



MGB BERHAD

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

INTERIM FINANCIAL REPORT 31 MARCH 2022

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter Ended	Preceding Year Quarter Ended	Current Year To Date Ended	Preceding Year To Date Ended
		31-Mar-22 (Unaudited) RM'000	31-Mar-21 (Unaudited) RM'000	31-Mar-22 (Unaudited) RM'000	31-Mar-21 (Unaudited) RM'000
Revenue		178,591	167,588	178,591	167,588
Cost of sales		(152,891)	(140,817)	(152,891)	(140,817)
Gross profit		25,700	26,771	25,700	26,771
Interest income		75	73	75	73
Other income		857	329	857	329
Operating expenses		(14,065)	(12,055)	(14,065)	(12,055)
Finance costs		(1,361)	(1,646)	(1,361)	(1,646)
Share of profit of associates (net of tax)		27	206	27	206
Profit before tax		11,233	13,678	11,233	13,678
Taxation	B5	(4,417)	(3,552)	(4,417)	(3,552)
Profit after tax for the financial period		6,816	10,126	6,816	10,126
Other comprehensive income for the financial period		-	-	-	-
Total comprehensive income for the financial period		6,816	10,126	6,816	10,126
Profit/(Loss) for the financial period attributable to:					
Owners of the parent		7,138	10,089	7,138	10,089
Non-controlling interests		(322)	37	(322)	37
		6,816	10,126	6,816	10,126
Total comprehensive income/(loss) for the financial period attributable to:					
Owners of the parent		7,138	10,089	7,138	10,089
Non-controlling interests		(322)	37	(322)	37
		6,816	10,126	6,816	10,126
Earnings per share attributable to owners of the parent:					
Basic (Sen)	B10	1.21	2.01	1.21	2.01
Diluted (Sen)	B10	1.21	1.71	1.21	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 2021 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 31 MARCH 2022

	Note	31 March 2022 (Unaudited) RM'000	31 December 2021 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment ("PPE")	A9	22,574	23,982
Right-of-use assets ("ROU")		84,268	85,598
Investment properties		38,769	38,990
Investment in associates		421	435
Goodwill on consolidation		254,695	254,695
		400,727	403,700
Current Assets			
Inventories		69,324	67,432
Contract assets		89,936	80,743
Trade receivables		44,357	41,841
Other receivables		18,884	17,086
Amounts due from related companies		284,680	280,433
Amount due from an associate		-	7
Tax recoverable		3,146	3,060
Fixed deposits with licensed banks		5,941	5,670
Cash held under Housing Development Accounts		21,027	23,775
Cash and bank balances		34,110	13,653
		571,405	533,700
TOTAL ASSETS		972,132	937,400

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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 2021 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 31 MARCH 2022 (cont'd)

Note	31 March 2022 (Unaudited) RM'000	31 December 2021 (Audited) RM'000
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the parent:		
	388,186	388,186
	(1,684)	(1,684)
	4,127	4,165
	111,713	107,034
	502,342	497,701
Non-controlling interests	(136)	186
Total Equity	502,206	497,887
<u>LIABILITIES</u>		
Non-current Liabilities		
Loans and borrowings	16,730	17,273
Lease liabilities	13,988	16,579
Deferred tax liabilities	2,455	2,049
	33,173	35,901
Current Liabilities		
Trade payables	243,271	260,427
Contract liabilities	35,081	40,471
Amounts due to related companies	5,726	5,277
Other payables	59,855	41,686
Amount due to an associate	42	66
Bank overdrafts	13,676	4,982
Loans and borrowings	63,097	35,473
Lease liabilities	12,315	12,277
Tax payable	3,690	2,953
	436,753	403,612
Total Liabilities	469,926	439,513
TOTAL EQUITY AND LIABILITIES	972,132	937,400
Net assets per share attributable to owners of the parent (RM)	0.85	0.99

