



## **MGB BERHAD**

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

### **INTERIM FINANCIAL REPORT 30 SEPTEMBER 2021**

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

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter Ended	Preceding Year Quarter Ended	Current Year To Date Ended	Preceding Year To Date Ended
		30-Sep-21 (Unaudited) RM'000	30-Sep-20 (Restated) RM'000	30-Sep-21 (Unaudited) RM'000	30-Sep-20 (Restated) RM'000
Revenue		111,116	165,219	405,208	381,699
Cost of sales		(91,859)	(143,064)	(338,530)	(328,439)
Gross profit		19,257	22,155	66,678	53,260
Interest income		110	47	259	284
Other income		210	736	1,018	4,070
Operating expenses		(14,123)	(13,084)	(39,115)	(36,580)
Finance costs		(1,059)	(1,874)	(4,128)	(6,316)
Share of (loss) / profit of associates (net of tax)		(54)	170	107	194
Profit before tax		4,341	8,150	24,819	14,912
Taxation	B5	(2,327)	(2,239)	(8,642)	(6,678)
Profit after tax for the financial period		2,014	5,911	16,177	8,234
Other comprehensive income for the financial period		-	-	-	-
Total comprehensive income for the financial period		<b>2,014</b>	<b>5,911</b>	<b>16,177</b>	<b>8,234</b>
<b>Profit/(Loss) for the financial period attributable to:</b>					
Owners of the parent		2,088	5,822	16,492	8,754
Non-controlling interests		(74)	89	(315)	(520)
		<b>2,014</b>	<b>5,911</b>	<b>16,177</b>	<b>8,234</b>
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>					
Owners of the parent		2,088	5,822	16,492	8,754
Non-controlling interests		(74)	89	(315)	(520)
		<b>2,014</b>	<b>5,911</b>	<b>16,177</b>	<b>8,234</b>
<b>Earnings per share attributable to owners of the parent:</b>					
Basic (Sen)	B10	0.42	1.16	3.29	1.75
Diluted (Sen)	B10	0.35	0.98	2.79	1.48

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 SEPTEMBER 2021**

	Note	30 Sept 2021 (Unaudited) RM'000	31 December 2020 (Restated) RM'000	1 January 2020 (Restated) RM'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment ("PPE")	A9	24,197	25,180	24,226
Right-of-use assets ("ROU")		85,696	87,319	87,341
Intangible assets		30	347	1,828
Investment properties		39,210	39,872	57,298
Capital work-in-progress		-	-	3,901
Investment in associates		295	338	151
Goodwill on consolidation		254,695	254,695	254,695
		<b>404,123</b>	<b>407,751</b>	<b>429,440</b>
<b>Current Assets</b>				
Inventories		13,068	10,893	19,154
Contract assets		77,457	62,937	146,396
Trade receivables		37,166	46,570	67,259
Other receivables		17,864	17,380	19,417
Amounts due from related companies		280,117	345,939	248,439
Amount due from an associate		7	7	12
Tax recoverable		2,943	2,003	1,809
Fixed deposits with licensed banks		5,648	3,637	3,000
Cash held under Housing Development Accounts		29,281	34,619	1,896
Cash and bank balances		7,668	31,811	28,204
		<b>471,219</b>	<b>555,796</b>	<b>535,586</b>
Asset held for sale		-	-	3,000
		<b>471,219</b>	<b>555,796</b>	<b>538,586</b>
<b>TOTAL ASSETS</b>		<b>875,342</b>	<b>963,547</b>	<b>968,026</b>

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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 SEPTEMBER 2021 (cont'd)**

	Note	30 Sept 2021 (Unaudited) RM'000	31 December 2020 (Restated) RM'000	1 January 2020 (Restated) RM'000
<b><u>EQUITY AND LIABILITIES</u></b>				
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		4,203	4,316	4,592
Retained earnings		96,455	79,850	65,200
		<b>487,160</b>	<b>470,668</b>	<b>456,294</b>
Non-controlling interests		377	692	1,058
<b>Total Equity</b>		<b>487,537</b>	<b>471,360</b>	<b>457,352</b>
<b><u>LIABILITIES</u></b>				
<b>Non-current Liabilities</b>				
Loans and borrowings	B7	24,105	19,651	35,636
Lease liabilities	B7	19,008	21,092	23,563
Deferred tax liabilities		1,480	2,310	1,779
		<b>44,593</b>	<b>43,053</b>	<b>60,978</b>
<b>Current Liabilities</b>				
Trade payables		152,887	210,668	255,891
Contract liabilities		43,074	52,617	40,649
Amounts due to related companies		5,243	13,104	10,353
Other payables		59,028	37,842	42,405
Amount due to an associate		103	69	7
Bank overdrafts	B7	3,042	3,720	12,282
Loans and borrowings	B7	63,268	119,507	75,990
Lease liabilities	B7	12,306	11,426	11,903
Tax payable		4,261	181	216
		<b>343,212</b>	<b>449,134</b>	<b>449,696</b>
<b>Total Liabilities</b>		<b>387,805</b>	<b>492,187</b>	<b>510,674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>875,342</b>	<b>963,547</b>	<b>968,026</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>		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 SEPTEMBER 2021**

