



MGB BERHAD

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

INTERIM FINANCIAL REPORT 30 JUNE 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
- FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter Ended 30-Jun-21 (Unaudited) RM'000	Preceding Year Quarter Ended 30-Jun-20 (Restated) RM'000	Current Year To Date Ended 30-Jun-21 (Unaudited) RM'000	Preceding Year To Date Ended 30-Jun-20 (Restated) RM'000
Revenue		126,504	64,479	294,092	216,481
Cost of sales		(105,854)	(52,689)	(246,671)	(185,376)
Gross profit		20,650	11,790	47,421	31,105
Interest income		76	128	149	238
Other income		479	3,270	808	3,334
Operating expenses		(12,937)	(11,441)	(24,992)	(23,496)
Finance costs		(1,423)	(2,187)	(3,069)	(4,442)
Share of (loss) / profit of associates (net of tax)		(45)	11	161	24
Profit before tax		6,800	1,571	20,478	6,763
Taxation	B5	(2,763)	(1,542)	(6,315)	(4,439)
Profit after tax for the financial period		4,037	29	14,163	2,324
Other comprehensive income for the financial period		-	-	-	-
Total comprehensive income for the financial period		4,037	29	14,163	2,324
Profit/(Loss) for the financial period attributable to:					
Owners of the parent		4,315	350	14,404	2,932
Non-controlling interests		(278)	(321)	(241)	(608)
		4,037	29	14,163	2,324
Total comprehensive income/(loss) for the financial period attributable to:					
Owners of the parent		4,315	350	14,404	2,932
Non-controlling interests		(278)	(321)	(241)	(608)
		4,037	29	14,163	2,324
Earnings per share attributable to owners of the parent:					
Basic (Sen)	B10	0.86	0.07	2.87	0.58
Diluted (Sen)	B10	0.73	0.06	2.43	0.50

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 30 JUNE 2021

	Note	30 June 2021 (Unaudited) RM'000	31 December 2020 (Restated) RM'000	1 January 2020 (Restated) RM'000
ASSETS				
Non-current Assets				
Property, plant and equipment ("PPE")	A9	23,172	25,180	24,226
Right-of-use assets ("ROU")		88,876	87,319	87,341
Intangible assets		43	347	1,828
Investment properties		39,431	39,872	57,298
Capital work-in-progress		-	-	3,901
Investment in associates		499	338	151
Goodwill on consolidation		254,695	254,695	254,695
		406,716	407,751	429,440
Current Assets				
Inventories		13,366	10,893	19,154
Contract assets		66,556	62,937	146,396
Trade receivables		44,480	46,570	67,259
Other receivables		15,128	17,380	19,417
Amounts due from related companies		269,535	345,939	248,439
Amount due from an associate		7	7	12
Tax recoverable		2,577	2,003	1,809
Fixed deposits with licensed banks		3,666	3,637	3,000
Cash held under Housing Development Accounts		29,537	34,619	1,896
Cash and bank balances		38,163	31,811	28,204
		483,015	555,796	535,586
Asset held for sale		-	-	3,000
		483,015	555,796	538,586
TOTAL ASSETS		889,731	963,547	968,026

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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 30 JUNE 2021 (cont'd)

Note	30 June 2021 (Unaudited) RM'000	31 December 2020 (Restated) RM'000	1 January 2020 (Restated) RM'000
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to owners of the parent:			
Share capital			
- Ordinary shares	327,886	327,886	327,886
- Irredeemable Convertible Preference Shares ("ICPS")	60,300	60,300	60,300
Other reserve	(1,684)	(1,684)	(1,684)
Asset revaluation reserve	4,241	4,316	4,592
Retained earnings	94,329	79,850	65,200
	485,072	470,668	456,294
Non-controlling interests	451	692	1,058
Total Equity	485,523	471,360	457,352
<u>LIABILITIES</u>			
Non-current Liabilities			
Loans and borrowings	B7 29,132	19,651	35,636
Lease liabilities	B7 19,663	21,092	23,563
Deferred tax liabilities	1,678	2,310	1,779
	50,473	43,053	60,978
Current Liabilities			
Trade payables	155,689	210,668	255,891
Contract liabilities	54,574	52,617	40,649
Amounts due to related companies	6,742	13,104	10,353
Other payables	53,424	37,842	42,405
Amount due to an associate	209	69	7
Bank overdrafts	B7 2,650	3,720	12,282
Loans and borrowings	B7 65,382	119,507	75,990
Lease liabilities	B7 11,768	11,426	11,903
Tax payable	3,297	181	216
	353,735	449,134	449,696
Total Liabilities	404,208	492,187	510,674
TOTAL EQUITY AND LIABILITIES	889,731	963,547	968,026
Net assets per share attributable to owners of the parent (RM)	0.97	0.94	0.92

