 (Unaudited) RM'000	31 December 2020 (Restated) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment ("PPE")	A9	24,072	25,180
Right-of-use assets ("ROU")		87,752	87,319
Intangible assets		104	347
Investment properties		39,651	39,872
Investment in associates		544	338
Goodwill on consolidation		254,695	254,695
		406,818	407,751
Current Assets			
Inventories		9,386	10,893
Contract assets		65,453	62,937
Trade receivables		53,256	46,570
Other receivables		16,479	17,380
Amounts due from related companies		320,818	345,939
Amount due from an associate		7	7
Tax recoverable		2,347	2,003
Fixed deposits with licensed banks		3,651	3,637
Cash held under Housing Development Accounts		26,712	34,619
Cash and bank balances		29,688	31,811
		527,797	555,796
TOTAL ASSETS		934,615	963,547

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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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 31 MARCH 2021 (cont'd)

Note	31 March 2021 (Unaudited) RM'000	31 December 2020 (Restated) 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	4,278	4,316
Retained earnings	90,017	79,890
	480,797	470,708
Non-controlling interests	729	692
Total Equity	481,526	471,400
<u>LIABILITIES</u>		
Non-current Liabilities		
Loans and borrowings	B7 27,963	19,651
Lease liabilities	B7 20,435	21,092
Deferred tax liabilities	2,073	2,270
	50,471	43,013
Current Liabilities		
Trade payables	196,986	210,668
Contract liabilities	69,562	52,617
Amounts due to related companies	11,626	13,104
Other payables	24,269	37,842
Amount due to an associate	267	69
Bank overdrafts	B7 3,650	3,720
Loans and borrowings	B7 82,955	119,507
Lease liabilities	B7 11,506	11,426
Tax payable	1,797	181
	402,618	449,134
Total Liabilities	453,089	492,147
TOTAL EQUITY AND LIABILITIES	934,615	963,547
Net assets per share attributable to owners of the parent (RM)	0.96	0.94

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	←-----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	Asset Revaluation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000			
Group								
At 1 January 2021								
- as previously reported	327,886	60,300	4,316	(1,684)	79,846	470,664	692	471,356
- effect of adoption of IFRIC Agenda Decision	-	-	-	-	44	44	-	44
At 1 January 2021 (restated)	327,886	60,300	4,316	(1,684)	79,890	470,708	692	471,400
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	10,089	10,089	37	10,126
Realisation of asset revaluation reserve	-	-	(38)	-	38	-	-	-
At 31 March 2021	327,886	60,300	4,278	(1,684)	90,017	480,797	729	481,526

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (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	Asset Revaluation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000			
At 1 January 2020	327,886	60,300	4,592	(1,684)	65,620	456,714	1,058	457,772
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	2,435	2,435	(287)	2,148
At 31 March 2020	327,886	60,300	4,592	(1,684)	68,055	459,149	771	459,920

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 2020 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	As at 31-Mar-21 RM'000 (Unaudited)	As at 31-Mar-20 RM'000 (Restated)
Profit before tax	13,678	5,072
Adjustments for:		
Amortisation of intangible assets	243	382
Depreciation and amortisation of		
- PPE	1,572	1,508
- investment properties	220	311
- ROU	1,895	1,787
Impairment losses on:		
- trade receivables	1	7
- related companies	-	1
Finance costs	1,646	2,094
Reversal of impairment losses on:		
- trade receivables	(85)	(1)
- amounts due from related companies	(15)	-
(Gain)/Loss on disposal of PPE	(5)	16
Interest income	(73)	(110)
Share of profit of associates (net of tax)	(206)	(13)
Operating profit before working capital changes	18,871	11,054
Changes in working capital:		
Inventories	1,507	3,924
Receivables	(5,701)	6,289
Payables	(24,724)	11,098
Contract assets and contract liabilities	14,429	17,141
Related companies	23,658	(9,112)
Associate	198	-
	9,367	29,340
Cash generated from operations	28,238	40,394
Interest paid	(1,646)	(2,094)
Interest income	73	110
Income tax paid	(2,477)	(2,011)
	(4,050)	(3,995)
Net cash generated from operating activities	24,188	36,399