	<-----Attributable to owners of the parent----->				Distributable	Total	Non-Controlling Interests	Total Equity
	<-----Non-Distributable----->		Asset Revaluation Reserve	Other Reserve				
Group	Share Capital	ICPS	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	16,492	16,492	(315)	16,177
Realisation of asset revaluation reserve	-	-	(113)	-	113	-	-	-
At 30 September 2021	<b>327,886</b>	<b>60,300</b>	<b>4,203</b>	<b>(1,684)</b>	<b>96,455</b>	<b>487,160</b>	<b>377</b>	<b>487,537</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**- FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (cont'd)**

Group	<-----Attributable to owners of the parent----->							
	<-----Non-Distributable----->				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
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	-	-	-	-	8,754	8,754	(520)	8,234
Realisation of asset revaluation reserve	-	-	(344)	-	344	-	-	-
At 30 September 2020	<b>327,886</b>	<b>60,300</b>	<b>4,248</b>	<b>(1,684)</b>	<b>74,298</b>	<b>465,048</b>	<b>538</b>	<b>465,586</b>

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 SEPTEMBER 2021**

	<b>As at 30-Sep-21 RM'000 (Unaudited)</b>	<b>As at 30-Sep-20 RM'000 (Restated)</b>
Profit before tax	24,819	14,912
<b>Adjustments for:</b>		
Amortisation of intangible assets	317	996
Depreciation and amortisation of		
- PPE	4,937	4,370
- Investment properties	661	778
- ROU	5,699	5,578
Impairment losses on:		
- trade receivables	5	21
- related companies	3	-
Finance costs	4,128	6,316
Reversal of impairment losses on:		
- trade receivables	(130)	(62)
- amounts due from related companies	(23)	(16)
Loss/(Gain) on disposal of:		
- Investment properties	-	(2,660)
- PPE	36	(402)
- ROU	-	(258)
Interest income	(259)	(284)
Share of profit of associates (net of tax)	(107)	(194)
Operating profit before working capital changes	40,086	29,095
<b>Changes in working capital:</b>		
Inventories	(2,175)	(7,386)
Receivables	9,045	25,491
Payables	(32,769)	(58,571)
Contract assets and contract liabilities	(23,957)	40,523
Related companies	57,981	(33,842)
Associate	34	(63)
	8,159	(33,848)
<b>Cash generated from/(used in) operations</b>	48,245	(4,753)
Interest paid	(4,292)	(6,316)
Interest income	259	284
Income tax paid	(6,331)	(5,300)
	(10,364)	(11,332)
<b>Net cash generated from/(used in) operating activities</b>	37,881	(16,085)

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

	<b>As at 30-Sep-21 RM'000 (Unaudited)</b>	<b>As at 30-Sep-20 RM'000 (Restated)</b>
<b>Cash flows from investing activities</b>		
Purchase of:		
-PPE	(2,720)	(2,709)
-ROU	(779)	(617)
Proceeds from disposal of PPE	66	773
Dividends received from an associate	150	-
<b>Net cash used in investing activities</b>	<b>(3,283)</b>	<b>(2,553)</b>
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	123,432	151,742
Decrease of cash and bank balances pledged	-	790
Increase of fixed deposits pledged	(2,011)	(72)
Repayment of lease liabilities	(9,769)	(5,110)
Repayment of bank borrowings	(175,053)	(138,398)
<b>Net cash (used in)/generated from financing activities</b>	<b>(63,401)</b>	<b>8,952</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(28,803)</b>	<b>(9,686)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>62,710</b>	<b>17,029</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>33,907</b>	<b>7,343</b>
<b>Cash and cash equivalents at the end of the financial period comprise:</b>		
Cash and bank balances	7,668	19,518
Cash held under Housing Development Accounts	29,281	369
Fixed deposits with licensed banks	5,648	3,072
Bank overdrafts	(3,042)	(12,544)
	39,555	10,415
Less: Fixed deposits pledged with licensed banks	(5,648)	(3,072)
	<b>33,907</b>	<b>7,343</b>

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 SEPTEMBER 2021**

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**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
<b>Assets</b>			
Inventories	19,706	(552)	19,154
- Property development cost	16,970	(552)	16,418
<b>Liabilities</b>			
Deferred tax liabilities	1,911	(132)	1,779
<b>Equity</b>			
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
<b>Assets</b>			
Inventories	10,761	132	10,893
- Property development cost	5,226	132	5,358
<b>Liabilities</b>			
Deferred tax liabilities	2,182	128	2,310
<b>Equity</b>			
Retained earnings	79,846	4	79,850

**A2. Changes in Accounting Policies (Cont'd)**

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

iii. Impact on condensed consolidated income statement for the 9 months period ended 30 September 2020:

	<b>As previously reported 30-Sep-2020</b>	<b>Effect on adoption of IFRIC Agenda Decision</b>	<b>Restated as at 30-Sep-2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost of sales	329,618	(1,179)	328,439
Finance costs	5,703	613	6,316
Taxation	6,543	135	6,678
Profit/(Loss) for the financial period attributable to:			
- Owners of the parent	8,323	431	8,754
Total comprehensive income/(loss) for the financial period attributable to:			
- Owners of the parent	8,323	431	8,754

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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.

		<b><u>Effective date for financial periods beginning on or after</u></b>
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 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 September 2021 (Unaudited)**

	<b>Construction and trading RM'000</b>	<b>Property development RM'000</b>	<b>Others RM'000</b>	<b>Total segments RM'000</b>
<b>Revenue</b>				
Total revenue	422,303	15,127	-	437,430
Less: Inter-segment revenue	(32,222)	-	-	(32,222)
Revenue from external customers	390,081	15,127	-	405,208
<b>Results</b>				
Interest income	126	132	1	259
Finance costs	(3,544)	(324)	(260)	(4,128)
Depreciation	(11,231)	(25)	(41)	(11,297)
Amortisation of intangible assets	-	-	(317)	(317)
Share of profit of associates (net of tax)	107	-	-	107
<b>Segment profit/(loss) before tax</b>	24,250	2,058	(1,489)	24,819
Taxation				(8,642)
<b>Profit after tax</b>				16,177
<b>Other non-cash items</b>				
Loss on disposal of PPE	36	-	-	36
Reversal of impairment losses on receivables (net)	(15)	(130)	-	(145)
<b>Assets</b>				
Additions to PPE	4,321	-	-	4,321
Additions to ROU	4,155	-	-	4,155
Segment assets	543,208	76,508	255,626	875,342
<b>Liabilities</b>				
Segment liabilities	357,476	16,918	13,411	387,805

**A4. Segmental Information (Cont'd)**

**30 September 2020 (Restated)**

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000
<b>Revenue</b>				
Total revenue	392,408	62,065	487	454,961
Less: Inter-segment revenue	(73,260)	-	(1)	73,261
Revenue from external customers	319,148	62,065	486	381,699
<b>Results</b>				
Interest income	236	46	2	284
Finance costs	(4,235)	(614)	(1,467)	(6,316)
Depreciation	(10,194)	(63)	(469)	(10,726)
Amortisation of intangible assets	-	-	(996)	(996)
Share of profit of associates (net of tax)	194	-	-	194
<b>Segment profit/(loss) before tax</b>	5,988	9,985	(1,061)	14,912
Taxation				(6,678)
<b>Segment profit/(loss) after tax</b>				8,234
<b>Other non-cash items</b>				
Gain on disposal of:				
- PPE	(119)	-	(283)	(402)
- Investment properties	-	-	(2,660)	(2,660)
- ROU	(258)	-	-	(258)
Reversal of impairment losses on receivables (net)	(33)	(24)	-	(57)
<b>Assets</b>				
Additions to PPE	3,779	11	-	3,789
Additions to ROU	4,035	-	-	4,035
Segment assets	528,334	113,945	258,719	900,998
<b>Liabilities</b>				
Segment liabilities	370,509	50,676	14,229	435,414

#### **A4. Segmental Information (Cont'd)**

*Segmental Performance (financial period ended 30 September 2021 against financial period ended 30 September 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.

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

Driven by the above-mentioned factors, the segment has posted a higher revenue of RM390.08 million in current financial period as compared to revenue of RM319.15 million in the preceding year corresponding period, representing a growth of approximately RM70.93 million or 22.23%. Rapid construction progress thereby enabling higher recognition of profit. The segment result has improved from a profit before tax of RM5.99 million in the preceding year corresponding period to RM24.25 million in current financial period.

Construction and trading segment also included the manufacturing arm (precast products) which supply internally. Internal revenue of approximately RM23.04 million generated in current financial period as compared to the preceding year corresponding period of RM18.44 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.

##### **Property Development**

The property development segment registered revenue of RM15.13 million and PBT of RM2.06 million in current financial period as compared to revenue of RM62.07million and PBT of RM9.99 million respectively in the preceding year corresponding period, representing a reduction of approximately 75.63% and 79.38% respectively.

Lower revenue and PBT recorded in current financial period following the delivery of vacant possession of Zenopy Residences in December 2020 and Laman Bayu Phase 1 in March 2021. On-going project Laman Bayu Phase 2 has substantially completed and inspected as at July 2021, thus reducing in contribution as well. The official approval from authority to deliver vacant possession for Laman Bayu Phase 2 has been delayed due to the implementation of FMCO.

As at LPD, the approval to deliver vacant possession has obtained and the project is in the midst of issuing final billings to purchasers.



#### **A4. Segmental Information (Cont'd)**

*Segmental Performance (financial period ended 30 September 2021 against financial period ended 30 September 2020)*

##### **Others**

The segment reported losses of approximately RM1.49 million in current financial period against RM1.06 million of losses in the preceding year corresponding period.

Expenses incurred under this segment 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 RM2.94 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:

	<b>As at 30-Sep-21</b>	<b>As at 30-Sep-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Authorised and contracted for :</u></b>		
Joint Venture Agreement for		
- Settlement units to landowner	40,000	4,950
Purchase Order for		
- Interior design and renovation works	43	613
	<hr/>	<hr/>

#### A13. Subsequent Events

Saved as disclosed below, there were no subsequent events as at 11 November 2021, being the latest practicable date (“LPD”), which shall not be earlier than 7 days from the date of issuance of this interim financial report.

- (a) On 5 October 2021, total of 90,000,000 ordinary shares have been issued pursuant to the conversion of 90,000,000 Irredeemable Convertible Preference Shares (“ICPS”) by the following parties at the conversion ratio of 1 unit of ICPS to 1 new ordinary share.

No.	Name of ICPS Holders	No. of ICPS converted	No. of Ordinary Shares allotted
1.	LBS Bina Group Berhad	67,500,000	67,500,000
2.	Datuk Lim Lit Chek	22,500,000	22,500,000

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#### A14. Changes in Contingent Liabilities and Contingent Assets

##### (a) Contingent Liabilities

###### Bank guarantees issued for:

	As at 30-Sep-21 RM'000	As at 30-Sep-20 RM'000
- Construction Contracts	72	3,632
- Property Development	2,442	2,515
- Others	-	8
	2,514	6,155

##### (b) Contingent Assets

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

#### A15. Significant Related Party Transactions

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

	As at 30-Sep-21 RM'000	As at 30-Sep-20 RM'000
<b>Income</b>		
Contract revenue	340,662	337,942
<b>Expenses</b>		
Contractor's fee	-	2,754
Purchase of materials	4,609	11,081
Renovation works	-	706
Purchase of properties	-	21,350
Rental of premises	141	-
Interest expenses	1	-
	1	-

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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-Sep-21	30-Sep-20	RM'000	%	30-Sep-21	30-Sep-20	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	111,116	165,219	(54,103)	-32.75%	405,208	381,699	23,509	6.16%
Profit before tax ("PBT")	4,341	8,150	(3,809)	-46.74%	24,819	14,912	9,907	66.44%
Profit after tax ("PAT")	2,014	5,911	(3,897)	-65.93%	16,177	8,234	7,943	96.47%

#### Individual Period

The Group recorded revenue and PBT of approximately RM111.12 million and RM4.34 million respectively in the current individual period, representing decrease of approximately RM54.10 million and RM3.81 million respectively as compared to preceding year corresponding individual quarter.

The movement in results can generally explained as per below.

#### (a) Construction

The construction segment recorded decrease in revenue and PBT by RM34.75 million and RM1.99 million respectively as compared to preceding year corresponding individual quarter.

Unlike the Recovery Movement Control Order phase in June 2020 whereby all activities were allowed to operate at full capacity, at the beginning of June 2021, the Government has once again imposed full lockdown ("FMCO") nationwide to curb the surge of the COVID-19 cases again due to new variant, Delta. Moreover, Selangor state, whereby most of the Group's construction sites located, was under Enhanced Movement Control ("EMCO") from 3<sup>rd</sup> July to 16<sup>th</sup> July 2021.

During FMCO and EMCO, all activities have completely halted and no construction works carried out. This has last till the country moved into National Recovery Plan ("NRP"). Different phases of NRP have determined the re-open of different sector. The capacity allowed to resume work also depending on the completion of vaccination in the company / group.

As a result to the suspension of work for approximately 1.5 month and the progressive increase in work capacity during NRP period, the adverse impact has reflected in this individual quarter particularly in the month of July and August.

#### (b) Property Development

Low revenue and PBT recorded in property development segment by approximately RM19.36 million and RM2.57 million respectively mainly due to the delivery of vacant possession of Zenopy Residences in December 2020 and Laman Bayu Phase 1 in March 2021.

**B1. Review of Group Performance (Cont'd)**

**Cumulative Period**

The revenue and PBT of the Group have improved by RM23.51 million and RM9.91 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 by projects such as Kita Harmoni, Kita Bayu, Kita Impian and Skylake which were substantially 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 saving arising from sharing of costs or trade discount have translated into profit directly in the segment after the final agreement reached with sub-contractors,

The Group's total assets and total liabilities stood at RM875.34 million and RM387.81 million respectively as at 30 September 2021. Assets of approximately RM543.21 million or 62.06% and liabilities of RM357.48 million or 92.18% were from the construction and trading segment.

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## B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 30-Sep-21	Preceding Quarter Ended 30-Jun-21	Variance	
	RM'000	RM'000	RM'000	%
Revenue	111,116	126,504	(15,388)	-12.16%
Profit before tax ("PBT")	4,341	6,800	(2,459)	-36.16%
Profit after tax ("PAT")	2,014	4,037	(2,023)	-50.11%

The revenue and PBT were lower in current quarter against preceding immediate quarter partly due to lower momentum in construction segment as several projects have been substantially completed in the immediate preceding quarter and few secured projects were still at their planning and design stage. Moreover the implementation of EMCO in July in Selangor state has suspended the construction work.

## 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 RM1.84 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.

	<b>Individual Quarter 30-Sep-21 RM'000</b>	<b>Current Year to Date 30-Sep-21 RM'000</b>
<b>Income Tax:</b>		
- Current period	2,525	9,472
<b>Deferred Tax:</b>		
- Current period	(198)	(830)
<b>Total Taxation</b>	2,327	8,642

#### 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:

	<b>As at 30-Sep-21 RM'000 (Unaudited)</b>	<b>As at 30-Sep-20 RM'000 (Unaudited)</b>
<b>Secured</b>		
Term loans	26,625	47,913
Revolving credits	44,560	35,015
Bank Overdrafts	3,042	12,544
Trade Services	16,188	42,043
Lease liabilities	31,314	33,773
<b>Total</b>	<b>121,729</b>	<b>171,288</b>
<b>Current</b>		
Term loans	2,520	17,757
Revolving credits	44,560	35,015
Trade Services	16,188	42,043
Bank Overdrafts	3,042	12,544
Lease liabilities	12,306	11,582
<b>Total</b>	<b>78,616</b>	<b>118,941</b>
<b>Non-current</b>		
Term loans	24,105	30,156
Lease liabilities	19,008	22,191
<b>Total</b>	<b>43,113</b>	<b>52,347</b>

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-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Profit attributable to owners of the parent (RM'000)	2,088	5,822	16,492	8,754
Weighted average number of ordinary shares in issue ('000)	501,653	501,653	501,653	501,653
Basic EPS (Sen)	0.42	1.16	3.29	1.75

### Diluted EPS

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

	Individual Quarter Ended		Year to Date Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Profit attributable to owners of the parent (RM'000)	2,088	5,822	16,492	8,754
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)	0.35	0.98	2.79	1.48

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

	Current Quarter Ended 30-Sep-21 RM'000	Current Year To Date Ended 30-Sep-21 RM'000
Interest income	(110)	(259)
Rental income	(26)	(124)
Reversal of impairment losses on receivables	(5)	(153)
Loss on disposal of PPE	41	36
Impairment losses on receivables	3	8
Amortisation of intangible assets	13	317
Amortisation of investment properties	220	661
Depreciation of PPE	1,683	4,937
Depreciation of ROU	1,904	5,699
Finance costs	1,059	4,128
	1,059	4,128

**B12. Authorisation for Issue**

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

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