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022

	<-----Attributable to owners of the parent----->						
	<-----Non-Distributable----->			Distributable			
Group	Share Capital 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 2022	388,186	4,165	(1,684)	107,034	497,701	186	497,887
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	7,138	7,138	(322)	6,816
Realisation of asset revaluation reserve	-	(38)	-	38	-	-	-
Transactions with owners							
Dividends paid	-	-	-	(2,497)	(2,497)	-	(2,497)
At 31 March 2022	388,186	4,127	(1,684)	111,713	502,342	(136)	502,206

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (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 2021	327,886	60,300	4,316	(1,684)	79,801	470,619	692	471,311
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)	89,928	480,708	729	481,437

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 2021 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	As at 31-Mar-22 RM'000 (Unaudited)	As at 31-Mar-21 RM'000 (Unaudited)
Profit before tax	11,233	13,678
Adjustments for:		
Amortisation of intangible assets	-	243
Depreciation of		
- PPE	1,718	1,572
- Investment properties	220	220
- ROU	1,944	1,895
Finance costs	1,361	1,646
Impairment losses on:		
- trade receivables	15	1
Reversal of impairment losses on:		
- trade receivables	-	(85)
- amounts due from related companies	(5)	(15)
Loss/(gain) on disposal of PPE	5	(5)
Interest income	(75)	(73)
Gain on disposal of a subsidiary company	(599)	-
Loss on disposal of an associate company	41	-
Share of profit of associates (net of tax)	(27)	(206)
Operating profit before working capital changes	15,831	18,871
Changes in working capital:		
Inventories	(1,892)	1,507
Receivables	(4,532)	(5,701)
Payables	929	(24,724)
Contract assets and contract liabilities	(14,583)	14,429
Related companies	(3,793)	23,658
Associate	(17)	198
	(23,888)	9,367
Cash (used in)/generated from operations	(8,057)	28,238
Interest paid	(1,128)	(1,646)
Interest income	75	73
Income tax paid	(3,360)	(2,477)
	(4,413)	(4,050)
Net cash (used in)/generated from operating activities	(12,470)	24,188

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (cont'd)

	As at 31-Mar-22 RM'000 (Unaudited)	As at 31-Mar-21 RM'000 (Unaudited)
Cash flows from/(used in) investing activities		
Net cash inflow from disposal of a subsidiary company	748	-
Purchase of:		
-PPE	(257)	(1,927)
-ROU	(74)	(783)
Proceeds from disposal of PPE	76	31
Proceeds from disposal of an associate company	45	-
Net cash generated from/(used in) investing activities	538	(2,679)
Cash flows from/(used in) financing activities		
Drawdown of bank borrowings	51,431	75,361
Increase of fixed deposits pledged	(100)	(14)
Repayment of lease liabilities	(3,134)	(3,215)
Repayment of bank borrowings	(24,583)	(103,601)
Dividends paid	(2,497)	-
Net cash generated from/(used in) financing activities	21,117	(31,469)
Net increase/(decrease) in cash and cash equivalents	9,185	(9,960)
Cash and cash equivalents at the beginning of the financial period	32,447	62,710
Cash and cash equivalents at the end of the financial period	41,632	52,750
Cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	34,110	29,688
Cash held under Housing Development Accounts	21,027	26,712
Fixed deposits with licensed banks	5,941	3,651
Bank overdrafts	(13,676)	(3,650)
	47,402	56,401
Less: Fixed deposits pledged with licensed banks	(5,770)	(3,651)
	41,632	52,750

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022

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 2021. 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 2021.

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 2021 except for the adoption of the following:

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Annual Improvement to MFRSs Standards 2018-2020	
• Amendments to MFRS 1	
• Amendments to MFRS 9	
• Amendments to MFRS 16	
• Amendments to MFRS 141	

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

A2. Changes in Accounting Policies (Cont'd)

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>
MFRS 17	Insurance Contracts	1 January 2023
Amendment to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
	Disclosure of Accounting Policies	
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 2021 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, management consultancy 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.

A4. Segmental Information (Cont'd)

31 March 2022 (Unaudited)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000
Revenue				
Total revenue	183,679	4,581	-	188,260
Less: Inter-segment revenue	(9,669)	-	-	(9,669)
Revenue from external customers	174,010	4,581	-	178,591
Results				
Interest income	44	31	-	75
Finance costs	(1,137)	(58)	(166)	(1,361)
Depreciation	(3,838)	(31)	(13)	(3,882)
Share of profit of associates (net of tax)	27	-	-	27
Segment profit/(loss) before tax	10,912	664	(343)	11,233
Taxation				(4,417)
Profit after tax				6,816
Other non-cash items				
Loss on disposal of PPE	5	-	-	5
Gain on disposal of a subsidiary company	(599)	-	-	(599)
Loss on disposal of an associate company	41	-	-	41
Impairment losses on receivables (net)	(3)	13	-	10
Assets				
Additions to non-current assets	952	55	-	1,007
Segment assets	597,024	119,406	255,702	972,132
Liabilities				
Segment liabilities	426,322	29,981	13,623	469,926

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) 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>10,126</u>
Other non-cash items				
Gain on disposal of PPE	(5)	-	-	(5)
Impairment losses on receivables (net)	(14)	(85)	-	(99)
Assets				
Additions to non-current assets	3,161	-	-	3,161
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)

Segmental Performance (financial period ended 31 March 2022 against financial period ended 31 March 2021)

Construction and Trading

The revenue has increase from RM155.62 million in preceding year corresponding quarter to RM174.01 million in current financial period. The revenue mainly contributed by projects such as Residensi Bintang and Mercuri Jalil at Bukit Jalil, Ritma Perdana and Melodi Perdana at Alam Perdana.

Despite the increased in revenue, the segment Profit Before Tax ("PBT") was affected by the rise in building raw material costs stemming from disruptions in the supply chain due to the Russia-Ukraine conflict and China's COVID-19 lockdowns which led to logistic bottlenecks. Labor shortages also another hurdle that have affected the progress of the on-going projects.

Construction and trading segment also included the manufacturing arm (precast products) which supply internally. Internal revenue of approximately RM6.62 million generated in current financial 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 posted lower revenue of RM4.58 million and PBT of RM0.66 million in current financial period as compared to revenue of RM11.97 million and PBT of RM1.36 million in the preceding year corresponding financial period.

Lower revenue and PBT recorded in current financial period following the successful delivery of vacant possession of Laman Bayu Phase 1 and Phase 2 in March'21 and November'21 respectively. The newly launched project of Laman Bayu Phase 3 and Phase 4 with total 118 units of double storey terraces have registered total new sales of RM18.25 million with 47 units sold. The project is currently encountered lower percentage of construction work as it is still at its piling and earthwork construction stage, thereby lower contribution in segmental result.

Others

The segment reported losses of approximately RM0.34 million in current financial period against RM0.67 million of losses in the preceding year corresponding quarter.

Expenses incurred under this segment mainly finance cost and administrative expenses. The narrowed losses partly due to no amortisation expenses of intangible asset as it has fully amortised in the previous year.

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.

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 were not materially affected by any significant seasonal or cyclical factors.

A8. Dividends Paid

	RM'000
In respect of the financial year ended 31 December 2021:	
- Interim dividend of RM0.00422 per ordinary share, paid on 30 March 2022	2,497
Total dividends paid as at 31 March 2022	<u>2,497</u>

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.