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (cont'd)

	As at 31-Mar-21 RM'000 (Unaudited)	As at 31-Mar-20 RM'000 (Restated)
Cash flows from investing activities		
Purchase of:		
-PPE	(1,927)	(1,649)
-ROU	(783)	-
Proceeds from disposal of PPE	31	75
Net cash used in investing activities	(2,679)	(1,574)
Cash flows from financing activities		
Drawdown of bank borrowings	75,361	19,671
Increase of cash and bank balances pledged	-	(20)
Increase of fixed deposits pledged	(14)	-
(Repayment)/Drawdown of lease liabilities	(3,215)	522
Repayment of bank borrowings	(103,601)	(30,892)
Net cash used in financing activities	(31,469)	(10,719)
Net (decrease)/increase in cash and cash equivalents	(9,960)	24,106
Cash and cash equivalents at the beginning of the financial period	62,710	17,029
Cash and cash equivalents at the end of the financial period	52,750	41,135
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	29,688	40,188
Cash held under Housing Development Accounts	26,712	4,059
Fixed deposits with licensed banks	3,651	3,020
Bank overdrafts	(3,650)	(2,322)
	56,401	44,945
Less: Fixed deposits pledged with licensed banks	(3,651)	(3,020)
Cash and bank balances pledged with a licensed bank	-	(790)
	52,750	41,135

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR FINANCIAL PERIOD ENDED 31 MARCH 2021

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 2020. 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 2020.

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 2020 except for the adoption of the following:

Amendments to MFRS 9, MFRS 139 and MFRS 7 MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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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, except for:

IFRIC Agenda Decision on MFRS 123 Borrowing Costs

In March 2019, the IFRS Interpretations Committee ('IFRIC') published an Agenda Decision on borrowing costs confirming, receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

A2. Changes in Accounting Policies (Cont'd)

IFRIC Agenda Decision on MFRS 123 Borrowing Costs (Cont'd)

As a result, the following comparatives in the interim financial report have been restated.

- i. Impact on condensed consolidated statement of financial position as at 31 December 2020:

	As previously reported 31-Dec-2020	Effect on adoption of IFRIC Agenda Decision	Restated as at 31-Dec-2020
	RM'000	RM'000	RM'000
Assets			
Inventories	10,761	132	10,893
- Property development cost	5,226	132	5,358
Liabilities			
Deferred tax liabilities	2,182	88	2,270
Equity			
Retained earnings	79,846	44	79,890

- ii. Impact on condensed consolidated income statement for the 3 months period ended 31 March 2020:

	As previously reported 31-Mar-2020	Effect on adoption of IFRIC Agenda Decision	Restated as at 31-Mar-2020
	RM'000	RM'000	RM'000
Cost of sales	133,099	(132)	132,967
Taxation	2,836	88	2,924
Profit/(Loss) for the financial period attributable to:			
- Owners of the parent	2,391	44	2,435
Total comprehensive income/(loss) for the financial period attributable to:			
- Owners of the parent	2,391	44	2,435

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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>
Amendments to MFRS 16	Covid-19-Related Concessions	Rent 1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
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 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
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 2020 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 March 2021 (Unaudited)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000
Revenue				
Total revenue	171,354	11,969	-	183,323
Less: Inter-segment revenue	(15,735)	-	-	(15,735)
Revenue from external customers	<u>155,619</u>	<u>11,969</u>	<u>-</u>	<u>167,588</u>
Results				
Interest income	44	29	-	73
Finance costs	(1,294)	(187)	(165)	(1,646)
Depreciation	(3,666)	(7)	(14)	(3,687)
Amortisation of intangible assets	-	-	(243)	(243)
Share of profit of associates (net of tax)	206	-	-	206
Segment profit/(loss) profit before tax	<u>12,988</u>	<u>1,356</u>	<u>(666)</u>	<u>13,678</u>
Taxation				<u>(3,552)</u>
Profit after tax				<u><u>10,126</u></u>
Other non-cash items				
Gain on disposal of PPE	(5)	-	-	(5)
Reversal of impairment losses on:				
- trade receivables	-	(85)	-	(85)
- amounts due from related companies	(15)	-	-	(15)
Assets				
Additions to PPE	2,262	-	-	2,262
Additions to ROU	899	-	-	899
Segment assets	583,554	93,252	257,809	934,615
Liabilities				
Segment liabilities	<u>419,430</u>	<u>19,784</u>	<u>13,875</u>	<u>453,089</u>

