

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

RM'000	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30.6.2020 (unaudited)	30.6.2019 (unaudited)	30.6.2020 (unaudited)	30.6.2019 (unaudited)
Revenue		167,183	240,973	592,935	475,023
Expenses		(388,566)	(286,141)	(786,293)	(512,855)
Other operating income	13	10,280	66,275	18,141	77,821
Profit/(loss) from operations		(211,103)	21,107	(175,217)	39,989
Finance costs		(13,144)	(12,555)	(25,739)	(24,961)
Share of results of associates		3,702	2,087	7,159	5,045
Share of results of joint ventures		(1,481)	(814)	(1,361)	(1,833)
Profit/(loss) before tax		(222,026)	9,825	(195,158)	18,240
Income tax (expense)/credit	15	2,566	(2,171)	(8,663)	(9,032)
Profit/(loss) for the financial period		(219,460)	7,654	(203,821)	9,208
Other comprehensive income/(loss) for the financial period, net of tax					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		2,218	(32)	1,056	(90)
- share of associate's gain/(loss) on re-measurement of financial derivatives		-	(41)	332	(137)
Total comprehensive income/(loss) for the financial period, net of tax		(217,242)	7,581	(202,433)	8,981
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company		(219,606)	11,057	(203,961)	15,192
Non-controlling interests		146	(3,403)	140	(5,984)
		(219,460)	7,654	(203,821)	9,208
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		(217,385)	10,984	(202,579)	14,965
Non-controlling interests		143	(3,403)	146	(5,984)
		(217,242)	7,581	(202,433)	8,981
Basic earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)					
	23	(4.98)	0.25	(4.62)	0.34

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.



UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(RM'000)	As at 30.6.2020 (unaudited)	As at 31.12.2019 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	593,812	600,431
Investment properties	1,432,406	1,419,633
Right-of-use assets	67,192	77,207
Inventories	1,704,426	1,686,165
Associates	464,980	467,541
Joint ventures	294,141	295,148
Long term loan and receivables	242,434	242,767
Lease receivables	2,902	-
Intangible assets	222,976	224,259
Deferred tax assets	84,267	84,394
Amount due from joint ventures	79,542	79,086
	<u>5,189,078</u>	<u>5,176,631</u>
Current assets		
Inventories	887,936	963,153
Trade and other receivables	747,997	868,095
Amounts due from associates and joint ventures	140,951	139,472
Contract assets	695,259	719,107
Lease receivables	894	-
Tax recoverable	23,071	19,060
Financial assets at fair value through profit or loss	739	889
Deposits, cash and bank balances	553,804	516,945
	<u>3,050,651</u>	<u>3,226,721</u>
Assets held for sale	77,679	77,679
TOTAL ASSETS	<u>8,317,408</u>	<u>8,481,031</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

(RM'000)	As at 30.6.2020 (unaudited)	As at 31.12.2019 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,331,702	4,331,702
Retained earnings	212,635	460,716
Other reserves	4,511	(844)
	<u>4,548,848</u>	<u>4,791,574</u>
Non-controlling interests	14,897	31,901
Total equity	<u>4,563,745</u>	<u>4,823,475</u>
Non-current liabilities		
Deferred tax liabilities	77,272	76,953
Contract liabilities	140,258	140,258
Lease liabilities	49,714	58,118
Post-employment benefit obligations	20,648	20,673
Long term borrowings	1,000,857	1,003,314
Long term liabilities	380,445	367,918
Government grant	131,409	131,541
	<u>1,800,603</u>	<u>1,798,775</u>
Current liabilities		
Contract liabilities	34,225	37,628
Lease liabilities	20,181	20,979
Other liabilities and charges	17,259	18,016
Trade and other payables	937,523	952,868
Current tax liabilities	9,717	4,265
Short term borrowings	933,931	824,799
	<u>1,952,836</u>	<u>1,858,555</u>
Liabilities associated with assets held for sale	224	226
Total liabilities	<u>3,753,663</u>	<u>3,657,556</u>
TOTAL EQUITY AND LIABILITIES	<u>8,317,408</u>	<u>8,481,031</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>103.1</u>	<u>108.6</u>

The condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

C. CONSOLIDATED STATEMENTS OF CASH FLOWS

(RM'000)	6 MONTHS ENDED	
	30.6.2020 (unaudited)	30.6.2019 (unaudited)
Operating activities		
Cash receipts from customers	553,484	633,344
Cash paid to suppliers and employees	(523,974)	(972,970)
Cash generated from/(used in) operations	29,510	(339,626)
Bank services charges paid	(1,564)	(3,762)
Net taxes paid	(6,865)	(7,783)
Net cash generated from/(used in) operating activities	21,081	(351,171)
Investing activities		
Net proceeds from divestment of equity investments	-	121,755
Dividend received	14,153	7,365
Non-equity investments	2,610	3,565
Net cash generated from investing activities	16,763	132,685
Financing activities		
Dividend paid to an equity holders	(61,271)	(13,720)
Proceeds from borrowings	161,083	435,620
Repayment of borrowings	(60,601)	(443,833)
Net shareholder's advances received	900	-
Finance costs paid	(41,096)	(39,817)
(Pledge)/withdrawal of restricted cash	(142,611)	1,131
Net cash used in financing activities	(143,596)	(60,619)
Net decrease in cash and cash equivalent	(105,752)	(279,105)
Cash and cash equivalents at beginning of the financial period	300,926	469,815
Cash and cash equivalent at end of financial period	195,174	190,710

For the purpose of the consolidated statements of cash flows, the cash and cash equivalents comprised the following:

Bank balances and deposits	553,804	271,398
Less: Bank balances and deposits held as security value	(358,630)	(80,688)
	195,174	190,710

The condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(RM'000)	Share Capital	Other Reserves	Retained Earnings	Total	Non- controlling Interests	Total Equity
As at 1 January 2020	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475
Comprehensive income/(loss)						
Profit/(loss) for the financial period	-	-	(203,961)	(203,961)	140	(203,821)
Other comprehensive income						
Currency translation differences	-	1,050	-	1,050	6	1,056
Share of associate's gain on re-measurement of financial derivatives	-	332	-	332	-	332
Total comprehensive income/(loss)	-	1,382	(203,961)	(202,579)	146	(202,433)
Transactions with owners						
Share-based payment transaction	-	3,973	-	3,973	-	3,973
Dividends paid for financial year ended						
- 31 December 2019	-	-	(44,120)	(44,120)	-	(44,120)
- 31 December 2020	-	-	-	-	(17,150)	(17,150)
Total transactions with owners	-	3,973	(44,120)	(40,147)	(17,150)	(57,297)
As at 30 June 2020 (unaudited)	4,331,702	4,511	212,635	4,548,848	14,897	4,563,745

OTHER RESERVES

(RM'000)	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	Total
As at 1 January 2020	1,334	(1,144)	5,382	(6,416)	(844)
Other comprehensive income					
Currency translation differences	-	1,050	-	-	1,050
Share of associate's gain on re-measurement of financial derivatives	332	-	-	-	332
Total comprehensive income	332	1,050	-	-	1,382
Transactions with owners					
Share-based payment transaction	-	-	3,973	-	3,973
	-	-	3,973	-	3,973
As at 30 June 2020 (unaudited)	1,666	(94)	9,355	(6,416)	4,511

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

(RM'000)	<u>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</u>					<u>Total Equity</u>
	<u>Share Capital</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>	<u>Non-controlling Interests</u>	
As at 1 January 2019	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453
Comprehensive income/(loss)						
Profit/(loss) for the financial year	-	-	23,739	23,739	(5,047)	18,692
Other comprehensive income/(loss)						
Currency translation differences	-	(195)	-	(195)	-	(195)
Share of associate's gain on re-measurement of financial derivatives	-	29	-	29	-	29
Total comprehensive income/(loss)	<u>-</u>	<u>(166)</u>	<u>23,739</u>	<u>23,573</u>	<u>(5,047)</u>	<u>18,526</u>
Transactions with owners						
Issuance of ordinary shares pursuant to Restricted Share Plan	13,477	(13,477)	-	-	-	-
Acquisition of additional equity interest in a subsidiary	-	-	(946)	(946)	196	(750)
Share-based payment transaction	-	13,709	-	13,709	-	13,709
Dividends paid for financial year ended						
- 31 December 2018	-	-	(77,211)	(77,211)	-	(77,211)
- 31 December 2019	-	-	-	-	(31,252)	(31,252)
Total transactions with owners	<u>13,477</u>	<u>232</u>	<u>(78,157)</u>	<u>(64,448)</u>	<u>(31,056)</u>	<u>(95,504)</u>
As at 31 December 2019 (audited)	<u>4,331,702</u>	<u>(844)</u>	<u>460,716</u>	<u>4,791,574</u>	<u>31,901</u>	<u>4,823,475</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

