*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

BGMC International Limited
璋利國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1693)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

FINANCIAL HIGHLIGHTS

- Revenue of the Group was RM515.1 million in FY2018 (FY2017: RM694.9 million).
- Gross profit of the Group amounted to RM52.3 million in FY2018 (FY2017: RM128.1 million).
- Profit attributable to the owners of the Company was RM1.4 million in FY2018 (FY2017: RM54.8 million).
- As at 30 September 2018, BGMC's order book was RM1.2 billion.
- During FY2018, BGMC secured 26 new projects with a total contract value of RM537.6 million.

The board ("**Board**") of directors ("**Directors**") of BGMC International Limited ("**Company**") announces the consolidated results of the Company and its subsidiaries (collectively "**Group**" or "**BGMC**") for the financial year ended 30 September 2018 ("**FY2018**"), together with the comparative figures for the financial year ended 30 September 2017 ("**FY2017**"). The financial results have been reviewed by the Company's audit committee ("**Audit Committee**") and approved by the Board on 18 December 2018. All amounts set out in this announcement are presented in Malaysian Ringgit ("**RM**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	**2018**	2017
		RM	*RM*
Revenue	4	**515,091,225**	694,915,957
Cost of sales		**(462,829,586)**	(566,838,143)
Gross profit		**52,261,639**	128,077,814
Income from concession agreement	4	**43,077,064**	43,677,715
Other income		**2,891,032**	943,257
Administrative and other expenses		**(69,427,702)**	(75,056,689)
Other losses		**(3,009,929)**	(2,494,313)
Finance costs		**(18,633,422)**	(18,852,357)
Profit before tax	5	**7,158,682**	76,295,427
Income tax expense	6	**(7,473,089)**	(21,172,485)
(Loss)/profit and total comprehensive income for the year		**(314,407)**	55,122,942
Profit/(loss) and total comprehensive income/ (loss) for the year attributable to:			
Owners of the Company		**1,445,670**	54,833,458
Non-controlling interests		**(1,760,077)**	289,484
		(314,407)	55,122,942
Earnings per share			
Basic (sen)	7	**0.08**	3.87
Diluted (sen)	7	**0.08**	3.86

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	**2018** *RM*	2017 *RM*
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	**45,665,243**	49,157,711
Goodwill		**6,911,916**	9,244,406
Intangible assets		**11,267,488**	18,462,961
Trade receivables	9	**277,875,497**	281,422,452
Investment property under construction		**130,985**	–
Total Non-Current Assets		**341,851,129**	358,287,530
Current Assets			
Inventory		**19,299,741**	–
Trade and other receivables, deposits and prepaid expenses	9	**190,907,284**	190,221,253
Amount owing by customers for contract works	10	**216,062,823**	234,200,657
Tax recoverable		**6,923,031**	–
Fixed deposits		**49,426,960**	132,591,798
Cash and bank balances		**69,517,790**	24,056,670
Total Current Assets		**552,137,629**	581,070,378
Total Assets		**893,988,758**	939,357,908
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	11	**9,862,255**	9,862,255
Reserves		**319,769,444**	331,633,019
Equity attributable to owners of the Company		**329,631,699**	341,495,274
Non-controlling interests		**5,693,979**	7,454,051
Total Equity		**335,325,678**	348,949,325

	Note	2018 RM	2017 RM
Non-Current Liabilities			
Obligations under finance leases		**8,127,797**	19,272,423
Borrowings		**204,666,657**	223,177,728
Deferred tax liabilities		**9,651,351**	8,463,083
Total Non-Current Liabilities		**222,445,805**	250,913,234
Current Liabilities			
Amount owing to customers for contract works	10	**11,724,155**	24,531,615
Trade and other payables	12	**248,696,278**	256,332,500
Obligations under finance leases		**10,612,111**	12,564,077
Borrowings		**62,908,815**	31,617,724
Tax liabilities		**2,275,916**	14,449,433
Total Current Liabilities		**336,217,275**	339,495,349
Total Liabilities		**558,663,080**	590,408,583
Total Equity and Liabilities		**893,988,758**	939,357,908

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	**Share premium**	**Other reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
At 1 October 2016	100	–	–	62,919,122	62,919,122	7,164,567	70,083,789
Profit and total comprehensive income for the year	–	–	–	54,833,458	54,833,458	289,484	55,122,942
Arising from Reorganisation *(Notes 11(a) and (b))*	(94)	–	94	–	–	–	–
Deemed contribution from equity holders	–	–	65,000,000	–	65,000,000	–	65,000,000
Issue of shares in connection with Global Offering *(Note 11(e))*	2,465,564	170,123,881	–	–	172,589,445	–	172,589,445
Share issue expenses *(Note 11(e))*	–	(13,846,851)	–	–	(13,846,851)	–	(13,846,851)
Capitalisation issue *(Notes 11(d) and (e))*	7,396,685	(7,396,685)	–	–	–	–	–
At 30 September 2017	9,862,255	148,880,345	65,000,094	117,752,580	341,495,274	7,454,051	348,949,325
At 1 October 2017	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 year	–	–	–	1,445,670	1,445,670	(1,760,077)	(314,407)
Contribution by non-controlling interest	–	–	–	–	–	5	5
Dividend paid	–	(13,309,245)	–	–	(13,309,245)	–	(13,309,245)
At 30 September 2018	**9,862,255**	**135,571,100**	**65,000,094**	**119,198,250**	**329,631,699**	**5,693,979**	**335,325,678**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018	2017
	RM	*RM*
OPERATING ACTIVITIES		
Profit before tax	**7,158,682**	76,295,427
Adjustments for:		
Finance costs	**18,633,422**	18,852,357
Amortisation of intangible assets	**7,195,473**	8,532,733
Depreciation of property, plant and equipment	**9,403,568**	8,004,817
(Gain)/loss on disposal of property, plant and equipment	**(1,113,800)**	1,495,388
Bad debts written off	**2,047,845**	1,254,259
Property, plant and equipment written off	**188,458**	–
Impairment of goodwill	**2,332,490**	–
Unrealised loss on foreign exchange	**379,499**	992,785
Imputed interest income from trade receivables	**(43,077,064)**	(43,677,715)
Interest income from bank deposits	**(2,415,578)**	(861,380)
Operating cash flows before movements in working capital	**732,995**	70,888,671
Increase in inventory	**(19,299,741)**	–
Decrease/(Increase) in trade and other receivables, deposits and prepaid expenses	**43,890,143**	(41,014,794)
Decrease/(Increase) in amounts owing from customers for contract works	**18,137,834**	(100,146,706)
(Decrease)/Increase in trade and other payables	**(17,636,222)**	56,389,512
(Decrease)/Increase in amounts owing to customers for contract works	**(12,807,460)**	1,077,977
Net Cash Generated From/(Used In) Operations	**13,017,549**	(12,805,340)
Income tax paid	**(25,645,874)**	(26,189,816)
Income tax refunded	**264,505**	–
Net Cash Used In Operating Activities	**(12,363,820)**	(38,995,156)