A4. Segmental Information (Cont'd)

31 March 2020 (Restated)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000
Revenue				
Total revenue	143,895	31,219	482	175,596
Inter-segment revenue	(23,594)	-	(1)	(23,595)
Revenue from external customers	<u>120,301</u>	<u>31,219</u>	<u>481</u>	<u>152,001</u>
Results				
Interest income	73	35	2	110
Finance costs	(1,571)	(1)	(522)	(2,094)
Depreciation	(3,307)	(29)	(270)	(3,606)
Amortisation of intangible assets	-	-	(382)	(382)
Share of profit of associates	-	-	-	13
Segment profit/(loss) before tax	<u>1,307</u>	<u>4,998</u>	<u>(1,233)</u>	<u>5,072</u>
Taxation				<u>(2,924)</u>
Segment profit/(loss) after tax				<u><u>2,148</u></u>
Other non-cash items				
Impairment losses on receivables	3	5	-	8
Assets				
Additions to PPE	1,638	11	-	1,649
Segment assets	571,461	110,741	285,986	968,188
Liabilities				
Segment liabilities	<u>453,441</u>	<u>26,857</u>	<u>27,882</u>	<u>508,180</u>

A4. Segmental Information (Cont'd)

Segmental Performance (financial period ended 31 March 2021 against financial period ended 31 March 2020)

Construction and Trading

(i) Construction

The segment posted a higher revenue of RM146.44 million in current financial period as compared to revenue of RM117.74 million in the preceding year corresponding period, representing a growth of approximately RM28.70 million or 24.38%.

The improved results were attributable to the easing of various phases of Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") whereby essential services including construction activities were allowed to operate at full capacity during the current financial period as opposed to the preceding year corresponding period where all construction sites were required to shut down during MCO period commenced on 18 March 2020. Consequently, resulted in comparatively low construction progress achieved.

In addition, the Group ramped up on construction activities, thereby enabling higher recognition of profit, notably from projects such as Kita Harmoni, Kita Impian and Alam Perdana Ritma which target to complete by second quarter of current financial year. Coupled with diligent project cost management, the segment managed to achieve higher profit before tax at RM21.38 million as compared to RM4.85 million in the preceding year corresponding period, representing an encouraging growth of approximately RM16.53 million.

(ii) Manufacturing and trading of precast products

The manufacturing segment recorded internal revenue of approximately RM9.18 million compared to the preceding year corresponding period of RM2.56 million, representing a significant improvement of approximately RM6.62 million or 258.59%.

Higher revenue achieved in current financial quarter as more orderbooks secured with higher capacity from 2 plants located at Alam Perdana and Nilai respectively.

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 period ended 31 March 2021 against financial period ended 31 March 2020)

Property Development

The property development segment registered revenue of RM11.97 million and PBT of RM1.36 million in current financial period as compared to RM31.22 million and PBT of RM5.00 million respectively in the preceding year corresponding quarter, representing a reduction of approximately 61.66% and 72.40% respectively.

Lower revenue and PBT derived in the current financial period following the delivery of vacant possession of Zenopy Residence in December 2020. The revenue and PBT during the current financial period were solely contributed by the Laman Bayu project phase 1 and phase 2.

As at 31 March 2021, 360 units of Laman Bayu project (31 March 2020: 206 units) representing approximately 98.63% (31 March 2020: 56.44%) of total 365 units have been sold with sales value of RM124.36 million (31 March 2020: RM74.30 million).

Others

The segment reported losses of approximately RM0.67 million in current financial period against RM1.23 million of the losses in the preceding year corresponding quarter.

The narrowed losses were attributable to the substantial decrease in finance cost and depreciation expenses following the redemption of term loan as a result of the disposal of investment properties and PPE under the hospitality business.

Other expenses incurred under this segment for the current financial period were mainly due to the amortisation of intangible assets and administrative expenses.

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 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 period.

A11. Changes in Composition of the Group

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

A12. Capital Commitments

Total capital commitments of the Group comprised of the followings:

	As at 31-Mar-21 RM'000	As at 31-Mar-20 RM'000
<u>Authorised and contracted for :</u>		
Sale and Purchase Agreement for		
- Property, plant and equipment	-	9,103
Purchase Order for		
- Interior design and renovation works	320	1,029
	320	1,029

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A13. Subsequent Events

There were no subsequent events as at 11 May 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

Bank guarantees issued for:

- Construction Contracts
- Property Development
- Others

As at 31-Mar-21	As at 31-Mar-20
RM'000	RM'000
3,633	3,561
2,470	2,205
8	8
6,111	5,774

(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 year were summarised as follows:

Income

Contract revenue

Expenses

Purchase of materials

Rental of premises

As at 31-Mar-21	As at 31-Mar-20
RM'000	RM'000
153,956	132,245
4,194	4,529
42	-
42	-

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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-Mar-21	31-Mar-20	RM'000	%	31-Mar-21	31-Mar-20	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	167,588	152,001	15,587	10.25%	167,588	152,001	15,587	10.25%
Profit before tax ("PBT")	13,678	5,072	8,606	169.68%	13,678	5,072	8,606	169.68%
Profit after tax ("PAT")	10,126	2,148	7,978	371.42%	10,126	2,148	7,978	371.42%

Individual Period

The Group achieved commendable PBT and PAT of approximately RM13.68 million and RM10.13 million respectively in the current individual quarter, representing significant growth of RM8.61 million and RM7.98 million respectively as compared to previous year corresponding period. The main contributors to the positive variances are explained below.

(a) Construction

The Group's construction segment contributed an increase in PBT by RM11.68 million for current financial quarter under review as compared to preceding year corresponding quarter. The Group had expedited construction progress amidst the relaxation of movement restrictions in the current financial quarter as opposed to full lockdown commenced on 18 March 2020 where all construction activities were suspended in the previous year corresponding quarter. Profit mainly contributed from project such as Kita Harmoni, Kita Impian and Alam Perdana Ritma whereby the target completion of these projects are in the second quarter of the year. Notwithstanding that, during current financial quarter, the Group has closed and finalised accounts with major sub-contractors for several projects that have been completed previously. Project cost that being over-accrued or saving arising from sharing of costs have been reversed after the final agreement reached with sub-contractors, which then translated into profit directly in the segment.

(b) Property development

Despite the significant increase in revenue and PBT of the construction segment due to ramped up on construction activities, the declined in the property development segment, as outlined under segmental information Note A4, has mitigated the positive effect and resulted an overall decrease in PBT of approximately RM3.64 million (1Q 2021: RM1.36 million, 1Q 2020: RM5.00 million).

In term of segmental assets and liabilities, construction and trading segment remains as the top contributor with total assets of approximately RM583.55 million or 62.44% and total liabilities of RM419.43 million or 92.57% respectively out of the total Group's assets of RM934.62 million and Group's liabilities of RM453.09 million as at 31 March 2021.

B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 31-Mar-21	Preceding Quarter Ended 31-Dec-20	Variance	
	RM'000	RM'000	RM'000	%
Revenue	167,588	181,574	(13,986)	-7.70%
Profit before tax ("PBT")	13,678	8,349	5,329	63.83%
Profit after tax ("PAT")	10,126	5,782	4,344	75.13%

The business operations in current and preceding quarter have fully resumed and gained momentum following the relaxation of various phases of MCO and RMCO. The dip in revenue in current period was mainly due to the delivery of vacant possession of Zenopy Residences in December 2020 as explained under segmental information Note A4. Despite decrease in revenue, the PBT and PAT grew strongly in current financial period to reflect accelerated construction progress. Higher profit realised in current quarter as several major projects mentioned above which target to complete soon were at their peak level.

B3. Prospects for the Year

The Covid-19 pandemic has not seen signs of abating with new infection cases charting new highs globally amidst the rollout of vaccines, this has decimated businesses and livelihoods. The outlook for 2021 remains uncertain as the local resurgence of Covid-19 cases has seen MCO and CMCO being re-implemented at the start of 2021. Although the impact from such movement restrictions is less severe than previous year, it has undoubtedly disrupted the pace of economic recovery anticipated by industry players.

Whilst taking cognisance that vaccine is being rolled out to eligible population locally, the Group remains steadfast in its effort to further expedite construction progress at various construction sites in order to ensure operational uptime as well as rationalising project cost in a bid to control cost and improve operational margins.

The Group continues to focus on its core objective in constructing and developing affordable housing. This is evident from the award of new contract in February 2021 to build 512 units of Rumah Selangorku Idaman. Several joint ventures that the Group entered in 2019 and 2020 pertaining to Rumah Selangorku Idaman have also marked notable progression in getting relevant approvals.

The Group is leveraging on its digital marketing capabilities by broadening virtual/digital avenues to its potential homebuyers through various social media platforms and online marketing campaigns. Coupled with the impetus such as Home Ownership Campaign (HOC) and historic low borrowing rates, the Group is confident that property buying sentiments will return to pre-pandemic levels by mid-2021. This is in line with the Government's view that Malaysia's GDP is expected to expand between 6.0% to 7.5% this year.

Underpinned by existing orderbook of approximately RM2.07 billion and impending new project launch of Laman Bayu Phase 3, this would continue to provide the Group with enhanced earnings visibility moving forward. 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-Mar-21 RM'000	Current Year to Date 31-Mar-21 RM'000
Income Tax:		
- Current period	3,749	3,749
Deferred Tax:		
- Current period	(197)	(197)
Total Taxation	3,552	3,552

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.

B7. Borrowings and Debt Securities

Total borrowings of the Group comprised of the followings:

	As at 31-Mar-21 RM'000 (Unaudited)	As at 31-Mar-20 RM'000 (Unaudited)
Secured		
Term loans	71,377	65,387
Revolving credits	39,541	35,019
Bank overdrafts	3,650	2,322
Lease liabilities	31,941	35,988
Total	146,509	138,716
Current		
Term loans	43,414	30,855
Revolving credits	39,541	35,019
Bank overdrafts	3,650	2,322
Lease liabilities	11,506	12,116
Total	98,111	80,312
Non-current		
Term loans	27,963	34,532
Lease liabilities	20,435	23,872
Total	48,398	58,404

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.

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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-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Profit attributable to owners of the parent (RM'000)	10,089	2,435	10,089	2,435
Weighted average number of ordinary shares in issue ('000)	501,653	501,653	501,653	501,653
Basic EPS (Sen)	2.01	0.49	2.01	0.49

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-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Profit attributable to owners of the parent (RM'000)	10,089	2,435	10,089	2,435
Weighted average number of ordinary shares in issue ('000)	501,653	500,794	501,653	501,653
Effect of conversion of ICPS ('000)	90,000	90,000	90,000	90,000
	591,653	590,794	591,653	591,653
Diluted EPS (Sen)	1.71	0.41	1.71	0.41

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

	Current Quarter Ended 31-Mar-21 RM'000	Current Year To Date Ended 31-Mar-21 RM'000
Interest income	(73)	(73)
Rental income	(66)	(66)
Reversal of impairment losses on receivables	(100)	(100)
Gain on disposal of PPE	(5)	(5)
Impairment losses on receivables	1	1
Amortisation of intangible assets	243	243
Amortisation of investment properties	220	220
Depreciation of PPE	1,572	1,572
Depreciation of ROU	1,895	1,895
Finance costs	1,646	1,646

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 18 May 2021.

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