(RM'000)	OTHER RESERVES				Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	
As at 1 January 2019	1,305	(949)	5,150	(6,416)	(910)
Other comprehensive income/(loss)					
Currency translation differences	-	(195)	-	-	(195)
Share of associate's gain on re-measurement of financial derivatives	29	-	-	-	29
Total other comprehensive income/(loss)	29	(195)	-	-	(166)
Transactions with owners					
Issuance of ordinary shares pursuant to Restricted Share Plan	-	-	(13,477)	-	(13,477)
Share-based payment transaction	-	-	13,709	-	13,709
Total transactions with owners	-	-	232	-	232
As at 31 December 2019 (audited)	1,334	(1,144)	5,382	(6,416)	(844)

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT****1. BASIS OF PREPARATION**

This unaudited quarterly financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2019.

Below are the applicable new standards and amendments to standards and interpretations effective for the current financial year beginning on 1 January 2020;

- (1) Revised Conceptual Framework for Financial Reporting
- (2) Amendments to MFRS 3 - Definition of a Business
- (3) Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform
- (4) Amendments to MFRS 101 Presentation of Financial Statements - Definition of Material
- (5) Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above Amendments to MFRSs does not have any significant effect on the consolidated financial statements of the Group.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding annual financial statements was not subject to any qualification.

3. SEASONAL OR CYCLICAL FLUCTUATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial quarter under review. However, the results of quarter under review were affected by the unprecedented challenging operating environment due to Covid-19 pandemic.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

For the financial quarter under review, the Group has provided an impairment of assets of RM197 million as stated in Note 19. Other than that, there were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flow in the financial quarter under review.

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in estimates of amounts reported in the prior financial year that would have a material effect on the results of the financial quarter under review.

6. DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial quarter under review.

7. DIVIDENDS

There was no dividend declared or paid by the Company for the financial quarter under review.



UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

8. SEGMENTAL REPORTING

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
6 months ended 30.6.2020					
Total revenue	341,678	339,290	24,398	97,180	802,546
Inter-segment revenue	(5,290)	(107,793)	(2,195)	(94,333)	(209,611)
External revenue	336,388	231,497	22,203	2,847	592,935
Segment profit/(loss)	22,596	(195,678)	3,239	(4,515)	(174,358)
Unallocated corporate expenses					(7,720)
Finance income					6,861
Finance costs					(25,739)
Share of results of associates and joint ventures	4,389	1,409	-	-	5,798
Loss before tax					(195,158)



UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

8. SEGMENTAL REPORTING (cont'd)

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
6 months ended 30.6.2019					
Total revenue	160,183	390,622	27,614	108,987	687,406
Inter-segment revenue	(3,833)	(107,117)	(1,695)	(99,738)	(212,383)
External revenue	156,350	283,505	25,919	9,249	475,023
Segment profit/(loss)	46,982	1,514	76	(976)	47,596
Unallocated corporate expenses					(16,813)
Finance income					9,206
Finance costs					(24,961)
Share of results of associates and joint ventures	2,019	1,193	-	-	3,212
Profit before tax					18,240

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT**

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

10. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

- (a) On 27 May 2020, the Company announced a proposal to establish a dividend reinvestment plan that will provide the shareholders of the Company with an option to elect to reinvest in whole or in part, their cash dividend, which includes any interim, final, special or other types of cash dividend, in new ordinary shares of the Company ("Proposed DRP").

The Proposed DRP has been approved by the Company's shareholders at the Annual General Meeting held on 14th July 2020.

- (a) On 12 June 2020, the Company made a lodgement with the Securities Commission Malaysia ("SC") for the establishment of the Proposed Islamic Medium Term Notes ("Sukuk Murabahah") Programme of up to RM5.0 billion in nominal value based on the shariah principle of murabahah (via a tawarruq arrangement) ("Sukuk Murabahah Programme") under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015, and revised on 28 April 2020 (as amended from time to time).

As at the date of this report, the Company has made a debut Sukuk Murabahah issuance of RM600 million in nominal value under the Sukuk Murabahah programme.

The Sukuk Murabahah issued has a tenure of three (3), seven (7) and ten (10) years and will mature on 14 August 2023, 13 August 2027 and 14 August 2030 respectively.