	2018	2017
	RM	*RM*
INVESTING ACTIVITIES		
Interest received	**2,415,578**	861,380
Purchase of property, plant and equipment	**(6,615,758)**	(7,045,569)
Purchase of investment property	**(130,985)**	–
Proceed from disposal of property, plant and equipment	**2,000,000**	4,526,000
Repayment from related parties	**–**	2,219,316
Placement of restricted bank balances	**(11,824,214)**	(20,606,180)
Withdrawal of restricted bank balances	**402,000**	19,186,578
Placement of pledged and restricted fixed deposits	**(7,872,156)**	(12,032,505)
Withdrawal of pledged and restricted fixed deposits	**10,720,187**	–
Net Cash Used In Investing Activities	**(10,905,348)**	(12,890,980)
FINANCING ACTIVITIES		
Interest paid	**(18,633,422)**	(18,852,357)
Dividend paid	**(13,309,245)**	–
New borrowings raised	**154,920,866**	–
Repayment of borrowings	**(141,268,202)**	(24,041,671)
Repayment of obligations under finance leases	**(13,466,592)**	(9,409,066)
(Decrease)/Increase in bank overdrafts	**(872,644)**	4,160,761
Advances from related parties	**20,000,000**	–
Repayment to related parties	**(10,000,000)**	(3,036,820)
Contributions by non-controlling interest	**5**	–
Advances from directors	**–**	44,886,100
Repayment to directors	**–**	(18,050,730)
Proceeds from Global Offering	**–**	172,589,445
Payment of share issue expenses	**–**	(29,571,900)
Net Cash (Used In)/From Financing Activities	**(22,629,234)**	118,673,762
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(45,898,402)**	66,787,626
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**136,561,660**	70,766,819
Effect of foreign exchange rates	**(379,499)**	(992,785)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**90,283,759**	136,561,660

	2018	2017
	RM	*RM*
Cash and cash equivalents at end of year are determined as follows:		
Cash and bank balances	**69,517,790**	24,056,670
Fixed deposits with licensed banks	**49,426,960**	132,591,798
Less: Restricted bank balances	**(13,959,048)**	(2,536,834)
Pledged fixed deposits	**(14,701,943)**	(7,249,974)
Restricted fixed deposits	**–**	(10,300,000)
	90,283,759	136,561,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its issued shares are listed on the Main Board of the Stock Exchange since 9 August 2017 ("**Listing Date**"). 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 PO Box 1350, Clifton House, 75 Fort Street, 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 Company's subsidiaries are principally engaged in the provision of a wide range of construction services in Malaysia.

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

2. GROUP REORGANISATION AND BASIS OF PREPARATION

In preparation for the initial listing of the shares of the Company on the Stock Exchange ("**Global Offering**"), the Group underwent a reorganisation ("**Reorganisation**") as described below.

The Reorganisation involved the setting up of the Company and BGMC Malaysia Limited ("**BGMC Malaysia**"). BGMC Malaysia was interspersed between BGMC Builder Sdn. Bhd. ("**BGMC Builder**") and its then shareholders comprising Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**"), Dato' Teh Kok Lee ("**Dato' Michael Teh**") and Dato' Mohd Arifin bin Mohd Arif ("**Dato' Arifin**") all of whom are directors of the Company, (collectively "**Controlling Shareholders**") on 6 December 2016, and then the Company was interspersed between BGMC Malaysia and its Controlling Shareholders on the same day. Thereafter, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from this Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the financial year ended 30 September 2017, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statement of financial position of the Group as at 30 September 2017 present the assets and liabilities of the companies comprising the Group which had been incorporated on those dates and as if the current group structure had been in existence as at those dates.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has consistently applied all new and revised IFRSs, International Accounting Standards ("**IASs**"), 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 2017.

Amendments to:	
IAS 7	Disclosure Initiative
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

New and Revised Standards and Amendments in issue but not yet effective

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

IFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)[1]
IFRS 15	Revenue from Contracts with Customers[2] (and the related Clarifications)[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to:	
IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 3	Definition of a Business[6]
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Prepayment Features with Negative Compensation[2]
IAS 19	Plan Amendment, Curtailment or Settlement[2]
IAS 28	Long-term Interests in Associates and Joint Ventures[2]
IAS 40	Transfers of Investment Property[1]
IAS 1 and IAS 8	Definition of Material[3]
IAS 10 and IAS 28	Sales or Contribution of Assets between an Investors and its Associate or Joint Venture[5]
IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle[1]
IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle[2]

Amendments to References to the Conceptual Framework in IFRS Standards[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

5 Effective date deferred to a date to be announced by IASB.

6 Effective for business combinations for which acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

4. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION

The Group is principally engaged in the provision of a wide range of construction services in Malaysia.

