



1ST QUARTER
INTERIM REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

Interim Report For The Financial Period Ended 30 September 2019
(The figures have not been audited)

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Interim Report For The Financial Period Ended 30 September 2019
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000	CURRENT YEAR TO DATE 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2018 RM'000
Revenue	105,120	95,504	105,120	95,504
Operating expenses	(81,493)	(81,005)	(81,493)	(81,005)
Other operating income	2,224	2,194	2,224	2,194
Profit from operations	25,851	16,693	25,851	16,693
Finance cost	(1,565)	(2,968)	(1,565)	(2,968)
Profit before taxation	24,286	13,725	24,286	13,725
Taxation	(4,390)	(3,271)	(4,390)	(3,271)
Profit for the period	19,896	10,454	19,896	10,454
Total comprehensive income for the year	19,896	10,454	19,896	10,454
Profit attributable to:				
Owners of the Company	13,549	7,794	13,549	7,794
Non Controlling Interest	6,347	2,660	6,347	2,660
	19,896	10,454	19,896	10,454
Total comprehensive income attributable to:				
Owner of the parent	13,549	7,794	13,549	7,794
Non Controlling Interest	6,347	2,660	6,347	2,660
	19,896	10,454	19,896	10,454
EPS - Basic (sen)	3.39	1.95	3.39	1.95

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2019)

BCB BERHAD

(Company No : 172003-W)
(Incorporated in Malaysia)

**Interim Report For The Financial Period Ended 30 September 2019**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	(UNAUDITED) AS AT 30.09.2019 RM'000	(AUDITED) AS AT 30.06.2019 RM'000
Non Current Assets		
Property, plant and equipment	50,224	50,361
Investment properties	57,775	57,775
Inventories	254,986	337,664
Deferred tax assets	-	2,225
Current assets		
Inventories	741,519	649,035
Tax recoverable	11,802	10,324
Trade and other receivables	79,991	122,664
Contract assets	36,519	20,591
Fixed deposits with licensed banks	879	165
Cash and bank balances	33,426	22,858
	904,136	825,637
Current liabilities		
Trade and other payables	250,677	257,653
Contract liabilities	78,740	59,347
Short term borrowings	134,424	161,631
Bank overdrafts	49,653	50,081
Current tax liabilities	5,698	1,036
	519,192	529,748
Net current assets	384,944	295,889
Total Assets	747,929	743,914
Shareholders' Funds		
Share capital	206,250	206,250
Treasury shares	(3,373)	(3,371)
Revaluation reserves	6,788	6,788
Retained earnings	266,499	252,950
Non Controlling Interest	48,741	42,394
	524,905	505,011
Long term borrowings	221,742	235,396
Deferred tax liabilities	1,282	3,507
Total Equities and Liabilities	747,929	743,914
Net assets per share (RM)	1.15	1.12
(Total Equity/ Number of ordinary share issued)	(476,164/ 412,500)	(462,617/ 412,500)

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2019)

Interim Report For The Financial Period Ended 30 September 2019
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Share capital RM'000	Non-distributable		Distributable		Non Controlling Interest RM'000	Total Equity RM'000
		Revaluation surplus RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
At 01.07.2019	206,250	6,788	(3,371)	252,950	462,617	42,394	505,011
Transactions with owners:							
Share buy-back	-	-	(2)	-	(2)	-	(2)
Total comprehensive income	-	-	-	13,549	13,549	6,347	19,896
At 30.09.2019	206,250	6,788	(3,373)	266,499	476,164	48,741	524,905
At 01.07.2018	206,250	6,788	(3,168)	213,940	423,810	24,429	448,239
Transactions with owners:							
Share buy-back	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	7,794	7,794	2,660	10,454
At 30.09.2018	206,250	6,788	(3,168)	221,735	431,605	27,089	458,694

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2019)

Interim Report For The Financial Period Ended 30 September 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	3 MONTHS ENDED 30.09.2019 RM'000	3 MONTHS ENDED 30.09.2018 RM'000
Operating activities		
Profit after taxation	19,896	10,454
Adjustments for non-cash items	6,638	9,889
Operating profit before working capital changes	<u>26,534</u>	<u>20,343</u>
Trade & other receivables	32,105	24,305
Contract assets	(15,928)	-
Inventories	5,236	12,703
Property development cost	(15,043)	(4,236)
Trade payables and Other payables	(6,976)	(34,888)
Contract liabilities	19,393	-
Net change in working capital	<u>45,321</u>	<u>18,227</u>
Net Interest Paid	(1,656)	(2,928)
Taxes paid	3,446	(1,803)
Net cash from operating activities	<u>47,111</u>	<u>13,496</u>
Investing activities		
Purchase of property, plant and equipment	-	111
Proceeds from disposal of property, plant and equipment and investment properties	137	-
Net cash used in investing activities	<u>137</u>	<u>111</u>
Financing activities		
Proceeds from borrowings	-	6,885
Repayment of borrowings	(34,822)	(9,675)
Purchase of treasury shares	(2)	-
Fixed deposits pledged to a licensed bank	(714)	(571)
Net cash used in financing activities	<u>(35,538)</u>	<u>(3,361)</u>
Net increase in cash and cash equivalents	11,710	10,246
Cash and cash equivalents at beginning of period	(27,058)	(33,879)
Cash and cash equivalents at end of period	<u>(15,348)</u>	<u>(23,633)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Report for the year ended 30th June 2019)

Notes to the Interim Report For The Financial Period Ended 30 June 2019

(The figures have not been audited)

EXPLANATORY NOTES

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2019.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2019, except for the adoption of the following standards and amendments to published standards which are effective for the financial period commencing after 1 July 2019:

- (a) MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- (b) MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014).
- (c) MFRS 15: Revenue from Contracts with Customers

In addition, there are a number of new standards and amendments to Standards and Issues Committee (“IC”) interpretations which are effective and adopted for the current financial period beginning 1 July 2019. None of them are expected to have a significant effect on the consolidated financial statements of the Group.

Under MFRS 1,9 and 15, the Group has adopted this framework effective in financial year 2019.

2. Status of Audit Qualifications

The audited financial statements of the Group for the year ended 30 June 2019 was not subject to any audit qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

4. Unusual Items

There was no unusual item affecting assets, liabilities, equity, net income and cash flows during the financial quarter under review.

5. Material changes in past estimates and their effect on the current interim period.

There was no material effect on the current interim period from estimates of amounts reported in prior interim periods of the current financial year or prior financial years.

6. Issuances or Repayments of Debts and Equity Securities

There was no issuance, cancellation, repurchases, resale and repayment of debts and equity securities in the financial quarter under review except for:

Share Buy-back

As at to-date, the Company has bought back a total of 12,879,200 shares from the open market at an average purchase price of RM0.26 per share (This average price is adjusted following a share split exercise conducted on 7 January 2016 whereby the initial share par value of RM1.00 per share was halved to RM0.50 per share). The total consideration paid for the share buy-back, inclusive of transaction costs amounted to RM3,375,323.11. The shares bought back are held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

7. Dividend

The Board does not recommend any interim dividend for the financial quarter under review.

8. Segment Information

Segmental information is presented in respect of the Group's business segments and they reflect the Group's internal reporting structures that are regularly reviewed for the purpose of allocating resources to the segment and assessing its performance.

For management purposes, the Group has identified the following four reportable segments as follows:

- a) Property Development and others : Property Development, Letting of Properties and Project Management
- b) Construction : Project Construction Services, Manufacturing of Concrete Products and Trading of Building Materials
- c) Hotel and related activities : Provision of Rent
- d) Others : These are dormant companies for future use

	Property development and management activities	Construction and related activities	Hotel	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 Months Ended 30.09.2019						
Revenue						
External revenue	102,029	2,665	426	-	-	105,120
Inter-segment revenue	-	8,742	-	-	(8,742)	-
Total	102,029	11,407	426	-	(8,742)	105,120
Adjusted EBITDA	31,665	458	442	-	(6,119)	26,446

	Property development and management activities	Construction and related activities	Hotel	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 Months Ended 30.09.2018						
Revenue						
External revenue	89,554	5,027	923	-	-	95,504
Inter-segment revenue	-	7,496	-	-	(7,496)	-
Total	89,554	12,523	923	-	(7,496)	95,504
Adjusted EBITDA	21,395	1,027	208	-	(5,247)	17,383

8. Segment Information (Continued)

	Property development and management activities RM'000	Construction and related activities RM'000	Hotel RM'000	Others RM'000	Elimination RM'000	Total RM'000
Total segment assets						
30.09.2019	1,386,475	75,965	31,614	-	(226,933)	1,267,121
30.09.2018	1,415,068	144,685	31,730	3	(381,067)	1,210,419

	Property development and management activities RM'000	Construction and related activities RM'000	Hotel RM'000	Others RM'000	Elimination RM'000	Total RM'000
Total segment liabilities						
30.09.2019	760,080	66,316	16,402	-	(100,582)	742,216
30.09.2018	819,986	120,983	15,661	3	(275,717)	680,916

A reconciliation of total adjusted EBITDA

	30.09.2019 RM'000	30.09.2018 RM'000
Adjusted EBITDA	26,446	17,383
Finance income	44	40
Finance cost	(1,565)	(2,968)
Tax	(4,390)	(3,271)
Depreciation	(639)	(730)
Net profit for the financial period	19,896	10,454

Reportable segments assets are reconciled to total assets as follows:

	30.09.2019 RM'000	30.09.2018 RM'000
Total segment assets	1,255,319	1,197,787
Tax recoverable	11,802	12,632
Consolidated total assets (as per Statement of Financial Position)	1,267,121	1,210,419

Reportable segments liabilities are reconciled to total liabilities as follows:

	30.09.2019 RM'000	30.09.2018 RM'000
Total segment liabilities	742,216	680,916
Tax payable	-	-
Consolidated total liabilities (as per Statement of Financial Position)	742,216	680,916

9. Carrying Amount of Revalued Assets

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendments from the previous Annual Financial Statements.

10. Material events not reflected in interim period.

The Group does not have any material events during the financial period under review.

11. Changes in the Composition of the Group

There are no changes to the composition of the Group during the financial period under review.

12. Contingent Liabilities

There were no significant changes in contingent liabilities in respect of the Group since the last Annual Statement of Financial Position date.

13. Capital Commitments

The Group does not have any capital commitments outstanding during the financial period under review.

14. Recurrent Related Party Transactions

a) Nature of relationships of BCB Group with the interested related parties

- (i) Tan Sri Dato' Tan Seng Leong is a director of BCB Berhad and all its subsidiary companies. He is a major shareholder of BCB Berhad via his family controlled company called Evergreen Ratio Sdn Bhd. He is deemed to have an interest with the interested related parties by virtue of his relationship with his spouse and his children namely Puan Sri Datin Lim Sui Yong, Tan Vin Sern, Tan Vin Shyan and Tan Lindy, who are directors of Marvel Plus Development Sdn Bhd ("MPDSB"), whilst Puan Sri Datin Lim Sui Yong and Tan Vin Sern are also shareholders of MPDSB. Tan Sri Dato' Tan Seng Leong is also a director of Ju-Ichi Enterprise Sdn Bhd ("JIESB") as well as a major shareholder of IBZI Development (Johor) Sdn Bhd ("IBZI").
- (ii) Tan Vin Sern is a director of BCB Berhad and all its subsidiary companies. He is the son of Tan Sri Dato' Tan Seng Leong and brother of Tan Lindy. He is also a director of MPDSB, JIESB and IBZI.
- (iii) Tan Lindy is a Director of BCB Berhad and all its subsidiary companies. She is the daughter of Tan Sri Dato' Tan Seng Leong and the sister of Tan Vin Sern. She is also a director of MPDSB and JIESB.
- (iv) Tan Lay Hiang is a Director of BCB Berhad and most of its subsidiary companies. She is the sister of Tan Sri Dato' Tan Seng Leong.
- (v) Chang Shao-Yu is a Director of MPDSB. He is the spouse of Tan Lindy and son-in-law of Tan Sri Dato' Tan Seng Leong and Puan Sri Datin Lim Sui Yong.
- (vi) Tan Vin Shyan is a Director of BCB Development Sdn Bhd. He is the son of Tan Sri Dato' Tan Seng Leong and Puan Sri Datin Lim Sui Yong, and brother of Tan Lindy and Tan Vin Sern. He is also a director and shareholder of MPDSB, JIESB and IBZI.
- (vii) Puan Sri Datin Lim Sui Yong is a major shareholder of BCB Berhad via her family controlled company called Evergreen Ratio Sdn Bhd. She is also a director and shareholder of MPDSB.

14. Recurrent Related Party Transactions (Continued)

b) The related party transactions between BCB Group and the interested related parties are as follows:

	Quarterly Period Ended 30.09.2019 RM'000	Quarterly Period Ended 30.09.2018 RM'000
<u>Marvel Plus Development Sdn Bhd</u>		
BCB Construction Sdn Bhd		
- Building construction services	3,581	1,263
<u>Ju-Ichi Enterprise Sdn Bhd</u>		
BCB Berhad		
- Rental of office space	75	75
BCB Construction Sdn Bhd		
- Building construction services	3,224	972
<u>IBZI Development Sdn Bhd</u>		
BCB Construction Sdn Bhd		
- Building construction services	-	-

1. Review of Performance of the Group for the Quarter and Financial Year-To-Date

- 1. a** The Group turnover increased by 10% to RM105.12 million for the first quarter of 2020 as compared to RM95.50 million recorded for the corresponding quarter of last year while the Group's profit before tax increased by 77% to RM24.29 million in the current quarter as compared to a profit before tax of RM13.73 million recorded in the corresponding quarter of last year.

The Group's quarterly performance as per segmental divisions is as follows:

Property Development division's revenue increased by 14% to RM102.03 million in Q1' 2020 (Q1'2019: RM89.55 million). Profit before tax increased by 279% to RM23.63 million in Q1'2020 (Q1'2019: RM13.18 million). The increase in revenue and profit before tax is attributed to better sales.

Construction division's revenue decreased by 47% to RM2.67 million in Q1'2020 (Q1'2019: RM5.03). Profit before tax decreased by 65% to RM0.22 million in Q1'2020 (Q1'2019: RM0.63 million). The reduction in revenue and profit before tax is due to a reduction in outside jobs undertaken by the Group.

Hotel division's revenue decreased by 53% to RM0.43 million in Q1'2020 (Q1'2019: RM0.92 million). Profit before tax increased by 340% to RM0.44 million (Q1'2020: Loss RM0.1million). The lower revenue and higher profit before tax is attributed to the fact that the group had on January 1, 2019 leased out the entire operations of the hotel to an operator in line with its plan to reduce overheads and stamp out losses.

- 1. b** For the financial year to-date, the Group's revenue increased by 10% to RM105.12 million (2019: RM95.50 million) while the Group's profit before tax increased by 77% to RM24.29 million (2019: RM13.73 million).

The Group's financial year to-date performance as per segmental divisions is as follows:

Property Development division's revenue increased by 14% to RM102.03 million as at Q1'2020 (2019: RM89.55 million). Profit before tax for the financial year to-date increased by 279% to RM23.63 million (2019: RM13.18 million). The increase in revenue and profit before tax is attributed to better sales.

Construction division's revenue decreased by 47% to RM2.67 million as at Q1'2019 (2019: RM5.03 million). Profit before tax decreased by 65% to RM0.22 million (2019: RM063 million)The reduction in revenue and profit before tax is due to a reduction in outside jobs undertaken by the Group.

Hotel division's revenue decreased by 53% to RM0.43 million as at Q1' 2010 (2019: RM0.92 million). Profit before tax increased by 340% to RM0.44 million for the financial year to-date (2019: Loss RM0.1 million). The lower revenue and higher profit before tax is attributed to the fact that the group had on January 1, 2019 leased out the entire operations of the hotel to an operator in line with its plan to reduce overheads and stamp out losses.

2. Material Changes in Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter

Group profit before tax decreased from RM43.49 million in the preceding quarter to RM24.29 million in the current quarter. This is mainly due to the effects from the adoption of the new accounting standard (MFRS 15) in the previous quarter under review whereby around RM20 million from previous years' profits were derecognised and adjusted into the previous quarter's results.

3. Prospects for the Financial Year

Despite the property market being lack lustre the past 3 years, the Board is optimistic of the Group's performance for financial year 2020. The following projects will continue to contribute to the Group's earnings:

a) Evergreen Heights and Bandar Putera Indah, both these township projects are in Batu Pahat and together they contribute about RM150 million in sales per annum. The recent addition is Versis Batu Pahat, a commercial project in Batu Pahat town.

b) Home Tree in the vicinity of Kota Kemuning, Shah Alam, Selangor: This development on 151 acres of land will comprise about 200 units of high-end bungalows and various other types of other houses and a similar number of commercial units bearing a total gross development value of at least RM1.8 billion. It is ear-marked for completion in about 4 years time.

The entire Phase 2 has a Gross Development Value of RM600 million comprising of 99 units of 3 storey bungalows and 166 units of 3 storey Semi Detached.

However sub-phase 2(a) & 2(b) bearing a combined Gross Development Value of RM270 million was officially launched in August 2017. As at to-date, more than RM200 million in sales has been recorded.

c) Elysia Park Residence in Medini, Johor Bahru. This high-end condominium project has a revised total gross development value of about RM1.5 billion. Phase 1 bearing a revised Gross Development Value of RM790 million comprising of about 981 units of condominiums in 3 tower blocks was officially launched in August 2016. As at to-date, close to RM460 million in sales has been recorded.

4. Variance on Profit Forecast

The Group did not issue any profit forecast or profit guarantee.

5. Profit for the period

Profit before taxation is derived after taking into consideration of the following:

	Current 30.09.2019 RM'000	Cumulative 30.09.2019 RM'000
Interest Income	44	44
Other Income	2,180	2,180
Interest expenses	(1,565)	(1,565)
Depreciation and amortisation	(639)	(639)

Other than the above, there were no disposal of quoted or unquoted investment or properties and amortisation of assets for the financial quarter under review.

6. Taxation

Taxation consists of the followings:

	Quarter Current year RM'000	Quarter Preceding year corresponding RM'000	Cumulative Current year RM'000	Cumulative Preceding year corresponding RM'000
Income tax				
- current financial period	4,390	3,271	4,390	3,271
	<u>4,390</u>	<u>3,271</u>	<u>4,390</u>	<u>3,271</u>

The effective tax rate for the financial year to-date is lower than the statutory tax rate.

7. Profit / (loss) on sale of unquoted investments and / or properties.

There was no disposal of unquoted investment or property during the financial period under review other than in the ordinary course of the Group's business.

8. Quoted Securities

There was no purchase and disposal of quoted securities for the financial period under review.

9. Status of Corporate Proposal

There were no corporate proposals during the financial period under review.

10. Dividend

The Board of Directors has not recommended any interim dividend for the current quarter or financial year to-date.

11. Group Borrowings

The tenure of Group borrowings classified as short and long term categories are as follows:-

Short term borrowings	RM'000
- Secured	184,077
- Unsecured	-
	<u>184,077</u>
Long-term borrowings	
- Secured	221,742
- Unsecured	-
	<u>221,742</u>
Total	<u><u>405,819</u></u>

12. Financial instruments with off balance sheet risk

There was no off balance sheet financial instrument during the financial period under review.

13. Material litigation

The Group does not have any material litigation during the financial period under review.

14. Earnings per share

	Quarter Current year	Quarter Preceding year corresponding	Cumulative Current year	Cumulative Preceding year corresponding
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit attributable to owners for the period	13,549	7,794	13,549	7,794
Weighted average number of ordinary shares in issue	399,621	400,359	399,621	400,359
Basic earnings/(loss) per share (sen)	<u>3.39</u>	<u>1.95</u>	<u>3.39</u>	<u>1.95</u>
b) Diluted earnings per share				
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>