Proceeds raised from the Sukuk Murabahah issuance shall be utilised by the Company and its subsidiary companies ("MRCB Group") for general working capital, capital expenditure and other general corporate purposes, which shall be Shariah compliant.

The Sukuk Murabahah Programme will have a perpetual programme tenure and has been assigned a preliminary rating of AA^{-IS} by Malaysian Rating Corporation Berhad.

The Sukuk Murabahah Programme serves as a funding platform for MRCB Group to fund business growth and to meet future funding requirements, as and when required.

Other than the above, there were no other material events subsequent to the end of the financial quarter ended 30 June 2020 that have not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

On 26 June 2020, Malaysian Resources Construction System Sdn Bhd, the Company's wholly owned subsidiary, acquired a wholly owned company, MRCS (Singapore) Pte Ltd, a company incorporated in Singapore. MRCS (Singapore) Pte Ltd has not commenced operations at the date of this report.

Other than the above, there were no changes in the composition of the Group for the financial quarter under review.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(RM'000)	As at 30.6.2020	As at 31.12.2019
Performance guarantees extended to third parties *	1,057,603	1,077,514

* Included in the performance guarantees extended to third parties is an amount of RM31.3 million that had been called on previously by third parties. The Group has instituted injunction proceedings against the third parties. During the previous financial year 2019, the Group and the third parties entered into a Dispute Resolution Agreement whereby the third parties agreed to an interim injunction to preserve the status quo on the performance guarantees pending determination of the dispute between the parties via Arbitration. On this basis, the performance guarantees have not been provided in the financial statements.

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad's Listing Requirements, the financial assistance provided by the Company is as follow:

Company Guarantee

The Company issued a joint and several corporate guarantee to guarantee the due performance and obligations of MRCB George Kent Sdn Bhd ("MRCBGK") in relation to the design and construction work of the Light Rail Transit Line 3. MRCBGK is a jointly controlled entity of the Company and equally owned by George Kent (Malaysia) Berhad and the Company.

The directors are of the opinion that the transaction above has been entered into in the normal course of business.

There were no material contingent assets to be disclosed.

13. OTHER OPERATING INCOME

There were no items of an unusual nature in the other operating income in the financial quarter under review.

14. PROFIT FROM OPERATIONS

Profit from operations was arrived at after (charging)/crediting:

(RM'000)	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Depreciation of:				
- investment properties	(2,890)	(3,224)	(6,273)	(6,298)
- property, plant and equipment	(3,950)	(7,655)	(8,433)	(12,792)
(Amortisation)/recognition of:				
- order book	(482)	(350)	(1,155)	(1,085)
- right-of-use assets	(5,878)	(5,459)	(11,444)	(9,972)
- government grant	66	66	132	132
- patent	(306)	-	(603)	-

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****15. INCOME TAX (EXPENSE)/CREDIT**

(RM'000)	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
In Malaysia				
Current tax	(5,686)	(546)	(10,066)	(8,596)
Real property gain tax	-	(4,257)	-	(4,257)
(Under)/over provision in prior years	2,636	(13,415)	1,967	(12,862)
Deferred tax	6,214	14,014	865	14,590
	<u>3,164</u>	<u>(4,204)</u>	<u>(7,234)</u>	<u>(11,125)</u>
Foreign				
Current tax	(9)	-	(53)	-
Deferred tax	(589)	2,033	(1,376)	2,093
	<u>(598)</u>	<u>2,033</u>	<u>(1,429)</u>	<u>2,093</u>
Income tax (expense)/credit	<u>2,566</u>	<u>(2,171)</u>	<u>(8,663)</u>	<u>(9,032)</u>

The dividend income received from the Group's associate, MQ REIT is taxable. The computation of the tax for the financial quarter under review has been accounted for accordingly.

The deferred tax was mainly due to the net impact from the reversal of deferred tax liabilities and some non-deductible temporary differences, as well as recognition of unabsorbed tax losses and deductible timing differences as deferred tax assets.

16. CORPORATE PROPOSALS

There were no corporate proposals announced that are yet to be completed at the date of this report.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

17. GROUP BORROWINGS

The tenure of the Group borrowings classified as long and short term were as follows:

	Long term	Short term	Short term	Total	Total
Denomination ('000)	RM	RM	^AUD	RM	^AUD
As at 2nd quarter of 2020					
Secured	1,000,857	612,234	165,348	1,613,091	165,348
Unsecured	-	156,349	-	156,349	-
As at 2nd quarter of 2019					
Secured	824,484	379,044	104,848	1,203,528	104,848
Unsecured	-	172,106	-	172,106	-

^ AUD 56,556,971 @ 2.9329 with a weighted average interest rate of 3.73% per annum as at 30 June 2020 (30 June 2019: 4.94%).