(a) Revenue

	2018	2017
	RM	*RM*
Construction contract revenue	**504,079,976**	684,091,273
Supply and installation of elevators	**139,197**	306,493
Building maintenance service income	**10,872,052**	10,518,191
	515,091,225	694,915,957

(b) Income from a concession agreement

	2018	2017
	RM	*RM*
Income from concession agreement – imputed interest income		
(i) Universiti Teknologi MARA (“**UiTM**”)	**43,061,814**	43,677,715
(ii) Renewable Energy Power Purchase Agreement (“**REPPA**”)	**15,250**	–
	43,077,064	43,677,715

(c) Segment Information

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 and installation of elevators) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under “Others” segment.

Segment revenue

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

As at 30 September 2018

	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	395,645,053	40,091,882	45,164,898	21,801,331	55,325,928	139,197	558,168,289	–	558,168,289
Inter-segment revenue	–	–	80,538,144	–	–	8,585,804	89,123,948	(89,123,948)	–
Total	395,645,053	40,091,882	125,703,042	21,801,331	55,325,928	8,725,001	647,292,237	(89,123,948)	558,768,289
RESULT									
Segment results	(7,442,608)	(754,181)	6,058,974	(9,272,229)	30,112,003	(1,088,117)	17,613,842	–	17,613,842
Unallocated corporate income less expenses									(7,445,231)
Other loss									(3,009,929)
Profit before tax									7,158,682

Other entity-wide segment information

As at 30 September 2018

	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	6,275,343	635,899	50,380	–	14,039	10,097	–	6,985,758
Amortisation of intangible assets	5,256,163	–	1,199,901	264,071	475,338	–	–	7,195,473
Depreciation of property, plant and equipment	7,233,254	732,967	137,421	1,099,377	197,536	3,013	–	9,403,568
Gain on disposal of property, plant and equipment	–	–	–	1,113,800	–	–	–	1,113,800
Property, plant and equipment written off	48,175	4,882	1,205	134,196	–	–	–	188,458

As at 30 September 2017

	Building and structure	Energy infrastructure	Mechanical and electrical	Earthwork and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
SEGMENT REVENUE									
External revenue	530,017,012	56,232,321	37,549,106	60,292,834	54,195,906	306,493	738,593,672	–	738,593,672
Inter-segment revenue	–	–	15,876,658	–	–	7,066,271	22,942,929	(22,942,929)	–
Total	530,017,012	56,232,321	53,425,764	60,292,834	54,195,906	7,372,764	761,536,601	(22,942,929)	738,593,672
RESULT									
Segment results	52,357,624	4,929,868	4,913,845	5,814,863	47,051,188	(590,103)	114,477,285	–	114,477,285
Unallocated corporate income less expenses									(35,687,545)
Other loss									(2,494,313)
Profit before tax									76,295,427

Other entity-wide segment information

As at 30 September 2017

	Building and structure	Energy infrastructure	Mechanical and electrical	Earthwork and infrastructure	Concession and maintenance	Others	Unallocated	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	25,476,373	2,702,924	67,330	3,761,550	6,226	10,850	–	32,025,253
Amortisation of intangible assets	5,841,123	619,716	620,330	976,225	475,339	–	–	8,532,733
Depreciation of property, plant and equipment	5,416,112	574,624	103,381	1,715,118	195,115	467	–	8,004,817
Gain/(Loss) on disposal of property, plant and equipment	59,999	–	–	(1,555,387)	–	–	–	(1,495,388)

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

	2018	2017
	RM	*RM*
Total segment revenue	**647,292,237**	761,536,601
Less: Inter-segment revenue	**(89,123,948)**	(22,942,929)
Less: Income from a concession agreement	**(43,077,064)**	(43,677,715)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**515,091,225**	694,915,957

5. PROFIT BEFORE TAX

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

	2018	2017
	RM	*RM*
Staff costs	**36,852,594**	28,752,230
Directors' emoluments	**2,815,610**	1,139,265
Listing expenses (included in administrative and other expenses)	**106,583**	15,725,049
Amortisation of intangible assets	**7,195,473**	8,532,733
Depreciation of property, plant and equipment	**9,403,568**	8,004,817
Property, plant and equipment written-off	**188,458**	–
Bad debts recovered	**(784,352)**	–
Bad debts written off	**2,047,845**	1,254,259
Minimum lease payments paid under operating leases in respect of official premises	**792,576**	625,846
Auditors' remuneration – statutory audit	**440,000**	440,000
Imputed interest income from trade receivables	**(43,077,064)**	(43,677,715)
Interest income from bank deposits	**(2,415,578)**	(861,380)

6. INCOME TAX EXPENSE

	2018	2017
	RM	*RM*
Malaysia Corporate Income Tax:		
Current year	**4,164,533**	18,183,388
Underprovision in prior years	**2,120,288**	2,163,436
	6,284,821	20,346,824
Deferred tax		
Current year	**2,662,923**	7,017,820
Overprovision in prior years	**(1,474,655)**	(6,192,159)
	1,188,268	825,661
	7,473,089	21,172,485

7. EARNINGS PER SHARE

	2018	2017
	RM	*RM*
Basic (sen)	**0.08**	3.87
Diluted (sen)	**0.08**	3.86

Basic

The calculation of the basic earnings per share is based on the following data:

	2018	2017
	RM	*RM*
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**1,445,670**	54,833,458

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share:		
At beginning of year	**1,800,000,000**	1,350,000,000
Effect of issue of new shares	**–**	65,342,466
At end of year	**1,800,000,000**	1,415,342,466

The weighted average number of ordinary shares in issue during the year ended 30 September 2017 had taken into consideration the 450,000,000 shares issued under the Global Offering on 9 August 2017.

Fully Diluted

	2018	2017
	RM	*RM*
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**1,445,670**	54,833,458

	Number of shares	Number of shares
Weighted average number of ordinary shares	**1,800,000,000**	1,415,342,466
Effect of dilution:		
Over-allotment of shares	**–**	5,547,945
Adjusted weighted average number of ordinary shares	**1,800,000,000**	1,420,890,411

There is no diluted earnings per share in FY2018 as there is no potential dilutive shares during the current reporting period.

