INTERIM REPORT
中期報告
2019

BGMC International Limited
璋利國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
(Stock code 股份代號: 1693)

BUILDING GREEN MODERN CONSTRUCTIONS

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Tan Sri Dato' Sri Goh Ming Choon
(Chairman)

Dato' Mohd Arifin bin Mohd Arif
(Vice-chairman)

Dato' Teh Kok Lee
(Chief Executive Officer)

Ir. Azham Malik bin Mohd Hashim

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tan Sri Dato' Seri Kong Cho Ha

Chan May May

Ng Yuk Yeung

AUDIT COMMITTEE

Ng Yuk Yeung *(Chairman)*

Tan Sri Dato' Seri Kong Cho Ha

Chan May May

REMUNERATION COMMITTEE

Chan May May *(Chairman)*

Tan Sri Dato' Sri Goh Ming Choon

Ng Yuk Yeung

NOMINATION COMMITTEE

Tan Sri Dato' Seri Kong Cho Ha *(Chairman)*

Dato' Teh Kok Lee

Chan May May

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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North Point
Hong Kong

REGISTERED OFFICE

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

STOCK CODE

1693

BOARD LOT

4,000 shares

COMPANY'S WEBSITE ADDRESS

www.bgmc.asia

COMPANY SECRETARY

Sir Kwok Siu Man KR, *FCIS, FCS*

AUTHORISED REPRESENTATIVES

Dato' Teh Kok Lee

Sir Kwok Siu Man KR, *FCIS, FCS*

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
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PRINCIPAL BANKERS

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Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

The board ("**Board**") of directors ("**Directors**") of BGMC International Limited ("**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively "**Group**" or "**BGMC**") for the six months ended 31 March 2019 ("**1H2019**"), together with the comparative unaudited figures for the six months ended 31 March 2018 ("**1H2018**") and certain comparative figures as at 30 September 2018. The unaudited condensed consolidated financial results of the Group for 1H2019 have been reviewed by the Company's audit committee ("**Audit Committee**") and approved by the Board on 28 May 2019. All amounts set out in this interim report are presented in Malaysian Ringgit ("**RM**") unless otherwise indicated.

Business Review

BGMC is a full-fledged, integrated solutions provider operating in two business sectors. One of them is the Construction Services sector (comprising Building and Structure segment, Energy Infrastructure segment, Mechanical and Electrical segment, and Earthwork and Infrastructure segment) which undertakes primarily construction service contracts not exceeding five years. The other is the Concession and Maintenance sector which undertakes Public Private Partnership ("**PPP**") contracts with a duration of more than 20 years.

Core Business	Segment/Model	What BGMC does
Construction Services	Building and Structure segment	Focuses on construction of low-rise and high-rise residential and commercial properties, factories as well as government-led infrastructure and facility projects.
	Energy Infrastructure segment	Has two previously independent businesses: (a) design and construction of medium and high voltage power substations; and (b) installation of medium and high voltage underground cabling systems. Is also responsible for the new task of establishing and developing a utility scale solar power plant.
	Mechanical and Electrical segment	Focuses on bringing value-added engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infrastructure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthwork and Infrastructure segment	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infrastructure installation.
Concession and Maintenance	Build, Lease, Maintain and Transfer ("**BLMT**") model	A concession to build a campus over a three-year period and to lease it to Universiti Teknologi MARA ("**UiTM**") for a period of 20 years, and to provide asset management services for 20 years.
	Build, Own and Operate ("**BOO**") model	A concession to build a solar power plant, and to generate and to sell such power generated from the plant to national utility company for 21 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Construction Services Sector

Construction Services sector has contributed RM124.3 million or 82.0% of the consolidated revenue in 1H2019, as compared with RM306.4 million or 91.9% in 1H2018. Despite the decrease in its contribution, this sector remained as the major revenue contributor of the Group in 1H2019. These changes in the revenue mix of the Group were mainly due to the decrease in revenue of the sector, and at the same time, due to an increase in the revenue from another sector of the Group, the Concession and Maintenance sector.

During 1H2019, the Construction Services sector has secured six contracts worth RM525.9 million, of which two substantial value contracts were won from Malaysian Resources Corporation Berhad ("**MRCB**") worth RM189.0 million and RM326.9 million respectively.

As at 31 March 2019, BGMC's order book stood at RM2.7 billion (30 September 2018: RM2.6 billion) and had an outstanding order book of RM1.5 billion (30 September 2018: RM1.2 billion).

BGMC's major on-going projects are as follows:

Project Name and Description	Contract Value (RM'000)
Sentral Suite: Construction and completion of structural and architectural works for Tower 1 (architectural only works for the basement, podium, facilities floors and remaining balance of podium structure works up to the transfer floor), Tower 2 and Tower 3 blocks on a proposed 46-storey commercial development located at Tun Sambanthan, Kuala Lumpur, Malaysia.	515,936*
The Sky Seputeh: Construction of two blocks of 37-storey towers comprising 290 units of apartments, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	292,578
Bangsar 61: Construction and completion of earthworks, basement parking and associated works for a four-storey basement car park at Bangsar, Kuala Lumpur, Malaysia.	239,847
Setia Spice: Construction of a 26-storey building with a 19-storey hotel tower (453 rooms), a three-storey car park and four-storey hotel facilities, plus a two-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.	209,488
TNB Worker's Quarters: Construction of one block of eight-storey executive quarters (24 units), three blocks of nine-storey non-executive quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.	76,532

* *This was awarded pursuant to two contracts, for which the Company made voluntary announcements on 26 November 2018 and 4 March 2019, respectively.*

MANAGEMENT DISCUSSION AND ANALYSIS

Building and Structure segment

As the leading segment of the Construction Services sector and of the Group as a whole with its sizeable contracts on hand, the Building and Structure segment has contributed RM102.0 million or 67.4% to the Group's consolidated revenue in 1H2019, as compared with RM245.2 million or 73.5% of consolidated revenue for 1H2018. This decrease was mainly due to the facts that (i) the major ongoing projects secured in prior years such as Setia Spice, The Sky Seputeh, Bangsar 61 and Tenaga Nasional Berhad ("**TNB**") Worker's Quarters were still progressing at the structural stage; and, (ii) the higher value architectural, mechanical and electrical work trades just starting to gain momentum, which led to lower revenue recognised in the period. Progress on all of these projects will pick up the momentum going forward as architectural, mechanical and electrical works have started to come on board.

During 1H2019, this segment has won three projects with a total worth of RM516.0 million. There are two high value contracts from MRCB worth RM189.0 million and RM326.9 million secured on 26 November 2018 and 4 March 2019 respectively. These two contracts are in relation to the construction and completion of structural and architectural works for part of a proposed 46-storey commercial development located at Tun Sambanthan, Kuala Lumpur, Malaysia. The works for the first contract have started as at 31 March 2019. Other major projects secured in prior years are progressing in their structural stage, such as Bangsar 61 (a commercial development), The Sky Seputeh (a residential development), and Setia Spice (a hotel development in Penang, Malaysia).