The net increase of RM454.3 million in the Group's borrowings compared to 30 June 2019 was mainly a drawdown of project financing according to the progress of the Group's projects and working capital requirements.

As at 30 June 2020, the borrowings consist mainly of:

Secured term loans

- (a) Financing facility of RM361 million for the Group's working capital purposes;
- (b) Other project loans of RM1,417 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- (c) Short term borrowings of RM156 million to finance on-going construction projects and working capital purposes.

Other than the secured Australian Dollar long term loan of AUD56.5 million, the Group's other borrowings as at 30 June 2020 were denominated in Ringgit Malaysia. The weighted average interest rate as at 30 June 2020 was 4.80% per annum (30 June 2019: 5.67%).

The Group's Net Gearing as at 30 June 2020 was 0.30 times (30 June 2019: 0.25 times).

18. MATERIAL LITIGATION

There was no material litigation arising from the Group's operational transactions as at the date of this report.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	6 MONTHS ENDED		VARIANCE (Value / %)
	30.6.2020	30.6.2019		30.6.2020	30.6.2019	
Revenue	167,183	240,973	(73,790) (31%)	592,935	475,023	117,912 25%
Operating profit/(loss)	(211,103)	21,107	(232,210) (1,100%)	(175,217)	39,989	(215,206) (538%)
Profit/(loss) before interest and tax	(214,432)	17,008	(231,440) (1,361%)	(182,078)	30,783	(212,861) (691%)
Profit/(loss) before tax	(222,026)	9,825	(231,851) (2,360%)	(195,158)	18,240	(213,398) (1,170%)
Profit/(loss) after tax	(219,460)	7,654	(227,114) (2,967%)	(203,821)	9,208	(213,029) (2,314%)
Total profit/(loss) attributable to equity holders of the Company	(219,606)	11,057	(230,663) (2,086%)	(203,961)	15,192	(219,153) (1,443%)

In the first half of the financial year ended 30 June 2020, the Group recorded revenue and loss before tax of RM592.9 million and RM195.2 million respectively, compared to revenue of RM475.0 million and profit before tax of RM18.2 million recorded in the corresponding period ended 30 June 2019, as a result of the complete halt in construction works during the Covid-19 pandemic and the resultant Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") rulings.

The 25% increase in revenue in the first half of 2020 compared to the corresponding period in 2019 was mainly contributed by the Property Development & Investment Division, which recorded a 115% increase in revenue mainly on account of the commencement of revenue recognition from the Group's property development project 1060 Carnegie in Melbourne, upon the handover and financial settlement of purchased units following its construction completion. However, the Engineering, Construction & Environment Division recognised 18% lower revenues compared to the corresponding period in 2019, mainly due to the MCO and CMCO rulings.

In view of the unprecedented challenges of Covid-19, the Group performed a detailed business impact assessment of the pandemic on the Group's operations in the current financial year, including the recoverability of the carrying amounts of assets in the Engineering, Construction & Environment division. The Group therefore resolved to provide RM197.4 million for the impairment of the Group's contract assets, trade and other receivables it believes will be impacted as a result of the pandemic from some of the Group's completed construction projects in the quarter under review.

The decline in profit before tax and the recorded loss in the first half of 2020 compared to the corresponding period in 2019, is further amplified by the gain before tax of RM58.8 million from the disposal of the Group's entire 30% equity interest in One IFC Sdn Bhd recorded in the second quarter of 2019.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of RM1.4 million to the Group compared to RM1.0 million in the corresponding period in 2019 due to the re-timing of income recognition from the LRT 3 project, following the re-modelling of the project from a PDP to a fixed price turnkey project.