The diluted earnings per share for FY2017 has been calculated by dividing the profit for FY2017 attributable to owners of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the over-allotment of shares adjusted by the number of such shares that would have been issued at fair value.

8. PROPERTY, PLANT AND EQUIPMENT

During FY2018, the Group acquired items of property, plant and equipment for RM6.9 million (FY2017: RM32.0 million).

9. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	2018	2017
	RM	*RM*
Trade receivables:		
Third parties	**345,169,724**	350,018,810
Related parties	**2,293,530**	28,855,867
	347,463,254	378,874,677
Retention receivables:		
Third parties	**52,791,484**	36,661,593
Related parties	**41,963,612**	32,048,501
	94,755,096	68,710,094
Other receivables:		
Third parties	**15,643,026**	13,576,757
Related parties	**5,491**	5,491
	15,648,517	13,582,248
Refundable deposits	**8,412,090**	5,645,381
Prepaid expenses	**2,406,411**	3,393,996
Goods and services tax receivable	**97,413**	1,437,309
	468,782,781	471,643,705
Analysed for reporting purposes as:		
Current assets	**190,907,284**	190,221,253
Non-current assets	**277,875,497**	281,422,452
	468,782,781	471,643,705

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

	2018	2017
	RM	*RM*
0–30 days	**12,826,408**	56,386,639
31–90 days	**23,811,377**	18,531,742
Over 90 days	**28,349,384**	17,339,203
	64,987,169	92,257,584

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

	2018	2017
	RM	*RM*
Contract costs incurred to date	**2,400,365,993**	1,936,211,121
Recognised profits net of recognised losses	**328,750,847**	296,364,541
	2,729,116,840	2,232,575,662
Less: Progress billings received and receivable	**(2,524,778,172)**	(2,022,906,620)
	204,338,668	209,669,042
Analysed for reporting purposes as:		
Amounts owing by customers for contract works	**216,062,823**	234,200,657
Amounts owing to customers for contract works	**(11,724,155)**	(24,531,615)
	204,338,668	209,669,042

11. SHARE CAPITAL

The share capital as at 30 September 2018 and 30 September 2017 represents the share capital of the Company following completion of the Reorganisation on 6 December 2016 with details as follows:

	Number of shares	**Amount**	**Amount**
		HK$	*RM*
Ordinary shares of HK$0.01 each:			
Authorised			
As at 18 November 2016 (the "**Date of Incorporation**") *(Note a)*	30,000,000	300,000	
Increase in shares	4,970,000,000	49,700,000	
As at 30 September 2017 *(Note c)* **and 30 September 2018**	**5,000,000,000**	**50,000,000**	

	Number of shares	Amount	Amount
		HK$	*RM*
Ordinary shares of HK$0.01 each:			
Issued and fully paid:			
As at 18 November 2016 (Date of Incorporation) *(Note a)*	100	1	1
Arising from Reorganisation *(Note b)*	900	9	5
Capitalisation issue *(Note d)*	1,349,999,000	13,499,990	7,396,685
Issue of shares in connection with Global Offering *(Note e)*	450,000,000	4,500,000	2,465,564
As at 30 September 2017 and 30 September 2018	**1,800,000,000**	**18,000,000**	**9,862,255**

Notes:

(a) On 18 November 2016, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK$300,000 comprising 30,000,000 ordinary shares of HK$0.01 each and paid up share capital of HK$1 (equivalent to RM1) comprising 100 ordinary shares of HK$0.01 issued to the Controlling Shareholders.

(b) Pursuant to the Reorganisation, on 6 December 2016, the issued and fully paid-up share capital of the Company was increased from HK$1 (equivalent to RM1) comprising 100 ordinary shares of HK$0.01 each to HK$10 (equivalent to RM6) comprising 1,000 ordinary shares of HK$0.01 each by way of issuance of 576, 270 and 54 new ordinary shares to the Controlling Shareholders in exchange for shares owned by them in BGMC Builder for the purpose of interspersing between BGMC Builder and the Controlling Shareholders as disclosed in Note 2.

(c) On 3 July 2017, pursuant to the written resolution of shareholders of the Company ("**Shareholders**"), the authorised share capital was increased to HK$50,000,000 divided into 5,000,000,000 ordinary shares of a par value of HK$0.01 each.

(d) Pursuant to a written resolution of the Shareholders passed on 20 July 2017, the allotted and issued share capital of the Company was increased from HK$10 (equivalent to RM6) comprising 1,000 ordinary shares of HK$0.01 each to HK$13,500,000 (equivalent to RM7,396,691) comprising 1,350,000,000 ordinary shares by way of issuance of 1,349,999,000 new ordinary shares of HK$0.01 each amounting in total to HK$13,499,990 (equivalent to RM7,396,685) to the Controlling Shareholders. This resolution was conditional on the share premium being credited as a result of the Global Offering as detailed in the Company's prospectus dated 31 July 2017 ("**Prospectus**") and pursuant to this resolution, a sum of HK$13,499,990 (equivalent to RM7,396,685) standing to the credit of the share premium account was to be capitalised to pay up in full at par for the shares allotted and issued.

(e) Following the completion of the Global Offering on the Listing Date, the Company's issued shares were successfully listed on the Stock Exchange. The issued and fully paid-up share capital of the Company was increased from HK$13,500,000 (equivalent to RM7,396,691) comprising 1,350,000,000 ordinary shares to HK$18,000,000 (equivalent to RM9,862,255) comprising 1,800,000,000 ordinary shares by way of issuance of 450,000,000 new ordinary shares at a price of HK$0.70 per share amounting to HK$315,000,000 (equivalent to RM172,589,445) to the public. Part of the proceeds received from the Global Offering amounting to HK$13,499,990 (equivalent to RM7,396,685) were then capitalised standing to the credit of the share premium account to pay up in full at par for the shares allotted and issued to the Controlling Shareholders as disclosed in Note 11(d).

Certain listing expenses from the Global Offering amounting to RM13,846,851 were offset against the share premium.

12. TRADE AND OTHER PAYABLES

	2018	2017
	RM	*RM*
Trade payables:		
Third parties	**131,847,502**	155,141,097
Related parties	**14,582,806**	14,999,045
	146,430,308	170,140,142
Retention sum payables:		
Third parties	**30,541,911**	22,753,441
Related parties	**13,097,879**	12,550,865
	43,639,790	35,304,306
Other payables:		
Third parties	**4,690,431**	5,826,546
Related parties*	**10,000,000**	–
	14,690,431	5,826,546
Accrued expenses	**43,935,749**	45,061,506
	248,696,278	256,332,500

* 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.

	2018	2017
	RM	*RM*
0–30 days	**32,186,778**	60,163,172
31–90 days	**30,390,835**	58,607,308
Over 90 days	**83,852,695**	51,369,662
	146,430,308	170,140,142

13. RELATED PARTIES TRANSACTIONS

The Group has the following transactions with related parties:

	2018	2017
	RM	*RM*
Construction revenue from related parties:	**249,899,412**	273,484,831
Construction cost paid to related parties	**11,737,884**	24,574,292
Rental of office premises to related party	**693,616**	584,956
Other expenses paid to related parties	**391,462**	339,034

14. DIVIDENDS

The Company has paid a final dividend of HK1.5 cents per ordinary share for FY2017 on 27 March 2018. The Board has resolved not to recommend the payment of any dividend to the Shareholder for FY2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

FY2018 was a year full of challenges and uncertainties for BGMC. On top of worries looming in the global economy, a new government pledging to build a New Malaysia took office during the year. The Company has full confidence in the new leadership of the country and is ready to excel in the new environment.

BGMC faced headwind and grew slower in FY2018, but it continued to brave and overcome the challenges thrown at it and managed to capture new opportunities. During the year, reputable and valuable names like Pelaburan Hartanah Berhad and Hyundai Engineering Malaysia were added to its clientele.

BUSINESS MODEL

In FY2018, BGMC remained a full-fledged, integrated solutions provider in the Construction Services sector and Public Private Partnerships ("**PPP**") sector. Its Construction Services business undertakes primarily service contracts of period not exceeding five years. The business consists of key segments, namely Building and Structure Works, Energy Infrastructure Works, Mechanical and Electrical Works, and Earthwork and Infrastructure Works. Energy Infrastructure Works is the new name of the segment previously known as Energy Transmission and Distribution Works to better reflect the expanded scope of work of the business.

As for the PPP projects business, it takes on longer term concession projects providing asset management services with the support of two pillar segments, namely Concession and Maintenance. The business enables the Company to generate long-term recurring cashflow, buffering its performance in a volatile operating environment.

Core Business	Segment	What BGMC Does
Construction Services	Building and Structure Works	Focuses on construction of low-rise and high-rise residential and commercial properties, factories, as well as government-led infrastructure and facility projects. A contract to build the main buildings of a combined cycle gas fired power plant was secured during the year, boosting the segment's project portfolio.
	Energy Infrastructure Works	The segment formed in FY2018 has under the same roof two previously independent businesses – design and construction of medium and high voltage power substations and installation of medium and high voltage underground cabling systems – and is also responsible for the new task of establishing and developing a utility scale solar power plant.

Core Business	Segment	What BGMC Does
	Mechanical and Electrical Works	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 Works	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infrastructure installation.
Public Private Partnerships (PPP)	Concession	Under the Built, Lease, Maintain and Transfer ("**BLMT**") model, BGMC secured the concession to build the UiTM campus over a three-year period and provide asset management services for 20 years. Granted a concession by the Energy Commission of Malaysia and under the Built, Own and Operate ("**BOO**") model, the Company is working full steam to build a solar power plant that will generate and sell renewable energy to national utility companies.
	Maintenance	BGMC is well-equipped to provide asset management services and currently avails them to the UiTM BLMT Project.

CONSTRUCTION SERVICES

Although the business recorded lower revenue and profit in FY2018, it continued to offer comprehensive services, serving BGMC as the main revenue contributor. In FY2018, it brought in revenue of RM502.7 million, accounting for 97.6% of the Company's total revenue, compared to RM684.1 million, 98.4%, in the previous year. The drop was mainly due to the lower recognition in Building and Structure Works, Energy Infrastructure Works and Earthwork and Infrastructure Works, though Mechanical and Electrical Works recorded impressive growth.

During FY2018, BGMC secured 26 new project contracts of total worth RM537.6 million. The more notable projects included construction of Bangsar 61 Basement Works in Kuala Lumpur for Pelaburan Hartanah Berhad and Building Works for a Combined Cycle Gas Turbine ("**CCGT**") Power Plant at Melaka for Hyundai Engineering Malaysia.

As at 30 September 2018, BGMC's construction services order book carried a total value of RM2.6 billion, and the outstanding order book was RM1.2 billion.

The top 5 ongoing projects of BGMC are as follows:

Project Descriptions	**Contract Value** *(RM'000)*
D'Pristine Medini: Construction of a mixed development consisting of a 3-storey retail unit, a 6-storey car park, a 23-storey office tower, a 28-storey SOHO tower, a 29-storey SOHO tower and a 27-storey hotel tower at Medini Iskandar, Johor, Malaysia.	580,000
The Sky Seputeh: Construction of two 37-storey towers consisting of 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	292,020
Bangsar 61: Construction of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, Kuala Lumpur, Malaysia.	273,674
Setia Spice: Construction of a 26-storey building with a 19-storey hotel (453 rooms), a 3-storey car park and 4-storey hotel facilities, plus a 2-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.	209,488
TNB Worker's Quarters: Construction of one 8-storey block of executive Quarters (24 units), three 9-storey blocks of non-executive Quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.	76,531

Building and Structure

With outstanding contracts in hand, Building and Structure Works continued to be the leading segment under the Construction Services business, contributing 76.8% or RM395.6 million to the total revenue of the business in FY2018.

In FY2018, all the major projects undertaken by the segment were still in progress. Certificate of Completion was obtained for the MSM Warehouse and The Serini, whereas D'Pristine Medini was near completion. Projects progressing well included the Sky Seputeh, Setia Spice, and V-Residency 5, and new projects kicked off during the year included Building Works for the Melaka 2,422mw CCGT Power Plant, the Tenaga Nasional Berhad ("**TNB**") Worker's Quarters and the Bangsar 61. The ongoing and new projects are expected to bring increasing contributions as they progress.

During the year, the segment secured seven new contracts of total worth RM439.0 million. The single largest contract procured in FY2018 was the Bangsar 61 amounting to RM273.6 million, while Building Works for the Melaka 2,422mw CCGT Power Plant and the TNB Worker's Quarters were tagged RM50.0 million and RM76.5 million respectively. The total value of the segment's current outstanding order book is RM914.6 million.

Energy Infrastructure

The segment contributed 7.8%, or RM40.1 million, to the total revenue of Construction Services business in FY2018. The lower contribution relative to the amount in the previous year was mainly due to some of the newly awarded projects being in infancy with nil contribution. The major power substation project PMU 275/132kV Damansara Heights has yet to reach the advance stage of implementation. Furthermore, as at 30 September 2018, the two 132kV underground cabling works contracts, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim landed in FY2018 were still in design stage.

The segment managed to procure three contracts of total value RM31.1 million during the year, as such maintained its outstanding order book of RM96.7 million worth as at 30 September 2018.

Mechanical and Electrical

In FY2018, the Mechanical and Electrical segment contributed RM45.2 million or 8.8% in revenue to the total revenue of Construction Services business. It was the only segment which recorded an increase in revenue against FY2017 to the credit of projects like The Henge and D'Pristine Medini nearing completion.

The segment also secured 15 new contracts of total worth RM31.6 million during the year, giving it a healthy outstanding order book with contracts of value RM116.1 million in all.

Earthwork and Infrastructure

The Earthwork and Infrastructure Works segment recorded revenue of only RM21.8 million FY2018 or 4.2% of the total revenue of Construction Services business. The low outstanding contract sum of and fewer new tender wins in the previous financial year by the segment explained the decrease in construction activities hence revenue of the segment in FY2018.

Nevertheless, the segment was able to secure one new contract in the amount of RM36.0 million in FY2018. The contract covers Earthworks, Soil Improvements Works, Instrumentation Works and Associated Works at Kuala Langat. The outstanding order book of the segment stood at RM29.3 million as at 30 September 2018.

CONCESSION AND MAINTENANCE

In FY2018, the Concession segment recorded imputed interest income of RM43.1 million against RM43.7 million in FY2017. The Maintenance segment contributed RM10.9 million to the overall revenue in FY2018, surpassing the RM10.5 million recorded in FY2017.

As at 30 September 2018, the UiTM Concession had a remaining period of 17 years and 4 months and the outstanding yet to be recognised imputed interest income currently stands at RM829.7 million.

As for the Maintenance segment, it currently possesses outstanding contracts valued at RM184.0 million.

On 12 December 2017, BGMC made a voluntary announcement on it securing a concession to construct and develop a Large Scale Solar Photovoltaic Plant ("**LSSPV Plant**") of 30 megawatt alternate current ("**MWa.c.**") at Kuala Muda, Negeri Kedah, Malaysia. Subsequently, on 27 March 2018 and 24 April 2018 respectively, the Group has signed a 21-year Power Purchasing Agreement with TNB, the sole electricity distributor in Peninsular Malaysia, and received the Letter of Award from the Energy Commission of Malaysia.

The Company is now working towards the financial closure for the concession and on track to achieving the Commercial Operation Date ("**COD**") of the LSSPV Plant on 30 September 2020, after which it will be able to generate recurring income from the project for a period of 21 years.

This new business venture generated a construction revenue of RM1.4 million with a net profit of RM0.14 million in FY2018 due to the adoption of IFRIC 12 "Service Concession Arrangements".

FUTURE PROSPECTS

BGMC faced a number of challenges in FY2018. The property market in Malaysia slowed down with number of projects reduced or construction works delayed. The phenomena among others posted pressure on the performance of the Company during the year.

Albeit such challenges in FY2018, BGMC sees rosy prospects for its business. Armed with proven capabilities and competitive advantages, the Company pressed ahead through the tough times in FY2017 and FY2018 and was able to procure projects to replenish its order books by RM1.3 billion two years combined. Focusing on winning projects from reputable government-linked companies through competitive tendering has spared the Company from the impact of contract cancellation or review by the Government. As at 30 September 2018, the Company had an outstanding order book of total worth RM1.2 billion, sufficient for sustaining operation for at least another 24 months. As most of its projects are steadily approaching the half-way point, different and more construction works can be carried out concurrently, meaning the Company can convert greater amounts in the order book into revenue and profit for recognition. The BGMC team is well prepared to take the Company's business forward in FY2019.

Moving forward, BGMC will continue to optimise productivity and replenish its construction order book in the next 12 months, tendering for projects in the corporate sector, property sector (residential and commercial), industrial sector, government-linked projects and infrastructure projects in Malaysia. At the same time, it will be looking at pursuing possible opportunities via strategic partnerships to help it enrich its project portfolio, enlarge business footprint across the region and in turn increase market share hopefully in the near future.

Apart from the strong Construction Services component, the Company also has a strong source of recurring income from its PPP business, currently consists of the UiTM BLMT university campus concession. In addition to bringing recurring income, the project also serves BGMC as a showcase of its ability to handle very complicated concession projects, credited for the subsequent tender the Company won for another concession to construct and develop a 30 MWa.c. LSSPV plant in Kuala Muda, Negeri Kedah, Malaysia. The LSSPV plant has a designed peak installed capacity of 45 megawatt to generate 30 MWa.c. When the plant is in commercial operation, it will be able to add 60,385.20 megawatt hour on average a year to the national power grid for 21 years. BGMC has under its belt another promising source of recurring income.

Recently, the Energy, Science, Technology, Environment and Climate Changes Minister of Malaysia announced at a meeting with industry players that the Malaysian Government intends to increase the share of renewable energy in the country's energy supply structure from the current 2% to 20% by year 2025. This development will translate into abundant opportunities for BGMC proven capable of building a renewable energy generation plant. The Energy Commission is expected to launch another round of LSSPV plant tenders in 2019 and the Company is ready for the competition.

Thanks to the wins of the UiTM BLMT project and the LSSPV plant project, the "BGMC" name is now on the map of the PPP segment conducive to the Company securing more concessions in the future, near and far. The new Malaysian Government says its policy is to work with companies that have "know how" and not "know who". It targets to establish a more regulated and sustainable structure for initiating and implementing PPP projects. All these are in favour of BGMC capturing more opportunities.

Subsequent to the review period, the Company has won yet another sizeable project from MRCB Builders Sdn Bhd ("**MRCB Builders**"), an engineering and construction arm of Malaysian Resources Corporation Berhad ("**MRCB**"), a testament to its strong customer base. Its indirect wholly-owned subsidiary landed a sub-contract with MRCB Builders, the main contractor of a proposed 46-storey commercial development comprising tower blocks and a podium block, on Lot 266, 349 and Government Land, Town of Sambanthan, Section 72 in Kuala Lumpur, Malaysia. The Company will undertake structural and architectural works ("**Works**") for Tower 2 and 3 of the project and the estimated sub-contract sum is RM189,000,000. The tentative commencement dates of the Works are mid-December 2018 for Tower 2 and mid-March 2019 for Tower 3. The Works are scheduled to be completed on 1 November 2020.

As BGMC moves into the second year as a listed entity, it shall remain committed to excellence, practising prudent financial management and relying on enterprise risk management to help it avert risk, thereby assuring it has a strong track record to compete effectively. Optimistic about the future of its business, BGMC is powered up to seize forthcoming opportunities and deliver exemplary performance, and ultimately elevate long-term shareholder value.

FINANCIAL PERFORMANCE

Revenue

Notwithstanding the replenishment of some impressive amount of construction contracts in FY2017, BGMC had yet to benefit from the higher recognition of revenue and profit across the segments. This was mainly because most of the projects undertaken are still in the early stage of implementation cycle. The total revenue recognised reduced moderately by 25.9% from RM694.9 million in FY2017 to RM515.1 million in FY2018. The moderation in the revenue was mainly due to lower recognition in the following segments:

- The Building and Structure Works segment reduced by 25.4% from RM530.0 million in FY2017 to RM395.6 million in FY2018 as the major ongoing projects procured in FY2017 such as Spice Hotel, Sky Seputeh, V-Residency 5 and major ongoing projects procured in FY2018 such as TNB Worker's Quarters, Melaka Power Plant and Bangsar 61 were all in the early stage of implementation.

- The Energy Infrastructure Works segment experienced a decrease of 28.6% from RM56.2 million in FY2017 to RM40.1 million in FY2018. Lower income was recorded as a major substation project awarded in FY2017, PMU 275/132kV Damansara Heights, was yet to progress to the advance stage of implementation. Meanwhile, two 132kV underground cabling works awarded in FY2018, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim were still at the design stage as of 30 September 2018.

- The Mechanical and Electrical Works segment, however, was swimming against the tide by recording an impressive 20.2% increase from RM37.6 million in FY2017 to RM45.2 million in FY2018. While D'Pristine Medini was nearing its completion, the progress was slower than expected. Progress at The Henge has moved to a more advance progress stage, thus making a larger contribution to FY2018 while most of other projects were still in the early stage of progress.

- The Earthwork and Infrastructure Works segment saw a decrease of 63.8% from RM60.3 million in FY2017 to RM21.8 million in FY2018. The sharp decrease was due to the low number of projects and lower amount of outstanding contract sum. Kuala Langat was the project actively contributing to this segment.

- The Concession and Maintenance segment experienced a minor increase of 0.2% from RM54.2 million in FY2017 to RM55.3 million in FY2018 due to the contribution of our LSS project arising from the compliance with IFRIC 12 "Service Concession Arrangements". According to the nature of concession income, these minor changes are all within our expectation.

Gross Margin

Gross profit reduced to RM52.2 million in FY2018 from RM128.1 million in FY2017 while the gross margin dropped to 10.1% for FY2018 from 18.4% in FY2017. The decreases in gross profit were mainly due to the facts that (i) most of the projects in hand were still in the early stage of progress; and (ii) completed projects were still awaiting the final account and claim settlement. Meanwhile, the reduction in gross margin was owing to (i) the intensified competition in the tender and award process as lesser projects were being tendered and awarded out; (ii) the increase in the material cost of steel product for the ongoing projects; and (iii) the infancy stage of the some of the newly awarded contracts.

Administrative and Other Expenses

Administrative and Other expenses decreased from RM75.1 million for FY2017 to RM69.4 million for FY2018 due to one off IPO expense incurred in FY2017. The administrative expenses for FY2018 were incurred mainly for staff cost and depreciation. Headcount increased from 398 to 428 as more human resources were required to cope with the new projects spanning a very diversified locations. A similar situation went to acquiring more machineries and equipment to cater to those new projects that span across different states in Malaysia. Higher depreciation charges of RM9.4 million in FY2018 were therefore recorded as compared with RM8.0 million recognised in FY2017.

Finance Costs

Finance costs incurred reduced by 1.6% from RM18.9 million for FY2017 to RM18.6 million in FY2018. The moderation was due to the renegotiation and revision of bank borrowing interest rates after a successful listing of the Company's issued shares ("**Shares**").

Income Tax

Effective income tax rate for FY2018 was 104.4% compared with 27.8% in FY2017. The higher effective income tax rate was mainly due to non-recognisation of unutilised tax loss as deferred tax asset from the loss making subsidiaries and underprovision of tax expense in prior year.

Profit Attributable to the Owners of the Company

Based on the above factors, together with the goodwill impairment of RM2.3 million pertaining to the Company's subsidiaries, profit attributable to the owners of the Company decreased from RM54.8 million for FY2017 to RM1.4 million for FY2018.

Liquidity, Financial Resources and Capital Structure

The gearing ratio (calculated by dividing the total debts by total equity and then multiplied by 100%) increased from 82% as at 30 September 2017 to 85% as recorded as at 30 September 2018. This was due to a higher utilisation of banking facilities.

The cash and cash equivalent as at 30 September 2018 was recorded at RM90.3 million as compared to RM136.6 million recorded as at 30 September 2017. The decrease in cash and cash equivalent was due to investment in plant and equipment, financing of new projects and the payment of dividend. We consider that the level of cash balances to be reasonable and would enable the Company to take on suitable business opportunities in a very competitive and efficient manner.

Treasuries Policies

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

Net Current Assets

As at 30 September 2018, the net current assets amounted to RM215.9 million as compared to the net current assets of RM241.6 million recorded as at 30 September 2017. The Board regularly reviewed the maturity analysis of the Group's contractual liabilities and concluded that it has no liquidity issues that may cast significant doubt on the Company's ability to continue as a going concern.

Capital Expenditures

Capital expenditure mainly consisted of procurement of construction machineries and equipment such as aluminium formwork system, which were funded by hire purchase, the proceeds from its global offering completed in August 2017 and internally generated funds. In FY2018, BGMC acquired RM6.9 million worth of construction machineries and equipment compared to RM32.0 million in FY2017.

Foreign Exchange Exposure

The functional currencies of BGMC's operation, asset and liabilities are denominated in RM. Therefore, we are not exposed to significant foreign exchange risk and had not employed any financial instrument for hedging except for our Hong Kong Dollar ("**HKD**") denominated fixed deposit and bank balances.

The fluctuation of RM against the HKD has resulted in an unrealised foreign exchange loss of RM0.38 million in FY2018 compared to RM0.99 million in FY2017.

Employees and Remuneration Policy

As at 30 September 2018, the Group's workforce stood at 428 employees compared with 398 employees as at 30 September 2017. Total staff costs incurred in FY2018 was RM36.8 million as compared to RM28.8 million recorded in FY2017. The increase in the number of workforce was needed to manage the new projects that are now spanning a wider geographical area.

Remuneration is determined by reference to prevalence 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, training programs conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience.

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on the Listing Date to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company. As at the date of this announcement, there was no outstanding share option granted under the Share Option Scheme.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date at HK$0.70 each. 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 Prospectus, the net proceeds received were applied by the Group from the Listing Date up to 30 September 2018 as follows:

Use of net proceeds	**Net proceeds**	**Use of proceeds from the Listing Date up to 30 September 2018**	**Unused amount**	**Unused amount**
	(RM million)	*(RM million)*	*(RM million)*	*(Percentage)*
Financing for new projects	93.0	76.7	16.3	17.5%
Acquisition of additional machineries and equipment	35.8	8.6	27.2	75.9%
Working capital	14.3	14.3	–	0%
Total	**143.1**	**99.6**	**43.5**	**30.4%**

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 announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dividend

The Board does not recommend the payment of any final dividend for FY2018.

Annual general meeting

The forthcoming annual general meeting of the Company ("**AGM**") will be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong on Monday, 25 March 2019 at 10:00 a.m.. A notice of the AGM will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders in due course in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 20 March 2019 to Monday, 25 March 2019, both dates inclusive, during which period no transfer of Shares will be registered, in order to ascertain Shareholders' entitlement to attend the forthcoming AGM. In order to be eligible for attending and voting at the forthcoming AGM, non-registered Shareholders must lodge all duly completed and stamped transfer forms accompanied by the relevant shares certificates with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 March 2019.

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 30 September 2018, 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 Listing Rules were as follows:

Interests in the Shares

Name of Directors	**Capacity/Nature of interest**	**Interests in Shares** *(Note 1)*	**Percentage of shareholding** *(Note 3)*
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' Michael Teh *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
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 Builder 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 30 September 2018, 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 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 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 provisions of SFO.

(3) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 30 September 2018.

Interest in the Shares of Associated Corporations

Name of Directors	Name of associated corporations	Capacity/ Nature of interest	Interests in 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 30 September 2018, 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.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2018 and thereafter up to the date of this announcement, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such 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.

The Company has adopted the code provisions as set out in the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During FY2018, the Company has complied with the applicable code provisions of the CG Code.

EVENTS AFTER THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

Since 30 September 2018, being the end of the financial year under review and up to the date of this announcement, no important event has occurred affecting the Group.

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 had complied with the required dealing standards set out in the Model Code during the FY2018.

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. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2018 and is of the view that the preparation of such statements has complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.bgmc.asia. The annual report of the Company for FY2018 containing all the information required by the Listing Rules will be published on the aforesaid websites and will be despatched to the Shareholders in due course in the manner required by the Listing Rules.

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

Hong Kong, 18 December 2018

As at the date of this announcement, the Board comprises Tan Sri Dato' Sri Goh Ming Choon (Chairman), Dato' Mohd Arifin bin Mohd Arif (Vice-chairman), Dato' Teh Kok Lee (Chief Executive Officer) and Ir. Azham Malik bin Mohd Hashim as executive Directors; and Tan Sri Dato' Seri Kong Cho Ha, Chan May May and Ng Yuk Yeung as independent non-executive Directors.