As at 31 March 2019, the Building and Structure segment had an outstanding order book of RM1.3 billion (30 September 2018: RM914.6 million).

Energy Infrastructure segment

During 1H2019, the Energy Infrastructure segment has contributed a revenue of RM3.6 million or equivalent to 2.4% of the Group's consolidated revenue, as compared with RM29.5 million or 8.9% of the consolidated revenue for 1H2018. This decrease in the segment's revenue contribution was mainly due to delay in the installation of major equipment at the power substation project PMU 275/132 kilovolt ("**kV**") Damansara Heights and delay in obtaining the work permits from the local government council to kick start the two 132kV underground cabling works contracts, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim projects. The major equipment units have, however, passed the factory acceptance test and are on course for the completion of the project in the second half of the financial year ending 30 September 2019. Meanwhile, the work permits have already been issued by the local council and the necessary construction works have started at the work sites.

As at 31 March 2019, Energy Infrastructure segment had an outstanding order book of RM94.9 million (30 September 2018: RM96.7 million).

Mechanical and Electrical segment

The Mechanical and Electrical segment has recorded a revenue of RM12.5 million or 8.2% contribution to the consolidated revenue for 1H2019, as compared with RM22.0 million and a 6.6% contribution to consolidated revenue for 1H2018.

As at 31 March 2019, the Mechanical and Electrical segment had secured three new projects worth RM9.9 million for 1H2019 with an outstanding order book of RM96.9 million (30 September 2018: RM116.1 million).

Earthwork and Infrastructure segment

The Earthwork and Infrastructure segment has recorded a revenue of RM6.2 million for 1H2019, or 4.1% of the consolidated revenue, as compared with RM9.6 million or 2.9% contribution recorded in 1H2018. The decrease of the segment revenue was mainly because all the projects have yet to be completed but they are approaching the completion stage.

As at 31 March 2019, the Earthwork and Infrastructure segment had an outstanding order book of RM23.6 million (30 September 2018: RM29.3 million).

Concession and Maintenance Sector

BGMC has two PPP contracts currently, namely a concession contract with UiTM which is operated under the BLMT model, and the Solar Power Purchase Agreement signed with TNB, a sole power distributor for Peninsular Malaysia, which is operated under BOO model.

MANAGEMENT DISCUSSION AND ANALYSIS

BLMT Model – UiTM Campus

There are two sources of income derived from this concession contract, namely the imputed interest income, and building maintenance service income. During 1H2019, the BLMT model has brought a total income of RM26.8 million to the Group, representing 17.7% of its consolidated revenue, as compared with a total income of RM27.0 million or 8.1% of consolidated revenue for 1H2018.

As at 31 March 2019, the remaining period of the concession stood at 16 years and 10 months. The outstanding imputed interest income and contract value for the building maintenance services as at 31 March 2019 stood at RM805.6 million (30 September 2018: RM829.7 million) and RM178.9 million (30 September 2018: RM184.0 million) respectively, receivable over the remaining period of the concession.

BOO Model – Large Scale Solar Photovoltaic ("LSSPV") Plant

This new concession contract that the Group has entered into is a contract to build a LSSPV plant, to generate and to sell the power generated from the plant to TNB. The plant has an output capacity of 30 megawatts alternate current ("**MWa.c.**") located at Kuala Muda, Kedah, Malaysia.

Currently, BGMC is working towards the financial closure for this contract and will be on track to achieve the commercial operation date of the plant targeted before 30 September 2020, after which the plant is to operate and generate another source of recurring income for the Group over 21 years.

During 1H2019, the BOO business model has a revenue of RM2.2 million (1H2019: RM Nil), representing 1.5% of the consolidated revenue of the Group. This revenue arose from the adoption of *IFRIC 12 "Service Concession Arrangements"*.

Financial Review

Gross Profit/(Loss)

The Group turned from a gross profit of RM44.8 million in 1H2018 to a gross loss of RM31.6 million in 1H2019. Such decrease was mainly attributable to (i) an increase in material costs due to the implementation of Sales and Services Tax Act 2018 of Malaysia; (ii) compressed gross margin due to the competitive tender process resulting from the subdued property market in Malaysia; (iii) a review of major infrastructure projects by the Malaysian government after the general election which has intensified the competition in Malaysia construction industry; and (iv) impairment of contract assets amounting to RM8.9 million due to write-off of long overdue contract assets.

Administrative and Other Expenses

Administrative and other expenses decreased from RM36.0 million in 1H2018 to RM31.3 million in 1H2019, a decrease of RM4.7 million, which was due to a decrease in amortisation of intangible assets from RM4.7 million in 1H2018 to RM0.7 million in 1H2019 as the rights on construction contracts for unbilled portion has been substantially amortised in previous periods. Furthermore, there was a decrease in staff costs from RM17.7 million in 1H2018 to RM16.4 million in 1H2019 due to the reduction in workforce from 431 employees as at 31 March 2018 to 411 employees as at 31 March 2019.

Finance Costs

Finance costs were RM9.3 million in 1H2019, as compared with RM10.9 million in 1H2018, a saving of RM1.6 million for 1H2019. This saving was mainly resulted from a reduction of the hire purchase creditors since the end of 1H2018.

Income Tax Expense

Income tax expense decreased from RM6.7 million recorded in 1H2018 to RM3.3 million in 1H2019, which was in line with the decrease in the Group's profit. No deferred tax income was recorded in this financial period as the Group was unable to recognise the unutilised tax loss as deferred tax asset from the loss making subsidiaries. However, such unutilised tax losses can be used to reduce tax expense on the profit of the Group in the future.

Liquidity, Financial Resources and Capital Structure

Net gearing ratio of the Group (calculated by dividing the net debts by equity attributable to owners of the Company) stood at 0.80 time as at 31 March 2019 as compared to 0.50 time as at 30 September 2018. This increase was mainly due to the increase in borrowing to finance new projects, and a decrease in the total equity attributable to the owners of the Company following a loss attributable to the owners of the Company of RM50.9 million recorded in 1H2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Total borrowing of RM271.3 million as at 31 March 2019 (30 September 2018: RM267.6 million) included an outstanding term loan previously drawn down for the construction of the UiTM campus of RM214.6 million (30 September 2018: RM228.5 million), and this campus area has been leased to UiTM since its completion in November 2015 with recurring annual income and cashflow to the Group that are sufficient to repay the instalment amount of the term loan annually.

Cash balances (including fixed deposits) stood at RM66.3 million as at 31 March 2019 as compared with RM118.9 million as at 30 September 2018, a decrease of RM52.6 million. Such decrease was mainly due to financing new projects and working capital requirements. The Group considers the level of cash balances to be reasonable, which would enable the Company to take suitable business opportunities in a very competitive and efficient manner.

Net Current Assets

Net current assets of the Group stood at RM151.0 million as at 31 March 2019, as compared with RM215.9 million as at 30 September 2018, a decrease of RM64.9 million. This decrease was mainly caused by the cash used to finance the operation of various projects.

The Board regularly reviews the maturity analysis of the Group's contractual liabilities and concludes that there is no liquidity issue that may cast significant doubt on the Company's ability to continue as a going concern.

Treasury Policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. Bank borrowing of the Group are all denominated in RM and have been arranged on a floating-rate basis. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Capital Expenditure

Capital expenditure mainly consisted of procurement of construction machinery and equipment such as aluminium formwork system, which was funded by hire purchase, the net proceeds from its global offering completed in August 2017 and internally generated funds. During 1H2019, BGMC acquired RM0.2 million worth of construction machinery and equipment compared with RM2.3 million for 1H2018.

Foreign Exchange Exposure

The functional currencies of BGMC's operation, asset and liabilities are denominated in RM. Therefore, the Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging, except for Hong Kong Dollar denominated bank balances.

Significant Investment Held

The Group did not hold any significant investment (except for its subsidiaries) during 1H2019.

Employees and Remuneration Policies

As at 31 March 2019, the Group's workforce stood at 411 employees compared with 431 employees as at 31 March 2018. Total staff costs incurred in 1H2019 were RM16.4 million as compared with RM17.7 million recorded in 1H2018.

Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to enhance the knowledge of the workforce. Meanwhile, external training programmes conducted by qualified personnel are also attended by employees to enhance their skills set and working experience.

The Group has adopted a share option scheme which became effective on 9 August 2017 ("**Listing Date**") to enable the Board to grant share options to eligible participants giving them an opportunity to have a personal stake in the Company. As at the date of this interim report, there was no outstanding share option granted under the share option scheme.

Future Prospect

The year 2018 has been a year full of challenges. While the property market remained sluggish continuously, businesses are adapting to new policies introduced by the new Malaysian government and are facing pressures from global economic turbulence too. Such challenges and their impacts have to abate though having spill-over effects for the year ahead in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BGMC has progressed through the turbulences in 2018. Nevertheless, such a challenging macro-environment has reflected on its business in the Group's 1H2019 results. Pressures from increasing prices of raw materials, the intensive and competitive tender process within the industry, and the cycle of project construction have been taking a toll on both its top and bottom lines.

However, leveraging BGMC's past track record and capabilities, the Group was still able to replenish its order book during 1H2019. BGMC has won six contracts with a total contracted value of RM525.9 million in 1H2019 for our Construction Services sector, representing 97.8% of the contract value gained as at 30 September 2018 of RM537.6 million from 26 contracts secured. This replenishment has boosted up BGMC's outstanding order book to RM1.5 billion as at 31 March 2019, which can sustain the Group's top line for the next 24 to 36 months. On top of the record high outstanding order book, BGMC is also benefiting from the recurring income of the BLMT concession model with UiTM campus, and will continuously tap into total outstanding concession income (i.e. outstanding imputed interest income and contract value for the building maintenance services) receivable from this concession contract for the next 16 years ahead.

The Board and management of BGMC recognise the challenges along the path ahead, especially with the cyclical patterns within the construction services industry, and have formulated feasible strategies to keep BGMC competitive. The Group is seeking to expand the Concession and Maintenance sector by tendering for more PPP contracts, with a successful bid of LSSPV plant being added into the sector portfolio and has garnered another source of recurring income expected to begin in the near future. Furthermore, with the report by the Malaysian government to open for bidding for the 3rd Phase Large Scale Solar tender with a 500 MWa.c. capacity, the Group is positioning to seize a slice of the pie, and leverage existing capabilities from the Energy Infrastructure and Earthwork and Infrastructure segments to raise its profile and stand out from the crowd. Also, with the expiring concession contracts of various obsolete gas and coal fired power plant in the nation, the Malaysian government has also expressively stated its intention to replace national power plants with those using renewable energy, notably LSSPV plants and increases its contribution to 20% of the total power generated in the nation with rising concern over the sustainable renewable energy and a stabilised electricity tariff. By engaging in the renewable energy business, BGMC is advancing in a strategic direction aligned with the government's policy and global trends.

The recent report by the Malaysian government of revival of the East Coast Rail Link project which formed part of the Belt and Road initiative of the People's Republic of China, and to restart the former Bandar Malaysia project have acted as an impetus to put the construction industry back on track again. The revival of these national mega-structure projects, along with related developments have served to attract foreign investment flowing back to Malaysia, thus creating a wide chain reactions, including the demand for construction services. With more than 20 years of experiences and as an integrated solutions provider in the construction services industry, BGMC will seize such opportunity arising within the industry which provides potential earning visibility for BGMC as it marches ahead.

As a public company responsible to its shareholders and stakeholders across the community, BGMC remains committed to excellence, practising prudent financial management and enterprise risk management to avoid risks, thereby ensuring that it has a strong track record to compete effectively. Optimistic about the future of its business, BGMC is empowered to seize the forthcoming opportunities and deliver an exemplary performance, and ultimately, elevate long-term value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liability

Details of the Group's contingent liability up to the date of approval of this interim report are set out in note 18 to the condensed consolidated financial statement.

Use of Net Proceed from the Listing

The issued ordinary shares of the Company ("**Shares**") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on the Listing Date by way of global offering at HK$0.70 per Share. The proceeds (net of listing expenses) were approximately RM143.1 million. In accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 31 July 2017 ("**Prospectus**"), the net proceeds received were applied by the Group from the Listing Date up to 31 March 2019 as follows:

Purpose of the proceeds raised	Net proceeds (RM million)	Use of proceeds from the Listing Date up to 31 March 2019 (RM million)	Unutilised amount (RM million)	(Percentage)
Financing for new projects	93.0	93.0	0	–
Acquisition of additional machineries and equipment	35.8	8.8	27.0	75.4%
Working capital	14.3	14.3	0	–
TOTAL	**143.1**	**116.1**	**27.0**	**18.9%**

The unutilised net proceeds will be applied in the manner consistent with that mentioned in the Prospectus. The Directors are not aware of any material change to the planned use of proceeds as at the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") were as follows:

Interests in the Shares

Name of Directors	Capacity/ Nature of interests	Number of Shares *(Note 1)*	Percentage of shareholding *(Note 3)*
Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**") *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Teh Kok Lee ("**Dato' Michael Teh**") *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Mohd Arifin bin Mohd Arif ("**Dato' Arifin**") *(Note 2)*	Interest of a controlled corporation	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

(1) *On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into a concert party confirmatory deed ("**Concert Party Confirmatory Deed**") to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since they became shareholders of BGMC Holdings Berhad ("**BGMC Holdings**") (formerly known as BGMC Holdings Sdn Bhd and BGMC Builder Sdn Bhd, respectively) and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed "History, Development and Reorganisation – Concert Party Confirmatory Deed" in the Prospectus.*

*As at 31 March 2019, the 1,208,250,000 Shares interested by them in aggregate consisted of (i) 864,000,000 Shares beneficially owned by Prosper International Business Limited ("**Prosper International**") which in turn is beneficially and wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 Shares beneficially owned by Seeva International Limited ("**Seeva International**") which in turn is beneficially and wholly-owned by Dato' Michael Teh. Each of Tan Sri Barry Goh and Dato' Michael Teh is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.*

(2) *The entire issued Share capital of Kingdom Base Holdings Limited ("**Kingdom Base**") is owned by Dato' Arifin, and therefore, Dato' Arifin is deemed to be interested in all the 141,750,000 Shares held by Kingdom Base under the provisions of SFO.*

(3) *These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 31 March 2019.*

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in the Shares of Associated Corporations

Name of Directors	Name of associated corporations	Capacity/ Nature of interest	Number of ordinary shares	Percentage of shareholding
Tan Sri Barry Goh	Prosper International	Beneficial owner	100	100%
Dato' Michael Teh	Seeva International	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2019, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors or the chief executive of the Company are aware of, as at 31 March 2019, the following corporations had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interests	Number of Shares held	Percentage of shareholding *(Note 2)*
Prosper International *(Note 1)*	Beneficial owner and interests held jointly with another persons	1,208,250,000 (L)	67.1%
Seeva International *(Note 1)*	Beneficial owner and interests held jointly with another persons	1,208,250,000 (L)	67.1%
Kingdom Base	Beneficial owner	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

(1) On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the Company and the relevant members of the Group since they became shareholders of BGMC Holdings and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to "Concert Party Confirmatory Deed" sub-section in the section headed "History, Development and Reorganisation" in the Prospectus.

The 1,208,250,000 Shares interested by them in aggregate consist of (i) 864,000,000 Shares beneficially owned by Prosper International which in turn is beneficially and wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 Shares beneficially owned by Seeva International which in turn is beneficially and wholly-owned by Dato' Michael Teh. Each of Prosper International and Seeva International is deemed to be interested in all the Shares held or deemed to be held by Tan Sri Barry Goh and Dato' Michael Teh in aggregate by virtue of the SFO.

(2) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 31 March 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of, as at 31 March 2019, no corporation/person (not being a Director or the chief executive of the Company) had any interests or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company has adopted the Share Option Scheme on the Listing Date to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. As at 31 March 2019, there were no outstanding share options and no share options were granted, exercised or cancelled or lapsed during 1H2019. Further details of the Share Option Scheme are set out in the Company's 2018 annual report.

Pledge of Assets

The net book value of plant and equipment pledged for long term finance lease as at 31 March 2019 amounted to RM33.9 million compared to RM35.9 million as of 30 September 2018. Certain banking facilities of the Group were secured by the Group's bank deposits of RM22.7 million as of 31 March 2019 compared with RM20.1 million as at 30 September 2018.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During 1H2019, the Company had no material acquisitions or disposals of subsidiaries, associates or joint venture.

Purchase, Sale or Redemption of Company's Listed Securities

During 1H2019 and thereafter up to the date of this interim report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code Compliance

The Company is committed to maintaining a high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially in the areas of internal control, fair disclosure and accountability to all shareholders of the Company.

The Company has adopted the code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During 1H2019, the Company has complied with the applicable code provisions of the CG Code.

Dividend

The Board has resolved not to declare the payment of any interim dividend for 1H2019 (1H2018: Nil).

Events After the Interim Financial Period ended 31 March 2019

Since the end of 1H2019 and up to the date of this interim report, no important event affecting the Group has occurred.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of them, all Directors confirmed that they have complied with the required dealing standards set out in the Model Code during the 1H2019.

Review of Results by Audit Committee

The Audit Committee was established on 3 July 2017 with written terms of reference in compliance with code provision C.3 of the CG Code and Rule 3.22 of the Listing Rules. Such written terms of reference were revised on 31 December 2018 to conform with the requirements under the CG Code and the Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for 1H2019 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

Publication of Interim Results and Interim Report

This interim report of the Company for 1H2019 containing all the information required by the Listing Rules is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.bgmc.asia.

By Order of the Board
BGMC International Limited
Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Selangor, Malaysia, 28 May 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months period ended 31 March 2019

	Note	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
Revenue	4	**130,008,849**	311,871,983
Cost of sales		**(161,588,783)**	(267,028,758)
Gross (loss)/profit		**(31,579,934)**	44,843,225
Income from concession agreements	4	**21,505,220**	21,530,907
Other income		**1,255,338**	1,699,267
Administrative and other expenses		**(31,262,339)**	(35,965,459)
Other losses		**(4,754,575)**	(1,154,212)
Finance costs		**(9,337,153)**	(10,867,851)
(Loss)/Profit before tax	5	**(54,173,443)**	20,085,877
Income tax expense	6	**(3,329,252)**	(6,673,044)
(Loss)/Profit and total comprehensive (loss)/income for the year		**(57,502,695)**	13,412,833
(Loss)/Profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(50,876,086)**	13,551,836
Non-controlling interests		**(6,626,609)**	(139,003)
		(57,502,695)	13,412,833
(Loss)/Earnings per share			
Basic and diluted (RM sen)	7	**(2.83)**	0.75

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	**38,257,429**	45,665,243
Investment property under construction		**318,777**	130,985
Goodwill	17	**2,154,870**	6,911,916
Intangible assets		**10,586,878**	11,267,488
Trade receivables	9	**277,547,088**	277,875,497
Total Non-Current Assets		**328,865,042**	341,851,129
Current Assets			
Inventories	10	**19,299,741**	19,299,741
Trade and other receivables, deposits and prepaid expenses	9	**183,344,800**	190,907,284
Amount owing by customers for contract works	11	**–**	216,062,823
Contract assets	12	**191,647,683**	–
Tax recoverable		**10,443,129**	6,923,031
Fixed deposits		**45,401,438**	49,426,960
Cash and bank balances		**20,863,457**	69,517,790
Total Current Assets		**471,000,248**	552,137,629
Total Assets		**799,865,290**	893,988,758
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	13	**9,862,255**	9,862,255
Reserves		**260,382,238**	319,769,444
Equity attributable to owners of the Company		**270,244,493**	329,631,699
Non-controlling interests		**2,007,370**	5,693,979
Total Equity		**272,251,863**	335,325,678

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
Non-Current Liabilities			
Obligations under finance leases		**4,384,824**	8,127,797
Borrowings		**192,744,328**	204,666,657
Deferred tax liabilities		**10,527,737**	9,651,351
Total Non-Current Liabilities		**207,656,889**	222,445,805
Current Liabilities			
Amount owing to customers for contract works	11	**–**	11,724,155
Contract liabilities	12	**10,523,752**	–
Trade and other payables	14	**217,904,807**	248,696,278
Obligations under finance leases		**9,270,362**	10,612,111
Borrowings		**78,582,278**	62,908,815
Tax liabilities		**3,675,339**	2,275,916
Total Current Liabilities		**319,956,538**	336,217,275
Total Liabilities		**527,613,427**	558,663,080
Total Equity and Liabilities		**799,865,290**	893,988,758

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2019

	Share Capital RM	Share Premium RM	Other Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interest RM	Total Equity RM
At 1 October 2017 (Audited)	9,862,255	148,880,345	65,000,094	117,752,580	341,495,274	7,454,051	348,949,325
Profit/(Loss) and total comprehensive income/(loss) for the period	–	–	–	13,551,836	13,551,836	(139,003)	13,412,833
Dividend paid *(Note 16)*	–	(13,309,244)	–	–	(13,309,244)	–	(13,309,245)
At 31 March 2018 (Unaudited)	9,862,255	135,571,101	65,000,094	131,304,416	341,737,866	7,315,048	349,052,913
At 1 October 2018 (Audited)	**9,862,255**	**135,571,101**	**65,000,094**	**119,198,249**	**329,631,699**	**5,693,979**	**335,325,678**
Adjustment on adoption of International Financial Reporting Standard ("**IFRS**") 9	**-**	**-**	**-**	**(8,511,120)**	**(8,511,120)**	**-**	**(8,511,120)**
Loss and total comprehensive loss for the period	**-**	**-**	**-**	**(50,876,086)**	**(50,876,086)**	**(6,626,609)**	**(57,502,695)**
Contribution by non-controlling interest	**-**	**-**	**-**	**-**	**-**	**2,940,000**	**2,940,000**
At 31 March 2019 (Unaudited)	**9,862,255**	**135,571,101**	**65,000,094**	**59,811,043**	**270,244,493**	**2,007,370**	**272,251,863**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2019

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
OPERATING ACTIVITIES		
(Loss)/Profit before tax	**(54,173,443)**	20,085,877
Adjustments for:		
Finance costs	**9,337,153**	10,867,851
Amortisation of intangible assets	**680,610**	4,672,732
Depreciation of property, plant and equipment	**4,547,758**	4,641,563
Impairment of property, plant and equipment	**3,000,725**	–
Impairment of goodwill	**4,757,046**	–
Impairment of trade and other receivables	**1,266,789**	–
Reversal of impairment of contract assets	**(388,504)**	–
Contract assets written off	**8,948,903**	–
Unrealised (gain)/loss on foreign exchange	**(2,471)**	1,154,212
Imputed interest income from trade receivables	**(21,505,220)**	(21,530,907)
Interest income from bank deposits	**(678,818)**	(1,302,088)
Gain on disposal of property, plant and equipment	**(11,669)**	–
Operating cash flows before movements in working capital	**(44,221,141)**	18,589,240
Decrease in trade and other receivables, deposits and prepaid expenses	**20,649,400**	37,915,917
Increase in amount due from customers for contract works	**–**	(15,029,136)
Decrease in contract assets	**14,730,629**	–
(Decrease)/Increase in trade and other payables	**(22,291,471)**	6,814,957
Decrease in amount due to customers for contract works	**–**	(19,736,911)
Decrease in contract liabilities	**(1,200,403)**	–
Cash (Used In)/Generated From Operations	**(32,332,986)**	28,554,067
Income tax paid	**(4,480,625)**	(15,781,315)
Net Cash (Used In)/From Operating Activities	**(36,813,611)**	12,772,752

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2019

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
INVESTING ACTIVITIES		
Interest received	**678,818**	1,302,088
Proceeds from disposal of property, plant and equipment	**75,000**	–
Withdrawal of restricted bank balances	**10,213,709**	–
Placement of restricted bank balances	**(945,000)**	(10,700,400)
Purchase of property, plant and equipment	**(204,000)**	(2,347,799)
Purchase of investment property	**(187,792)**	–
Withdrawal of pledged and restricted fixed deposits	**11,072,202**	10,669,886
Placement of pledged and restricted fixed deposits	**(22,596,370)**	(2,538,534)
Net Cash Used In Investing Activities	**(1,893,433)**	(3,614,759)
FINANCING ACTIVITIES		
Interest paid	**(9,337,153)**	(10,867,851)
Repayment of borrowings	**(2,048,985)**	(12,188,099)
Repayment of obligations under finance leases	**(5,084,722)**	(6,501,141)
Increase/(Decrease) in bank overdrafts	**5,800,119**	(1,816,767)
Contribution by non-controlling interest	**2,940,000**	–
Advances from related parties	**1,500,000**	20,000,000
Repayment to related parties	**(10,000,000)**	–
Dividend paid	**–**	(13,309,244)
Net Cash Used In Financing Activities	**(16,230,741)**	(24,683,102)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(54,937,785)**	(15,525,109)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**90,283,759**	136,561,660
Effect of foreign exchange rates	**2,471**	(1,154,212)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**35,348,445**	119,882,339

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since 9 August 2017 ("**Listing Date**" and "**Listing**" respectively). The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 18 November 2016.

The addresses of the Company's registered office and principal place of business are Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia, respectively. The Company has established its place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the provision of a wide range of construction services and provision of service under concession agreement in Malaysia.

The condensed consolidated financial statements are presented in RM, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). It was approved and authorised for issue by the Board on 28 May 2019.

The unaudited interim financial report contains the condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 March 2019 are the same as these followed in the preparation of the Group's annual financial statements for the year ended 30 September 2018. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with IFRS.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS

For the purpose of preparing and presenting the condensed consolidated financial statements for the 1H2019, the Group has consistently applied all new and revised IFRS, IAS, amendments and interpretations ("**new and revised IFRSs**") issued by the International Accounting Standards Board ("**IASB**") which are effective for annual accounting periods beginning on or after 1 October 2018 throughout the period.

Adoption of New and Revised IFRSs

In the current financial period, the Group has adopted all the new and revised IFRSs and interpretation issued by the IASB that are relevant to its operations and effective for annual financial period beginning on or after 1 October 2018 as follows:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Clarifications to IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014 – 2016 Cycle

The adoption of these new IFRS and amendments to IFRS and interpretation did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group except for the changes arising from the adoption of new IFRS – IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as described below:

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. It introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied modified retrospective approach under IFRS 9 to items that existed at 1 October 2018 in accordance with the transition provisions. Differences between the previous reported carrying amounts and the new carrying amounts under IFRS 9 at 1 October 2018 are recognised as adjustments to the opening balance of retained profits or reserves as at 1 October 2018. Comparative information is not restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS (CONTINUED)

IFRS 9 Financial Instruments (Continued)

The key changes to the Group's accounting policies are on the classification and measurement, and impairment of the Group's financial assets, as further explained below:

(a) Classification and measurement of financial assets

The Group classified their financial assets for debt instruments such as receivables and cash and bank balances that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost as follow:

	Measurement category		**Carrying amount as at 1 October 2018**	
	Original (IAS 39)	**New (IFRS 9)**	**Original (IAS 39) RM**	**New (IFRS 9) RM**
Financial Assets				
Loans and receivables	Loan and receivables	Amortised cost	565,923,966	558,444,042

IFRS 9 has no significant impact on the Group's accounting policies related to financial liabilities.

(b) Impairment of financial assets

IFRS 9 requires recognition of impairment provisions based on the expected credit losses ("**ECLs**"), which are the present value of the cash shortfalls over the expected life of the financial assets. It replaces the incurred loss model under IAS 39, and applies to financial assets measured at amortised costs and contract assets. The impairment methodology used depends on whether there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group applies the simplified approach to recognise lifetime ECLs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS (CONTINUED)

IFRS 9 Financial Instruments (Continued)

(c) Effect on adoption of IFRS 9

The table below shows the amount by which each individual line item in the condensed consolidated statement of financial position at 1 October 2018 is affected by the adoption of IFRS 9.

	30 September 2018 As previously reported RM	Effect of adopting IFRS 9 RM	1 October 2018 RM
ASSETS			
Current Assets			
Trade and other receivables, deposits and prepaid expenses	190,907,284	(7,479,924)	183,427,360
Contract assets	216,062,823	(1,124,112)	214,938,711
EQUITY AND LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities	(9,651,351)	92,916	(9,558,435)
Capital and Reserves			
Reserves	(319,769,444)	8,511,120	(311,258,324)

IFRS 15 Revenue from Contract Customers

IFRS 15 replaces IAS 11, Construction Contracts and IAS 18, Revenue which covers contracts for goods and services. The core principle of IFRS 15 is that revenue is recognized when a performance obligation is satisfied by transferring control of a promised good or service to a customer. Depending on the nature and terms of the contract, control may transfer at a point in time or over time. Where customer contracts contain more than one performance obligation, IFRS 15 requires entities to apportion revenue from contract between individual performance obligations on a relative standalone selling price basis. The standard also sets out criteria for capitalisation of incremental cost of obtaining a contract.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS (CONTINUED)

IFRS 15 Revenue from Contract Customers (Continued)

The Group adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is as follow:

- The comparative information for each of the primary financial statements would be presented based on the requirements of IAS 11, IAS 18 and related Interpretations.

- The cumulative catch-up adjustment to the opening balance of retained profits (or other components of equity) as at 1 October 2018, only for contracts that are not completed at the date of initial application, would be recognised in the condensed consolidated statement of changes in equity for the six months ended 31 March 2019.

- Except for the reclassification of amount owing by customers for contract works to contract assets and amount owing to customers for contract works to contract liabilities, the Directors believe that the application of IFRS 15 has no material impact on the amounts reported.

- The outstanding balance amount of amount owing by customers for contract works of RM216,062,823 as at 1 October 2018 arising from contracts with customers in the scope of IFRS 15 was reclassified to contract assets.

- The outstanding balance amount of amount owing to customers for contracts works of RM11,724,155 as at 1 October 2018 arising from contracts with customers in the scope of IFRS 15 was reclassified to contract liabilities.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position on 1 October 2018:

	30 September 2018 As previously reported RM	Effect of adopting IFRS 15 RM	1 October 2018 RM
ASSETS			
Current Assets			
Amount owing by customers for contract works	216,062,823	(216,062,823)	–
Contract assets	–	216,062,823	216,062,823
EQUITY AND LIABILITIES			
Current Liabilities			
Amount owing to customers for contract works	(11,724,155)	11,724,155	–
Contract liabilities	–	(11,724,155)	(11,724,155)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS (CONTINUED)

IFRS 15 Revenue from Contract Customers (Continued)

The adoption of IFRS 15 has no material impact on the condensed consolidated statement of profit or loss and other comprehensive income and has no impact on the net cash flow from operating, investing and financing activities on the condensed consolidated statement of cash flows.

There was no cumulative catch-up adjustment to the opening balance of retained profits (or other components of equity) as at 1 October 2018 with the modified retrospective approach method of adoption for the Group. Consequently, the new disclosure requirements is the only substantial change upon adoption of IFRS 15.

New and amendments to IFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs and interpretations that have been issued but not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRSs	Amendments to References to the Conceptual Framework in IFRS Standards[2]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 1 and IAS 8	Definition of Material[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle[1]

1 *Effective for annual periods beginning on or after 1 January 2019*

2 *Effective for annual periods beginning on or after 1 January 2020*

3 *Effective for annual periods beginning on or after 1 January 2021*

4 *Effective for annual periods beginning on or after a date to be determined by IASB*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION

The Group is principally engaged in the provision of a wide range of construction services and provision of service under concession agreements in Malaysia.

(a) Revenue

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
Construction contract revenue	**124,314,116**	306,421,545
Supply, installation and maintenance of elevators	**57,900**	30,778
Building maintenance service income	**5,636,833**	5,419,660
	130,008,849	311,871,983

(b) Income from concession agreements

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
Income from concession agreements – imputed interest income:		
(i) Universiti Teknologi MARA ("**UiTM**")	**21,197,298**	21,530,907
(ii) Renewable Energy Power Purchase Agreement ("**REPPA**")	**307,922**	–
	21,505,220	21,530,907

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information

Information reported to the executive Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. This is the basis on which the Group is organised.

The Group's operating and reportable segments under IFRS 8 "Operating Segments" are as follows:

(i) Building and structure – provision of construction services in building and structural construction works;

(ii) Energy infrastructure – provision of construction services in energy transmission and distribution works;

(iii) Mechanical and electrical – provision of construction services in mechanical and electrical installation works;

(iv) Earthwork and infrastructure – provision of construction services in earthworks and infrastructure construction works; and

(v) Concession and maintenance – provision of construction services under private finance initiative and related post-construction property management services in relation to the maintenance of the related facilities and infrastructure.

In addition to the above reportable segments, the Group has certain operating segments (including supply, installation and maintenance of elevators) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under "Others" segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information (Continued)

Segment revenue

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment:

For the six months ended 31 March 2019 (Unaudited)

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
SEGMENT REVENUE									
External revenue	102,045,344	3,636,868	12,449,753	6,182,151	27,142,053	57,900	151,514,069	-	151,514,069
Inter-segment revenue	-	-	30,570,753	-	-	1,750,223	32,320,976	(32,320,976)	-
Total	102,045,344	3,636,868	43,020,506	6,182,151	27,142,053	1,808,123	183,835,045	(32,320,976)	151,514,069
RESULTS									
Segment results	(39,177,421)	(1,422,804)	(6,029,281)	(13,001,953)	14,520,865	(333,158)	(45,443,752)	-	(45,443,752)
Unallocated corporate income less expenses									(3,975,116)
Other losses									(4,754,575)
Loss before tax									(54,173,443)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information (Continued)

Other entity-wide segment information

For the six months ended 31 March 2019 (Unaudited)

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Unallocated RM	Consolidated RM
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	180,094	6,541	6,209	8,786	2,370	-	-	204,000
Amortisation of intangible assets	122,952	-	359,600	-	198,058	-	-	680,610
Depreciation of property, plant and equipment	3,608,002	131,032	195,877	513,431	97,322	2,094	-	4,547,758
Gain on disposal of property, plant and equipment	11,699	-	-	-	-	-	-	11,669
Impairment of property, plant and equipment	-	-	-	3,000,725	-	-	-	3,000,725
Contract asset written off	-	-	-	8,948,903	-	-	-	8,948,903
Allowance for impairment of trade and other receivables	208,909	7,587	1,099,446	(49,153)	-	-	-	1,266,789
Reversal of impairment of contract asset	(15,599)	(566)	(331)	(372,008)	-	-	-	(388,504)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information (Continued)

Segment revenue

For the six months ended 31 March 2018 (Unaudited)

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
SEGMENT REVENUE									
External revenue	245,205,511	29,535,348	22,037,780	9,642,906	26,950,567	30,778	333,402,890	–	333,402,890
Inter-segment revenue	–	–	49,523,726	–	–	5,459,958	54,983,684	(54,983,684)	–
Total	245,205,511	29,535,348	71,561,506	9,642,906	26,950,567	5,490,736	388,386,574	(54,983,684)	333,402,890
RESULTS									
Segment results	7,654,919	1,139,830	6,133,875	(3,539,634)	13,516,075	(599,695)	24,305,370	–	24,305,370
Unallocated corporate income less expenses									(3,065,281)
Other losses									(1,154,212)
Profit before tax									20,085,877

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information (Continued)

Other entity-wide segment information

For the six months ended 31 March 2018 (Unaudited)

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Unallocated RM	Consolidated RM
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	2,079,079	250,428	9,835	–	8,457	–	–	2,347,799
Amortisation of intangible assets	3,589,235	–	781,098	64,730	237,669	–	–	4,672,732
Depreciation of property, plant and equipment	3,458,658	416,600	66,989	598,636	99,595	1,085	–	4,641,563

The total segment revenue can be reconciled to the revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
Total segment revenue	**183,835,045**	388,386,574
Less: Inter-segment revenue	**(32,320,976)**	(54,983,684)
Less: Income from concession agreements	**(21,505,220)**	(21,530,907)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	**130,008,849**	311,871,983

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
Staff costs	**16,440,476**	17,674,331
Contract assets written off	**8,948,903**	–
Depreciation of property, plant and equipment	**4,547,758**	4,641,563
Impairment of property, plant and equipment	**3,000,725**	–
Impairment of goodwill	**4,757,046**	–
Realised foreign exchange (gain)/loss	**(22,842)**	1,334,827
Directors' emoluments	**1,281,449**	1,504,251
Amortisation of intangible assets	**680,610**	4,672,732
Allowance for impairment of trade and other receivables	**1,266,789**	–
Reversal of impairment of contract asset	**(388,504)**	–
Minimum lease payments paid under operating leases in respect of office premises	**381,384**	327,971
Auditors' remuneration	**270,000**	270,000
Listing expenses (included in administrative and other expenses)	**68,825**	58,748
Imputed interest income from trade receivables	**(21,505,220)**	(21,530,907)
Interest income from bank deposits	**(678,818)**	(1,302,088)
Gain on disposal of property, plant and equipment	**(11,669)**	–
Unrealised foreign exchange (gain)/loss	**(2,471)**	1,154,212
Bad debts previously written off recovered in current year	**–**	(356,047)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INCOME TAX EXPENSE

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
Malaysia Corporate Income Tax:		
Current year	**2,258,829**	4,853,000
Underprovision in prior years	**101,121**	–
	2,359,950	4,853,000
Deferred tax:		
Current year	**976,302**	1,820,044
Overprovision in prior years	**(7,000)**	–
	969,302	1,820,044
	3,329,252	6,673,044

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. (LOSS)/EARNINGS PER SHARE

	1H2019 (Unaudited)	1H2018 (Unaudited)
Basic and diluted (RM sen)	**(2.83)**	0.75

Basic

The calculation of the (loss)/basic earnings per share is based on the following data:

	1H2019 RM (Unaudited)	1H2018 RM (Unaudited)
(Loss)/Profit for the year attributable to the owners of the Company for the purpose of (loss)/basic earnings per share	**(50,876,086)**	13,551,836
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purpose of calculating (loss)/basic earnings per share:		
At beginning and end of the period	**1,800,000,000**	1,800,000,000

There is no diluted (loss)/basic earnings per share as there was no potential dilutive shares during both periods.

8. PROPERTY, PLANT AND EQUIPMENT

During 1H2019, the Group acquired items of property, plant and equipment for RM0.2 million (1H2018: RM2.3 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
Trade receivables:		
Third parties	**331,263,683**	345,169,724
Related parties	**2,689,072**	2,293,530
Less: provision for impairment of trade receivables	**(1,507,747)**	–
	332,445,008	347,463,254
Retention receivables:		
Third parties	**51,354,795**	52,791,484
Related parties	**46,634,258**	41,963,612
Less: provision for impairment of retention receivables	**(331,396)**	–
	97,657,657	94,755,096
Other receivables:		
Third parties	**16,958,575**	15,643,026
Related parties	**5,491**	5,491
Less: provision for impairment of other receivables	**(6,907,570)**	–
	10,056,496	15,648,517
Refundable deposits	**14,606,247**	8,412,090
Prepaid expenses	**5,268,021**	2,406,411
Goods and services tax receivable	**858,459**	97,413
	460,891,888	468,782,781
Analysed for reporting purposes as:		
Current assets	**183,344,800**	190,907,284
Non-current assets	**277,547,088**	277,875,497
	460,891,888	468,782,781

Note: Included in trade receivables are receivables from concession agreements amounting to RM282,386,613 (30 September 2018: RM282,476,086) at 31 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

The repayment terms for trade receivables arising from concession agreements is as follows:

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
Within 1 year	**4,839,525**	4,600,589
More than 1 year and less than 5 years	**29,774,387**	26,217,548
More than 5 years	**247,772,701**	251,657,949
	282,386,613	282,476,086

The following is an aged analysis of trade receivables (excluding receivables arising from the concession agreements) presented based on the invoice date at the end of each reporting period.

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
0 – 30 days	**22,949,668**	12,826,407
31 – 90 days	**4,336,805**	23,811,377
Over 90 days	**22,771,922**	28,349,384
	50,058,395	64,987,168

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

Movements on the allowance for trade and other receivables are as follows:

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
At beginning of the period	–	–
Adjustment on adoption of IFRS 9	7,479,924	–
Additions	1,266,789	–
At end of the period	8,746,713	–

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use the lifetime ECL provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision determined under the new accounting policies from 1 October 2018 analysed by aging band are set out below.

	Gross carrying amount of trade receivables RM	Loss allowance provision RM	Expected loss percentage %
Not past due	13,691,550	11,512	0.01%
Past due less than 30 days	9,276,455	6,825	0.01%
Past due within 31 to 60 days	486,132	823	0.01%
Past due within 61 to 90 days	3,865,200	13,704	0.01%
Past due over 90 days	24,246,805	1,474,883	0.06%
	51,566,142	1,507,747	

The Group has trade receivables as at 31 March 2019 amounting to RM37,842,592 (30 September 2018: RM52,160,761), that are past due at the end of the reporting period but against which the Group has not recognised a specific allowance for doubtful debts as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. INVENTORIES

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
At cost:		
Unsold completed units	**19,299,741**	19,299,741

11. AMOUNTS OWING BY/(TO) CUSTOMERS FOR CONTRACT WORKS

	30 September 2018 RM (Audited)
Contract costs incurred to date	2,400,365,993
Recognised profits net of recognised losses	328,750,847
	2,729,116,840
Less: Progress billings received and receivable	(2,524,778,172)
	204,338,668
Analysed for reporting purposes as:	
Amounts owing by customers for contract works	216,062,823
Amounts owing to customers for contract works	(11,724,155)
	204,338,668

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRACT BALANCES

	31 March 2019 RM (Unaudited)
Contract assets	191,647,683
Contract liabilities	(10,523,752)

13. SHARE CAPITAL

The share capital as at 31 March 2019 and 30 September 2018 represents the share capital of the Company following the completion on 6 December 2016 of the reorganisation of the Group in preparation for the Listing with details as follows:

	Number of shares	Amount HK$	Amount RM
Ordinary shares of HK$0.01 each			
Authorised:			
As at 30 September 2018 and 31 March 2019	5,000,000,000	50,000,000	
Issued and fully paid:			
As at 30 September 2018 and 31 March 2019	1,800,000,000	18,000,000	9,862,255

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
Trade payables:		
Third parties	**124,486,052**	131,847,502
Related parties	**7,641,048**	14,582,806
	132,127,100	146,430,308
Retention sum payables:		
Third parties	**32,742,397**	30,541,911
Related parties	**13,174,647**	13,097,879
	45,917,044	43,639,790
Other payables:		
Third parties	**7,854,263**	4,690,431
Related parties*	**1,500,000**	10,000,000
	9,354,263	14,690,431
Accrued expenses	**30,506,400**	43,935,749
	217,904,807	248,696,278

* *Represent advance payment received from a related party for the purpose of purchasing construction materials.*

The following is an aged analysis of trade payables presented based on the invoice dates.

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
0 – 30 days	**47,618,300**	32,186,778
31 – 90 days	**19,183,894**	30,390,835
Over 90 days	**65,324,906**	83,852,695
	132,127,100	146,430,308

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RELATED PARTIES TRANSACTIONS

The Group has the following transactions with related parties during the following financial period:

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
Construction revenue from related parties	**16,011,112**	159,743,410
Construction cost paid to related parties	**1,670,160**	5,063,302
Rental of office premises to related party	**468,550**	372,177
Other expenses paid to related parties	**148,845**	112,181

16. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 March 2019 (1H2018: Nil).

A final dividend in respect of the financial year ended 30 September 2017 of HK$0.015 per ordinary share, in an aggregate amount of HK$27,000,000 (RM13,309,245) had been proposed by the Board on 28 December 2017 and approved by the shareholders of the Company in the annual general meeting held on 26 February 2018. The final dividend was paid through distribution of the Company's share premium on 27 March 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. GOODWILL

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
At beginning of the period	**6,911,916**	9,244,406
Impairment during the period	**(4,757,046)**	(2,332,490)
At end of the period	**2,154,870**	6,911,916

Goodwill arising from business combination has been allocated to the following cash-generating unit ("**CGU**").

	31 March 2019 RM (Unaudited)	30 September 2018 RM (Audited)
BGMC Corporation Sdn. Bhd.	**2,154,870**	6,911,916

As at 31 March 2019, the Directors performed a review of the recoverable amount of goodwill and concluded that the recoverable amount pertaining to CGU of BGMC Corporation Sdn. Bhd. was less than its carrying amount plus goodwill allocated. Accordingly, the related goodwill had been impaired and recognised in the profit or loss.

The recoverable amount of the CGU has been determined on the basis of value in use calculations. These calculations use cash flow projections based on financial budgets approved by the Directors covering a 2-year period (30 September 2018: 2-year period). The cash flows from the third to the fifth year period in 1H2019 are prepared based on best estimate of the Directors taking into account existing secured contracts and estimation of contracts to be secured during that period (30 September 2018: extrapolated using a constant growth rate).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. GOODWILL (CONTINUED)

The key assumptions for the value in use calculations as at the end of the reporting period are as follows:

	31 March 2019		30 September 2018	
	Growth rate for cash flows between third and fifth years	Discount rates applied	Growth rate for cash flows between third and fifth years	Discount rates applied
CGU				
BGMC Corporation Sdn. Bhd.	**4.60%**	**10.22%**	4.40%	13.46%

(a) Growth rate

The growth rate is forecasted after considering factors like general market conditions, industry-specific and other relevant information and does not exceed the average long-term growth rate for the relevant industry.

(b) Discount rates

The discount rates applied to the cash flow projections are pre-tax and reflect the weighted average cost of capital of the CGU.

18. CONTINGENT LIABILITY

On 28 March 2019, the Company announced that it had received a writ of summons together with an indorsement of claim dated 19 March 2019 issued in the High Court of Shah Alam, Malaysia by 47 plaintiffs against Kingsley Hills Sdn. Bhd. as the first defendant and BGMC Corporation Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, as the second defendant.

Up to the date of approval of this interim report, the trial has not yet commenced and the effect of the case on the Company cannot be assessed, and as such, the Directors consider that any amount of obligation and its likelihood in relation to this litigation cannot be measured with sufficient reliability. Further, the Company will categorically defend its position in the interest of the Company and its shareholders as a whole. As a result, no provision has been made in the unaudited condensed consolidated results of the Group for 1H2019.

BGMC International Limited
璋利國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）
(Stock code 股份代號：1693)

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