The Group's 27.94% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, contributed a combined profit after tax of RM7.7 million to the Group compared with RM8.6 million in the corresponding period in 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)

Segmental Breakdown of Revenue & Profit/(Loss) - Note 8*

(RM'000)	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
<u>Revenue</u>				
Property development & investment	99,976	71,243	336,388	156,350
Engineering, construction & environment	56,665	150,776	231,497	283,505
Facilities management & parking	9,551	12,780	22,203	25,919
Others	991	6,174	2,847	9,249
	<u>167,183</u>	<u>240,973</u>	<u>592,935</u>	<u>475,023</u>
<u>Profit/(Loss)</u>				
Property development & investment	2,042	43,980	22,596	46,982
Engineering, construction & environment	(208,244)	(15,202)	(195,678)	1,514
Facilities management & parking	859	450	3,239	76
Others	(5,044)	(2,338)	(4,515)	(976)
	<u>(210,387)</u>	<u>26,890</u>	<u>(174,358)</u>	<u>47,596</u>

* Profit/(loss) before unallocated corporate expenses, finance costs and income and share of associates & joint ventures results.

The revenue and profit/(loss) of the Group was mainly attributable to the two core operating segments below:

(i) Property Development & Investment

In the first half of the current financial year, the Property Development & Investment Division recorded a 115% increase in revenue to RM336.4 million, compared to the corresponding period in 2019. The increase was mainly due to the commencement of revenue recognition from the Group's property development project in Melbourne, 1060 Carnegie upon the handover and financial settlement of purchased units following its completion in December 2019. Other revenue contributions came from the sale of completed unsold inventory and on-going development projects, namely Sentral Suites in KL Sentral, the 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers in PJ Sentral Garden City. Sentral Suites, which had achieved a sales rate of 83% and construction progress of 34% as at 30 June 2020, saw a doubling of its revenue contribution to RM68.9 million compared to RM33.5 million in the corresponding period in 2019.

However, the Division recorded a decrease in operating profit to RM22.6 million in the financial period, compared to RM47 million recorded in the corresponding period in 2019, mainly due to the Covid-19 pandemic impact on the construction progress and therefore revenue recognition from the Group's property development projects as a result of the complete halt in construction works during the period.

The Group's investment holding in MQ REIT contributed income of RM7.7 million in the first half of the financial year 2020.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)

(ii) Engineering, Construction & Environment

The Engineering, Construction and Environment Division recorded a 18% decrease in revenue to RM231.5 million in the first half of the financial year 2020, compared to RM283.5 million in the corresponding period in 2019. As stated in Note 19, the complete halt in construction works during the Covid-19 pandemic and the resultant MCO and CMCO rulings in the second quarter impeded construction progress and revenue recognition, and led the Group to provide RM197.4 million for the impairment of contract assets, trade and other receivables it believes will be impacted as a result of the pandemic, during the quarter under review. This resulted in the Division incurring an operating loss of RM195.7 million in the first half of the financial year, compared to an operating profit of RM1.5 million recorded in the corresponding period in 2019.

The bulk of the Division's revenue was contributed by the Damansara-Shah Alam Elevated Highway Package CB2, EPF Headquarters at Kwasa Sentral, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2, Mass Rapid Transit Line 2 Package V210 and construction works of the property development projects stated in (i) above.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed minimal profit after tax of RM1.4 million to the Group. This was mainly due to the deferment of income recognition following the re-modelling of the project from a PDP to a fixed price turnkey project by the Government.

20. FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
(RM'000)	30/6/2020	31/3/2020	
Revenue	167,183	425,752	(258,569) / (61%)
Operating profit/(loss)	(211,103)	35,886	(246,989) / (688%)
Profit/(loss) before interest and tax	(214,432)	32,354	(246,786) / (763%)
Profit/(loss) before tax	(222,026)	26,868	(248,894) / (926%)
Profit/(loss) after tax	(219,460)	15,639	(235,099) / (1,503%)
Total profit/(loss) attributable to equity holders of the Company	(219,606)	15,645	(235,251) / (1,504%)

The Group recorded revenue of RM167.2 million and a loss before tax of RM222.0 million in the current quarter ended 30 June 2020, compared to revenue of RM425.8 million and profit before tax of RM26.9 million recorded in the preceding quarter ended 31 March 2020, mainly due to the Covid-19 pandemic and the halt in construction works during the MCO and CMCO periods which started from 18th March 2020.

During the quarter under review, the Group performed a detailed business impact assessment of the pandemic on the Group's operations in the current financial year, including the recoverability of the carrying amounts of assets in the Engineering, Construction & Environment division. The Group therefore resolved to provide RM197.4 million for the impairment of the Group's contract assets, trade and other receivables it believes will be impacted as a result of the pandemic from some of the Group's completed construction projects in the quarter under review.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****21. PROSPECTS**

The Group's major source of revenue and operating profits come from its Property Development & Investment and Engineering, Construction & Environment Divisions.