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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

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

- (a) On 3 January 2022, MGB Construction & Engineering Sdn. Bhd. (“MGBCE”), a wholly-owned subsidiary company of the Company, has entered into Share Sales Agreement with a third party for the disposal of all the equity interest in Prisma Craft Sdn. Bhd. (“PCSB”), for a cash consideration of Ringgit Malaysia Seven Hundred and Fifty Thousand (RM750,000.00) only. Consequently, PCSB has ceased to be an indirect wholly-owned subsidiary company of the Company.
- (b) On 23 February 2022, MGBCE has entered into Share Sale Agreement with a third party for the disposal of all the equity interest in YLT Consultancy Sdn. Bhd. (“YLT”) for a cash consideration of Ringgit Malaysia Forty Five Thousand (RM45,000.00) only. Consequently, YLT has ceased to be an associate company of MGBCE.
- (c) On 14 March 2022, MGB Land Sdn Bhd, a wholly-owned subsidiary company of the Company, had subscribed one (1) ordinary share in Idaman Rawang Sdn. Bhd. (“IRSB”) for a total cash consideration of Ringgit Malaysia One (RM1) only. Consequently, IRSB became an indirect wholly-owned subsidiary company of the Company.

A12. Capital Commitments

Total capital commitments of the Group comprised of the followings:

	As at 31-Mar-22 RM'000	As at 31-Mar-21 RM'000
<u>Authorised and contracted for :</u>		
Purchase Order for		
- Interior design and renovation works	43	320
	43	320

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A13. Subsequent Events

There were no subsequent events as at 10 May 2022, being the latest practicable date (“LPD”), which shall not be earlier than 7 days from the date of issuance of this interim financial report.

A14. Changes in Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

Bank guarantees issued for:

	As at 31-Mar-22	As at 31-Mar-21
	RM'000	RM'000
- Construction Contracts	72	3,633
- Property Development	2,703	2,470
- Others	-	8
	2,775	6,111

(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 31-Mar-22	As at 31-Mar-21
	RM'000	RM'000
Income		
Contract revenue	154,686	153,956
Expenses		
Dividends paid	1,853	-
Purchase of materials	-	4,194
Rental expenses paid/payable	50	42
	50	42

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

B1. Review of Group Performance

	Individual		Variance		Cumulative		Variance	
	Period Ended	Period Ended			Year Ended	Year Ended		
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	RM'000	RM'000	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	178,591	167,588	11,003	6.57%	178,591	167,588	11,003	6.57%
Profit before tax ("PBT")	11,233	13,678	(2,445)	-17.88%	11,233	13,678	(2,445)	-17.88%
Profit after tax ("PAT")	6,816	10,126	(3,310)	-32.69%	6,816	10,126	(3,310)	-32.69%

Individual and Cumulative Period

The Group achieved revenue of RM178.59 million in current financial period which representing RM11 million or 6.57% higher as compared to the preceding year corresponding period.

As explained under the segmental performance, construction remains as the key driver in contributing the revenue of the Group. However, the revenue of property development segment lowered by RM7.4 million following the completion of Laman Bayu Phase 1 and Phase 2 in the previous year. The new phases of Laman Bayu 3 and 4 have recorded encouraging bookings but the contribution in aspect of revenue and profit are still low as most of the purchasers are still perfecting loan documentation and at early construction stage.

The Group's PBT in current financial period is inevitably affected by the hike in the construction material price which currently faced by most of the industry players. Labor shortage due to previous closure of border also take time to resolve. The marginal increase in operating expenses driven by additional headcount, salary adjustment and bonus also lowered the PBT as overall.

The Group's total assets and total liabilities stood at RM972.13 million and RM469.93 million respectively as at 31 March 2022. Assets of approximately RM597.02 million or 61.41% and liabilities of RM426.32 million or 90.72% were from the construction and trading segment.

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B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 31-Mar-22	Preceding Quarter Ended 31-Dec-21	Variance	
	RM'000	RM'000	RM'000	%
Revenue	178,591	188,551	(9,960)	-5.28%
Profit before tax ("PBT")	11,233	15,157	(3,924)	-25.89%
Profit after tax ("PAT")	6,816	10,399	(3,583)	-34.46%

Comparing the revenue in current quarter against preceding immediate quarter, the construction segment has recorded a decrease of approximately RM12.9 million but the decrease has been mitigated by the increase captured in property development segment of approximately RM2.9 million. In tandem with the low revenue coupled with material cost hike, the PBT and PAT have been affected adversely.

B3. Prospects for the Year

The Group is staying intact with its core objective in constructing and developing affordable housing under Ruman Selangorku Idaman scheme for year 2022. This is in line with the announced Budget 2022 housing agenda that encourages young people to own houses. The allocation of RM1.5 billion and a guarantee of RM2 billion under the Housing Credit Guarantee Scheme further amplifies the housing agenda for the low-income group and boost the property market.

Nevertheless, the Group also reckon the adverse impact brought by the global development such as Russia-Ukraine conflict, economic sanctions, raw material and labor shortages causing the rise prices and higher pay demand. So long as the abovementioned matters have not been cooled down or resolved, it is anticipated that the recovery momentum of global and local economy will slow down and thereafter affecting business confidence and consumers' sentiments.

Amidst all the challenges posted, through MGB's Value Driven Technology ("VaDTech") approach, we hope to develop innovative approaches for clients focusing to be cost-effective and faster to market. With vigilant cost control and sensitivity to the market evolvement from time to time, MGB strike to achieve optimum outcome out of the uncertainties.

Barring any unforeseen circumstances, underpinned by existing outstanding orderbook of approximately RM1.74 billion and the property developments projects in pipeline, the Board is cautiously optimistic that the Group will perform satisfactorily in year 2022.

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-22 RM'000	Current Year to Date 31-Mar-22 RM'000
Income Tax:		
- Current year	4,011	4,011
Deferred Tax:		
- Current year	406	406
Total Taxation	4,417	4,417

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 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.
- (b) On 24 January 2020, the Consortium together with Idaman Aktif Sdn. Bhd., an indirect wholly owned subsidiary of the Company had 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-22 RM'000 (Unaudited)
Secured	
Term loans	18,958
Revolving credits	50,250
Bank overdrafts	13,676
Trade services	10,619
Lease liabilities	26,303
Total	119,806
 Current	
Term loans	2,228
Revolving credits	50,250
Trade services	10,619
Bank overdrafts	13,676
Lease liabilities	12,315
Total	89,088
 Non-current	
Term loans	16,730
Lease liabilities	13,988
Total	30,718

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.

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-22	31-Mar-21	31-Mar-22	31-Mar-21
Profit attributable to owners of the parent (RM'000)	7,138	10,089	7,138	10,089
Weighted average number of ordinary shares in issue ('000)	591,653	501,653	591,653	501,653
Basic EPS (Sen)	1.21	2.01	1.21	2.01

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-22	31-Mar-21	31-Mar-22	31-Mar-21
Profit attributable to owners of the parent (RM'000)	7,138	10,089	7,138	10,089
Weighted average number of ordinary shares in issue ('000)	591,653	501,653	591,653	501,653
Effect of conversion of ICPS ('000)	-	90,000	-	90,000
	591,653	591,653	591,653	591,653
Diluted EPS (Sen)	1.21	1.71	1.21	1.71

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

	Current Quarter Ended 31-Mar-22 RM'000	Current Year To Date Ended 31-Mar-22 RM'000
Interest income	(75)	(75)
Gain on disposal of a subsidiary company	(599)	(599)
Rental income	(58)	(58)
Reversal of impairment losses on receivables	(5)	(5)
Loss on disposal of PPE	5	5
Loss on disposal of an associate company	41	41
Impairment losses on receivables	15	15
Depreciation of investment properties	220	220
Depreciation of PPE	1,718	1,718
Depreciation of ROU	1,944	1,944
Finance costs	1,361	1,361

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 17 May 2022.

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