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 30 JUNE 2021

	←-----Attributable to owners of the parent-----→							
	←-----Non-Distributable-----→							
	Share Capital RM'000	ICPS RM'000	Asset Revaluation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity 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	-	-	-	-	4	4	-	4
At 1 January 2021 (restated)	327,886	60,300	4,316	(1,684)	79,850	470,668	692	471,360
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	14,404	14,404	(241)	14,163
Realisation of asset revaluation reserve	-	-	(75)	-	75	-	-	-
At 30 June 2021	327,886	60,300	4,241	(1,684)	94,329	485,072	451	485,523

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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								
- as previously reported	327,886	60,300	4,592	(1,684)	65,620	456,714	1,058	457,772
- effect of adoption of IFRIC Agenda Decision	-	-	-	-	(420)	(420)	-	(420)
At 1 January 2020 (restated)	327,886	60,300	4,592	(1,684)	65,200	456,294	1,058	457,352
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	2,932	2,932	(608)	2,324
At 30 June 2020	327,886	60,300	4,592	(1,684)	68,132	459,226	450	459,675

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 30 JUNE 2021**

	As at 30-Jun-21 RM'000 (Unaudited)	As at 30-Jun-20 RM'000 (Restated)
Profit before tax	20,478	6,763
Adjustments for:		
Amortisation of intangible assets	304	569
Depreciation and amortisation of		
- PPE	3,254	2,986
- investment properties	441	581
- ROU	3,795	3,706
Impairment losses on:		
- trade receivables	3	15
- related companies	2	36
Finance costs	3,069	4,442
Reversal of impairment losses on:		
- trade receivables	(111)	(17)
- amounts due from related companies	(37)	-
Gain on disposal of:		
- Investment properties	-	(2,660)
- PPE	(5)	(267)
Interest income	(149)	(238)
Share of loss of associates (net of tax)	(161)	(24)
Operating profit before working capital changes	30,883	15,892
Changes in working capital:		
Inventories	(2,473)	3,611
Receivables	4,450	8,703
Payables	(37,542)	(56,033)
Contract assets and contract liabilities	(1,662)	31,547
Related companies	70,078	(15,096)
Associate	140	(66)
	32,991	(27,334)
Cash generated from/(used in) operations	63,874	(11,442)
Interest paid	(3,069)	(4,442)
Interest income	149	238
Income tax paid	(4,406)	(3,741)
	(7,326)	(7,945)
Net cash generated from/(used in) operating activities	56,548	(19,387)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (cont'd)

	As at 30-Jun-21 RM'000 (Unaudited)	As at 30-Jun-20 RM'000 (Restated)
Cash flows from investing activities		
Purchase of:		
-PPE	(2,831)	(4,054)
-ROU	(179)	(577)
Proceeds from disposal of PPE	31	75
Net cash used in investing activities	<u>(2,979)</u>	<u>(4,556)</u>
Cash flows from financing activities		
Drawdown of bank borrowings	108,664	71,376
Decrease of cash and bank balances pledged	-	28
Increase of fixed deposits pledged	(29)	-
Repayment of lease liabilities	(6,555)	(3,132)
Repayment of bank borrowings	(153,309)	(48,678)
Net cash (used in)/generated from financing activities	<u>(51,229)</u>	<u>19,594</u>
Net increase/(decrease) in cash and cash equivalents	2,340	(4,349)
Cash and cash equivalents at the beginning of the financial period	<u>62,710</u>	<u>17,029</u>
Cash and cash equivalents at the end of the financial period	<u>65,050</u>	<u>12,680</u>
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	38,163	9,433
Cash held under Housing Development Accounts	29,537	4,037
Fixed deposits with licensed banks	3,666	2,972
Bank overdrafts	(2,650)	-
	<u>68,716</u>	<u>16,442</u>
Less: Fixed deposits pledged with licensed banks	(3,666)	(2,972)
Cash and bank balances pledged with a licensed bank	-	(790)
	<u>65,050</u>	<u>12,680</u>

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 30 JUNE 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, 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 1 January 2020:

	As previously reported 1-Jan-2020	Effect on adoption of IFRIC Agenda Decision	Restated 1-Jan-2020
	RM'000	RM'000	RM'000
Assets			
Inventories	19,706	(552)	19,154
- Property development cost	16,970	(552)	16,418
Liabilities			
Deferred tax liabilities	1,911	(132)	1,779
Equity			
Retained earnings	65,620	(420)	65,200

- ii. 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 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	128	2,310
Equity			
Retained earnings	79,846	4	79,850

A2. Changes in Accounting Policies (Cont'd)

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

ii. Impact on condensed consolidated income statement for the 6 months period ended 30 June 2020:

	As previously reported 30-Jun-2020	Effect on adoption of IFRIC Agenda Decision	Restated as at 30-Jun-2020
	RM'000	RM'000	RM'000
Cost of sales	185,903	(527)	185,376
Finance costs	4,131	311	4,442
Taxation	4,387	52	4,439
Profit/(Loss) for the financial period attributable to:			
- Owners of the parent	2,768	164	2,932
Total comprehensive income/(loss) for the financial period attributable to:			
- Owners of the parent	2,768	164	2,932

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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)

30 June 2021 (Unaudited)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000
Revenue				
Total revenue	303,289	14,131	-	317,420
Less: Inter-segment revenue	(23,328)	-	-	(23,328)
Revenue from external customers	279,961	14,131	-	294,092
Results				
Interest income	81	67	1	149
Finance costs	(2,500)	(237)	(332)	(3,069)
Depreciation	(7,447)	(16)	(27)	(7,490)
Amortisation of intangible assets	-	-	(304)	(304)
Share of profit of associates (net of tax)	161	-	-	161
Segment profit/(loss) profit before tax	20,233	1,460	(1,215)	20,478
Taxation				(6,315)
Profit after tax				14,163
Other non-cash items				
Gain on disposal of PPE	(5)	-	-	(5)
Reversal of impairment losses on receivables (net)	(32)	(111)	-	(143)
Assets				
Additions to PPE	4,143	-	-	4,143
Additions to ROU	2,824	-	-	2,824
Segment assets	542,006	91,950	255,775	889,731
Liabilities				
Segment liabilities	368,323	22,067	13,818	404,208

A4. Segmental Information (Cont'd)

30 June 2020 (Restated)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000
Revenue				
Total revenue	210,735	41,711	492	252,938
Inter-segment revenue	(36,456)	-	(1)	(36,457)
Revenue from external customers	174,279	41,711	491	216,481
Results				
Interest income	194	42	2	238
Finance costs	(3,125)	(312)	(1,005)	(4,442)
Depreciation	(6,759)	(59)	(455)	(7,273)
Amortisation of intangible assets	-	-	(569)	(569)
Share of profit of associates	24	-	-	24
Segment profit/(loss) before tax	(17)	6,817	(37)	6,763
Taxation				(4,439)
Segment profit/(loss) after tax				2,324
Other non-cash items				
Gain on disposal of:				
- PPE	(267)	-	-	(267)
- ROU	-	-	(2,660)	(2,660)
Impairment losses on receivables (net)	42	(8)	-	34
Assets				
Additions to PPE	2,556	11	-	2,567
Additions to ROU	3,348	-	-	3,348
Segment assets	538,226	99,289	259,655	897,170
Liabilities				
Segment liabilities	372,680	35,826	28,988	437,494

A4. Segmental Information (Cont'd)

Segmental Performance (financial period ended 30 June 2021 against financial period ended 30 June 2020)

Construction and Trading

From 1 January 2021 to before the implementation of Full Movement Control Order ("FMCO") on 1 June 2021, construction activities were allowed to operate at full capacity whereas in the preceding year corresponding period, all construction sites were required to shut down during Movement Control Order ("MCO") period starting from 18 March 2020 to 12 May 2020, causing the total suspension of business activities for approximately 2 months.

As movement control relaxed, the Group has substantially completed several projects such as Kita Harmoni, Kita Bayu and Skylake in current financial period together with high momentum achieved in Residensi Bintang Bukit Jalil, Mercu Jalil and Alam Perdana Ritma.

Driven by the above-mentioned factors, the segment has posted a higher revenue of RM279.96 million in current financial period as compared to revenue of RM174.28 million in the preceding year corresponding period, representing a growth of approximately RM105.68 million or 60.64%. Rapid construction progress thereby enabling higher recognition of profit. The segment result has improved from of a loss of RM0.02 million in the preceding year corresponding period to a profit before tax of RM20.23 million in current financial period.

Construction and trading segment also included the manufacturing arm (precast products) which supply internally. Internal revenue of approximately RM14.79 million generated in current financial period as compared to the preceding year corresponding period of RM7.74 million. Lower revenue recorded in preceding year corresponding period due to the closure of two factories during the MCO period.

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 30 June 2021 against financial period ended 30 June 2020)

Property Development

The property development segment registered revenue of RM14.13 million and PBT of RM1.46 million in current financial period as compared to revenue of RM41.71 million and PBT of RM6.82 million respectively in the preceding year corresponding period, representing a reduction of approximately 66.12% and 78.59% respectively.

Lower revenue and PBT in current financial period as compared to previous corresponding period following the delivery of vacant possession of Zenopy Residences in December 2020 and Laman Bayu Phase 1 in March 2021.

As at 30 June 2021, 229 units or 99% of Laman Bayu Phase 2 have been sold with project completion of 97.80% achieved. The delivery of vacant possession has been slightly delayed due to the FMCO implemented. The Group target to deliver the vacant possession of Laman Bayu Phase 2 in third quarter of the year.

Others

The segment reported losses of approximately RM1.22 million in current financial period against RM0.04 million of losses in the preceding year corresponding period.

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

Lower losses recorded in preceding year corresponding period mainly due to one-off gain of approximately RM2.93 million derived from the disposal of investment properties and property plant and equipment under the hospitality business.

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 financial 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 and financial period.

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 30-Jun-21 RM'000	As at 30-Jun-20 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	-	5,500
Purchase Order for		
- Interior design and renovation works	43	1,029
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A13. Subsequent Events

There were no subsequent events as at 20 August 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 30-Jun-21 RM'000	As at 30-Jun-20 RM'000
Bank guarantees issued for:		
- Construction Contracts	3,633	3,561
- Property Development	2,470	2,205
- Others	8	13
	6,111	5,779

(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-Jun-21 RM'000	As at 30-Jun-20 RM'000
Income		
Contract revenue	254,591	188,670
Expenses		
Purchase of materials	4,431	6,114
Rental of premises	84	-
	84	-

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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	
	30-Jun-21	30-Jun-20	RM'000	%	30-Jun-21	30-Jun-20	RM'000	%
Revenue	126,504	64,479	62,025	96.19%	294,092	216,481	77,611	35.85%
Profit before tax ("PBT")	6,800	1,571	5,229	332.75%	20,478	6,763	13,715	202.78%
Profit after tax ("PAT")	4,037	29	4,008	>10000%	14,163	2,324	11,839	509.37%

Individual Period

The Group achieved commendable revenue and PBT of approximately RM126.50 million and RM6.80 million respectively in the current individual period, representing growth of RM62.03 million and RM5.22 million respectively as compared to preceding year corresponding individual quarter.

The improvement of result in current individual quarter was mainly derived from the Group's construction segment. The segment's revenue and PBT have increased by RM70.37 million and RM8.57 million respectively as compared to preceding year corresponding individual quarter. Significant leap in the result subsequent to the expedition of construction progress amidst the relaxation of movement restrictions in 2021 whereas MCO 1.0 implemented from 18 March 2020 to 9 June 2020 has completely halted the operation of the Group for approximately 1.5 months in preceding year corresponding individual quarter.

Nevertheless, the low revenue and PBT recorded in property development segment by approximately RM8.33 million and RM1.63 million respectively has mitigated the positive effect mentioned above. Lower result was mainly due to the delivery of vacant possession of Zenopy Residences in December 2020 and Laman Bayu Phase 1 in March 2021, thereby the contribution in individual quarter was only from Laman Bayu Phase 2.

Cumulative Period

The revenue and PBT of the Group have improved by RM77.61 million and RM13.72 million comparing current financial period against preceding financial period.

Construction segment was the key contributor to the overall improvement of revenue and PBT. The Profit mainly contributed from projects such as Kita Harmoni, Kita Bayu and Skylake which were completed in current financial period.

The Group has also 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.

The performance of the Group in previous financial period was adversely impacted by the MCO implemented which lasted 1.5 months with total suspension of business activities.

B1. Review of Group Performance (Cont'd)

The Group's total assets and total liabilities stood at RM889.73 million and RM404.21 million respectively as at 30 June 2021. Assets of approximately RM542.01 million or 60.92% and liabilities of RM368.32 million or 91.12% were from the construction and trading segment.

B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 30-Jun-21	Preceding Quarter Ended 31-Mar-21	Variance	
	RM'000	RM'000	RM'000	%
Revenue	126,504	167,588	(41,084)	-24.51%
Profit before tax ("PBT")	6,800	13,678	(6,878)	-50.29%
Profit after tax ("PAT")	4,037	10,126	(6,089)	-60.13%

Following the implementation of FMCO by the Government since 1 June 2021 to curb the daily high cases of COVID-19 due to new variant, the stricter Standard Operating Procedure ("SOP") has imposed the compulsory work-from-home for 40% of private sector employees. As a result, all business activities have slow down but fixed operating costs were still running, therefore the Group recorded a lower result in current quarter against preceding immediate quarter.

B3. Prospects for the Year

The resurging COVID-19 infections in the country caused the reimposition of stringent Full Movement Control Order ("FMCO") regulations impacted country's economic recovery and further dampened consumer confidence in the early part of the year. The outlook for 2021 remains uncertain as it is highly dependent on the developments of the pandemic situation and the vaccination progress.

Despite the slow start to the Covid-19 National Immunisation Programme (NIP), the pace of inoculations is picking up in the second half of the year following the arrival of large volume of vaccines. The Group is hopeful that the pandemic can be brought under control with herd immunity achieved as per planned in October 2021. Such an outcome will augur well for the Group going forward as the economic recovery will be more sustainable, which will be further supported by the recovering global economy and accelerated fiscal stimulus spending by the Government.

Meanwhile, the Group continues to focus on its core objective in construction and property development of affordable housing. Construction segment will ensure operational uptime in compliance with the new SOP and further emphasize the importance of cost measurements to improve operational margins. Joint ventures that the Group entered in 2019 and 2020 pertaining to Rumah Selangorku Idaman have also marked notable progression in getting relevant approvals.

Underpinned by existing orderbook of approximately RM1.97 billion and impending new project launch of Laman Bayu Phase 3 & Phase 4, this would contribute positively to current year earnings. 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 30-Jun-21 RM'000	Current Year to Date 30-Jun-21 RM'000
Income Tax:		
- Current period	3,198	6,947
Deferred Tax:		
- Current period	(435)	(632)
Total Taxation	2,763	6,315

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 30-Jun-21 RM'000 (Unaudited)	As at 30-Jun-20 RM'000 (Restated)
Secured		
Term loans	54,973	99,312
Revolving credits	39,541	35,014
Bank overdrafts	2,650	-
Lease liabilities	31,431	35,104
Total	128,595	169,430
Current		
Term loans	25,841	65,013
Revolving credits	39,541	35,014
Bank overdrafts	2,650	-
Lease liabilities	11,768	9,569
Total	79,800	109,596
Non-current		
Term loans	29,132	34,299
Lease liabilities	19,663	25,535
Total	48,795	59,834

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	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Profit attributable to owners of the parent (RM'000)	4,315	350	14,404	2,932
Weighted average number of ordinary shares in issue ('000)	501,653	501,653	501,653	501,653
Basic EPS (Sen)	0.86	0.07	2.87	0.58

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-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Profit attributable to owners of the parent (RM'000)	4,315	350	14,404	2,932
Weighted average number of ordinary shares in issue ('000)	501,653	501,653	501,653	501,653
Effect of conversion of ICPS ('000)	90,000	90,000	90,000	90,000
	591,653	591,653	591,653	591,653
Diluted EPS (Sen)	0.73	0.06	2.43	0.50

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

	Current Quarter Ended 30-Jun-21 RM'000	Current Year To Date Ended 30-Jun-21 RM'000
Interest income	(76)	(149)
Rental income	(32)	(98)
Reversal of impairment losses on receivables	(48)	(148)
Gain on disposal of PPE	-	(5)
Impairment losses on receivables	4	5
Amortisation of intangible assets	61	304
Amortisation of investment properties	221	441
Depreciation of PPE	1,682	3,254
Depreciation of ROU	1,900	3,795
Finance costs	1,423	3,069

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 27 August 2021.

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