(i) Property Development & Investment

As at 30 June 2020, the Group's Property Development & Investment Division sold RM86.1 million worth of properties in 2020. Of the Group's residential projects currently in development, Sentral Suites had achieved a sales rate of 83%, Kalista Park Homes 83% and TRIA in 9 Seputeh 40% as at 30 June 2020. The Group's 1060 Carnegie project in Melbourne, which has been fully constructed and is in the process of financial settlement and the handover of units to purchasers, has achieved a sales rate of 82%.

The Division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,534 million), 1060 Carnegie in Melbourne (GDV: RM290 million) and Kalista Park Homes in Bukit Rahman Putra (GDV: RM102 million), as well as the remaining completed unsold units in Sentral Residences and VIVO Residences in 9 Seputeh. Of the Group's completed developments, as at 30 June 2020, Sentral Residences had achieved a sales rate of 98%, and VIVO Residences in 9 Seputeh had achieved a sales rate of 82%.

Revenue and operating profit in the Property Development & Investment Division will continue to be progressively recognised in line with construction progress in 2020 and beyond. While construction progress was significantly impacted by the Government's unprecedented Movement Control Order (MCO) in the second quarter of 2020, when work at all the Group's construction sites halted, construction work slowly resumed from the end of May onwards and all sites are currently working at a rate of 70% of their pre-MCO levels, due to strict adherence to the Government imposed COVID-19 health and safety protocols.

Sentral Suites, which had reached 34% construction progress as at 30 June 2020, is now targeted to reach 45% construction progress by the end of 2020, due to delays brought about by the MCO. The MyIPO office tower sold in PJ Sentral Garden City will continue to contribute revenue and operating profit until its construction completion later this year, while TRIA in 9 Seputeh, which had reached 27% construction progress at 30 June 2020, will only commence contributing more significant revenues in the very latter part of 2020 and beyond. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development which was fully constructed in December 2019, is expected to contribute further revenue and operating profit upon the handover and financial settlement of more units to purchasers; 79 units have achieved financial settlement out of a total of the 139 units sold to date. However, we do anticipate some delays in settlement and a slowdown in sales as Australia begins implementing tougher movement restrictions, including overnight curfews, due to COVID-19.

The Division had total cumulative unbilled sales which are expected to deliver RM1,299 million in revenue to be booked over the construction period of its projects, approximately 97% of which are residential and 3% commercial projects. Sales of properties came to a halt during the MCO period, given the prohibition of physical property viewings and legal document stamping, and has now slowly resumed.

Overall, the Group believes the outlook for the economy and the property market will remain challenging for the foreseeable future and has embarked on austerity and cost cutting measures. The company's immediate priorities in 2020 are enhancing cashflow by monetising its inventory of unsold completed stock and focusing on projects in hand. The Group will continue to closely monitor conditions in the broader economy and property market, revising its strategies and financial targets accordingly, including reviewing its future launches if conditions dictate.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****21. PROSPECTS (cont'd)****(i) Property Development & Investment (continued)**

With interests in 323 acres of urban land, the Group has a sustainable supply of future projects over the long term with a total GDV of RM32 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM' Mil)
Transport Oriented Developments	145.33	25,548
Commercial	67.52	770
Residential	93.96	5,803
International	1.00	290
Others	15.63	-
Grand Total	323.44	32,411

The Division also earns a relatively stable income stream from its remaining investment property in Shah Alam and from Celcom Tower, as well as its 27.94% interest in MQ REIT.

(ii) Engineering, Construction & Environment

The Engineering, Construction & Environment Division continues to actively tender for more contracting projects to replenish its order book, but there have been very few new construction projects put out to tender in 2020 year to date. The division had open tenders valued at RM2,518 million as at 30 June 2020, and is placing greater emphasis on seeking infrastructure projects. As at 30 June 2020, the external client order book stood at RM21.9 billion. This will ensure that the division has a steady pipeline of contracts to sustain its business over many years. These projects are also anticipated to form the backbone of the division's revenue and operating profit recognition moving forward through 2020 and beyond.

While revenues from the Division were adversely impacted by the halt in construction activity during the MCO, construction activity has now resumed albeit at a slower pace compared to before the MCO, due to social distancing and adherence to other Government imposed health and safety protocols.

The LRT3 project, which is currently 33% completed, should see profit recognition pick up in the second half of 2020, albeit at a slower pace due to the implementation of stricter standard operating procedures to prevent the spread of COVID-19, and is expected to achieve 40% construction progress by the end of 2020.

Major Construction Projects	Contract Value (RM' Mil)
Bukit Jalil Sentral	10,957
LRT3 *	5,686
Kwasa Utama C8	3,135
MRT2 Package V210	483
DASH - Package CB2	341
PR1MA Brickfields	335
Others	1,008
Total	21,945

* 50% of joint venture's total contract value

As at 30 June 2020, the unbilled construction order book stood at RM20.7 billion.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE**

Not applicable.

23. EARNINGS/(LOSS) PER SHARE (EPS/LPS)**Basic EPS/LPS**

The basic EPS/LPS is calculated by dividing the net profit/(loss) for the current financial quarter by the weighted average number of shares in issue during the current financial quarter.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Net profit/(loss) for the financial quarter attributable to the owners of the parent (RM'000)	(219,606)	11,057	(203,961)	15,192
Weighted average number of ordinary shares in issue ('000)	4,412,046	4,400,173	4,412,046	4,399,802
Basic EPS/(LPS) (sen)	<u>(4.98)</u>	<u>0.25</u>	<u>(4.62)</u>	<u>0.34</u>

Diluted Earnings/(Loss) Per Share

Warrants B were not included in the calculation for the financial quarter under review because the fair value of the issued ordinary shares as at 30 June 2020 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****24. TRADE RECEIVABLES**Exposure to credit risk, credit quality and collateral

Given the varied nature of the Group's customer base, the following analysis of trade receivables by type of customers are considered the most appropriate disclosure of credit concentration.

(RM'000)	As at 30.6.2020	As at 31.12.2019
Property development	77,883	99,913
Property investment	19,034	17,435
Engineering, construction & environment	189,690	192,813
Facilities management & parking	5,345	4,153
Others	40	32
	<u>291,992</u>	<u>314,346</u>
Trade receivables include retention sums for contracts, under engineering, construction & environment	<u>123,492</u>	<u>131,912</u>

Impairment losses

Generally, the property units sold under the property development segment are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. The Group is also exposed to significant concentration of risk to a few customers under engineering, construction & environment segment.

In view of that, the Group has not recognised any impairment losses in respect of trade receivables arising from its property development and engineering, construction and environment segments, other than what has been disclosed in Note 19.

The Group applies MFRS 9 'Financial Instruments' simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables of property investment and facilities management & parking segments.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance as at 30 June 2020 and 31 December 2019 was determined as follows for trade receivables of property investment and facilities management & parking segments are reflected in the tables below.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

E. NOTES TO THE INTERIM REPORT (cont'd)

25. TRADE RECEIVABLES (cont'd)

The ageing of trade receivables of the Group arising from property investment and facilities management and parking segments as at the end of the financial quarter under review were as follows:

(RM'000)	Gross	Individual impairment	Expected loss rate	Collective impairment	Net
30.6.2020					
Not past due	1,952	-	-	-	1,952
Past due					
- less than three months	7,508	-	-	-	7,508
- between three to six months	2,594	-	-	-	2,594
- between six months and one year	529	-	-	-	529
- more than one year	11,796	(8,747)	-	-	3,049
	<u>24,379</u>	<u>(8,747)</u>	<u>-</u>	<u>-</u>	<u>15,632</u>
31.12.2019					
Not past due	1,814	-	-	-	1,814
Past due					
- less than three months	3,966	-	-	-	3,966
- between three to six months	1,157	-	-	-	1,157
- between six months and one year	2,105	(2)	-	-	2,103
- more than one year	12,546	(7,039)	-	-	5,507
	<u>21,588</u>	<u>(7,041)</u>	<u>-</u>	<u>-</u>	<u>14,547</u>

The closing allowances for the Group's trade receivables of property investment and facilities management & parking segments as at 30 June 2020 reconcile to the opening loss allowances as follows:

(RM'000)	As at 30.6.2020	As at 31.12.2019
Opening loss allowance as at 1 January	7,041	5,615
Impairment loss recognised	1,730	1,599
Impairment loss reversed	(24)	(173)
As at 30 June / 31 December	<u>8,747</u>	<u>7,041</u>

Kuala Lumpur
27 August 2020

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary