

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

RM'000	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30.9.2020 (unaudited)	30.9.2019 (unaudited)	30.9.2020 (unaudited)	30.9.2019 (unaudited)
Revenue		297,626	372,737	890,561	847,760
Expenses		(296,783)	(358,039)	(1,083,076)	(870,894)
Other operating income	13	15,040	10,543	33,181	88,364
Profit/(loss) from operations		15,883	25,241	(159,334)	65,230
Finance costs		(11,724)	(13,652)	(37,463)	(38,613)
Share of results of associates		4,265	3,626	11,424	8,671
Share of results of joint ventures		(799)	(934)	(2,160)	(2,767)
Profit/(loss) before tax		7,625	14,281	(187,533)	32,521
Income tax expense	15	(6,830)	(12,112)	(15,493)	(21,144)
Profit/(loss) for the financial period		795	2,169	(203,026)	11,377
Other comprehensive income/(loss) for the financial period, net of tax					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		8	(312)	1,064	(402)
- share of associate's gain/(loss) on re-measurement of financial derivatives		-	72	332	(65)
Total comprehensive income/(loss) for the financial period, net of tax		803	1,929	(201,630)	10,910
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company		920	2,518	(203,041)	17,710
Non-controlling interests		(125)	(349)	15	(6,333)
		795	2,169	(203,026)	11,377
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		934	2,278	(201,645)	17,243
Non-controlling interests		(131)	(349)	15	(6,333)
		803	1,929	(201,630)	10,910
Basic earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)					
	23	0.02	0.06	(4.60)	0.40

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 SEPTEMBER 2020

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(RM'000)	As at 30.9.2020 (unaudited)	As at 31.12.2019 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	669,297	600,431
Investment properties	1,429,810	1,419,633
Right-of-use assets	62,045	77,207
Inventories	1,722,963	1,686,165
Associates	459,013	467,541
Joint ventures	330,243	295,148
Long term loan and receivables	242,324	242,767
Lease receivables	3,204	-
Intangible assets	221,591	224,259
Deferred tax assets	87,112	84,394
Amount due from joint ventures	79,562	79,086
	<u>5,307,164</u>	<u>5,176,631</u>
Current assets		
Inventories	867,259	963,153
Trade and other receivables	616,648	868,095
Amounts due from associates and joint ventures	11,978	139,472
Contract assets	741,922	719,107
Lease receivables	1,223	-
Tax recoverable	18,510	19,060
Financial assets at fair value through profit or loss	780	889
Other investment	250,185	-
Deposits, cash and bank balances	514,379	516,945
	<u>3,022,884</u>	<u>3,226,721</u>
Assets held for sale	-	77,679
TOTAL ASSETS	<u>8,330,048</u>	<u>8,481,031</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

(RM'000)	As at 30.9.2020 (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	213,555	460,716
Other reserves	5,043	(844)
	<u>4,550,300</u>	<u>4,791,574</u>
Non-controlling interests	10,356	31,901
Total equity	<u>4,560,656</u>	<u>4,823,475</u>
Non-current liabilities		
Deferred tax liabilities	79,097	76,953
Contract liabilities	140,258	140,258
Lease liabilities	45,316	58,118
Post-employment benefit obligations	20,570	20,673
Sukuk Murabahah	598,671	-
Long term borrowings	734,242	1,003,314
Long term liabilities	386,310	367,918
Government grant	131,062	131,541
	<u>2,135,526</u>	<u>1,798,775</u>
Current liabilities		
Contract liabilities	27,334	37,628
Lease liabilities	19,515	20,979
Other liabilities and charges	17,131	18,016
Trade and other payables	932,617	952,868
Current tax liabilities	15,037	4,265
Short term borrowings	622,232	824,799
	<u>1,633,866</u>	<u>1,858,555</u>
Liabilities associated with assets held for sale	-	226
Total liabilities	<u>3,769,392</u>	<u>3,657,556</u>
TOTAL EQUITY AND LIABILITIES	<u>8,330,048</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 SEPTEMBER 2020

C. CONSOLIDATED STATEMENTS OF CASH FLOWS

(RM'000)	9 MONTHS ENDED	
	30.9.2020 (unaudited)	30.9.2019 (unaudited)
Operating activities		
Cash receipts from customers	828,076	928,977
Cash paid to suppliers and employees	(723,212)	(1,284,966)
Cash generated from/(used in) operations	104,864	(355,989)
Bank service charges paid	(2,370)	(3,948)
Net taxes (paid)/refunded	(4,116)	18,125
Net cash generated from/(used in) operating activities	98,378	(341,812)
Investing activities		
Net proceeds from divestment of equity investments	50,139	121,755
Settlement of amount due from a joint venture	86,100	-
Dividend received	14,168	29,252
Non-equity investments	(245,487)	4,612
Net cash (used in)/generated from investing activities	(95,080)	155,619
Financing activities		
Dividend paid to equity holders	(65,680)	(108,463)
Proceeds from borrowings	999,229	770,354
Repayment of borrowings	(884,690)	(535,234)
Net shareholder's advances received	900	-
Finance costs paid	(55,623)	(56,797)
Withdrawal/(pledge) of restricted cash	63,814	(22,367)
Net cash generated from financing activities	57,950	47,493
Net increase/(decrease) in cash and cash equivalent	61,248	(138,700)
Cash and cash equivalents at beginning of the financial period	300,926	469,815
Cash and cash equivalent at end of financial period	362,174	331,115

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

Bank balances and deposits	514,379	435,301
Less: Bank balances and deposits held as security value	(152,205)	(104,186)
	362,174	331,115

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 SEPTEMBER 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	-	-	(203,041)	(203,041)	15	(203,026)
Other comprehensive income						
Currency translation differences	-	1,064	-	1,064	-	1,064
Share of associate's gain on re-measurement of financial derivatives	-	332	-	332	-	332
Total comprehensive income/(loss)	-	1,396	(203,041)	(201,645)	15	(201,630)
Transactions with owners						
Share-based payment transaction	-	4,491	-	4,491	-	4,491
Dividends paid for financial year ended						
- 31 December 2019	-	-	(44,120)	(44,120)	-	(44,120)
- 31 December 2020	-	-	-	-	(21,560)	(21,560)
Total transactions with owners	-	4,491	(44,120)	(39,629)	(21,560)	(61,189)
As at 30 September 2020 (unaudited)	4,331,702	5,043	213,555	4,550,300	10,356	4,560,656

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	-	1,064	-	-	1,064
Share of associate's gain on re-measurement of financial derivatives	332	-	-	-	332
Total comprehensive income	332	1,064	-	-	1,396
Transactions with owners					
Share-based payment transaction	-	-	4,491	-	4,491
	-	-	4,491	-	4,491
As at 30 September 2020 (unaudited)	1,666	(80)	9,873	(6,416)	5,043

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	Share Capital	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
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)	-	(166)	23,739	23,573	(5,047)	18,526
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	13,477	232	(78,157)	(64,448)	(31,056)	(95,504)
As at 31 December 2019 (audited)	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 SEPTEMBER 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 the quarter under review were affected by the unprecedented challenging operating environment due to Covid-19 pandemic.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There were no items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows 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 SEPTEMBER 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
9 months ended 30.9.2020					
Total revenue	497,389	537,220	36,989	165,913	1,237,511
Inter-segment revenue	(7,984)	(173,975)	(3,325)	(161,666)	(346,950)
External revenue	489,405	363,245	33,664	4,247	890,561
Segment profit/(loss)	34,347	(198,676)	5,678	(75)	(158,726)
Unallocated corporate expenses					(14,724)
Finance income					14,116
Finance costs					(37,463)
Share of results of associates and joint ventures	7,644	1,620	-	-	9,264
Loss before tax					(187,533)



UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
9 months ended 30.9.2019					
Total revenue	481,362	637,572	41,946	203,023	1,363,903
Inter-segment revenue	(109,993)	(216,702)	(2,566)	(186,882)	(516,143)
External revenue	371,369	420,870	39,380	16,141	847,760
Segment profit/(loss)	69,827	3,284	3,647	(1,113)	75,645
Unallocated corporate expenses					(24,228)
Finance income					13,813
Finance costs					(38,613)
Share of results of associates and joint ventures	4,436	1,468	-	-	5,904
Profit before tax					32,521

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

There was no material event subsequent to the end of the financial quarter ended 30 September 2020 that has not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial quarter under review.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(RM'000)	As at 30.9.2020	As at 31.12.2019
Performance guarantees extended to third parties *	1,054,137	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. In the 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 for 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.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

14. PROFIT FROM OPERATIONS

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

(RM'000)	3 MONTHS ENDED		9 MONTHS ENDED	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Depreciation of:				
- investment properties	(3,136)	(3,149)	(9,409)	(9,447)
- property, plant and equipment	(5,339)	(5,790)	(13,772)	(18,582)
(Amortisation)/recognition of:				
- order book	(3,298)	(622)	(4,453)	(1,707)
- right-of-use assets	(5,863)	(5,498)	(17,307)	(15,470)
- government grant	347	66	479	198
- patent	(306)	(536)	(909)	(536)

15. INCOME TAX EXPENSE

(RM'000)	3 MONTHS ENDED		9 MONTHS ENDED	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
In Malaysia				
Current tax	(7,777)	(6,485)	(17,843)	(15,081)
Real property gain tax	-	-	-	(4,257)
(Under)/over provision in prior years	-	10,782	1,967	(2,080)
Deferred tax	929	(17,801)	1,794	(3,211)
	<u>(6,848)</u>	<u>(13,504)</u>	<u>(14,082)</u>	<u>(24,629)</u>
Foreign				
Current tax	(4)	-	(57)	-
Deferred tax	22	1,392	(1,354)	3,485
	<u>18</u>	<u>1,392</u>	<u>(1,411)</u>	<u>3,485</u>
Income tax expense	<u>(6,830)</u>	<u>(12,112)</u>	<u>(15,493)</u>	<u>(21,144)</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 SEPTEMBER 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 3rd quarter of 2020					
Secured	1,332,913	462,137	10,095	1,795,050	10,095
Unsecured	-	150,000	-	150,000	-
As at 3rd quarter of 2019					
Secured	1,020,088	412,828	137,983	1,432,916	137,983
Unsecured	-	154,502	-	154,502	-

^ AUD 3,412,888 (net of issuance cost) @ 2.9579 with a weighted average interest rate of 3.68% per annum as at 30 September 2020 (30 September 2019: 4.66%).

The net increase of RM229.7 million in the Group’s borrowings compared to 30 September 2019 was mainly due to issuance of Sukuk Murabahah of RM600.0 million completed on 14 August 2020. Subsequently, part of the proceeds was utilised to redeem a land loan that was earlier secured at a higher interest rate. The balance of the proceeds from the Sukuk Murabahah are to be used for other project financing and for working capital requirements.

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

Secured term loans

- (a) Financing facility of RM360 million for the Group’s working capital;
- (b) Sukuk Murabahah Program totaling RM599 million (net) for the Group’s working capital;
- (c) Other project loans of RM846 million for the Group’s on-going property development and construction projects.

Unsecured short term loans

- (d) Short term borrowings of RM150 million for the Group’s working capital.

Other than the secured Australian Dollar short term loan of AUD3.6 million, the Group’s other borrowings as at 30 September 2020 were denominated in Ringgit Malaysia. The weighted average interest rate as at 30 September 2020 was 4.068% per annum (30 September 2019: 5.461%).

The Group’s Net Gearing as at 30 September 2020 was 0.26 times (30 September 2019: 0.27 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 SEPTEMBER 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 / %)	9 MONTHS ENDED		VARIANCE (Value / %)
	30.9.2020	30.9.2019		30.9.2020	30.9.2019	
Revenue	297,626	372,737	(75,111) (20%)	890,561	847,760	42,801 5%
Operating profit/(loss)	15,883	25,241	(9,358) (37%)	(159,334)	65,230	(224,564) (344%)
Profit/(loss) before interest and tax	8,629	20,633	(12,004) (58%)	(173,449)	51,416	(224,865) (437%)
Profit/(loss) before tax	7,625	14,281	(6,656) (47%)	(187,533)	32,521	(220,054) (677%)
Profit/(loss) after tax	795	2,169	(1,374) (63%)	(203,026)	11,377	(214,403) (1,885%)
Total profit/(loss) attributable to equity holders of the Company	920	2,518	(1,598) (63%)	(203,041)	17,710	(220,751) (1,246%)

In the 9 months ended 30 September 2020, the Group recorded revenue of RM890.6 million and a loss before tax RM187.5 million, compared to revenue of RM847.8 million and a profit before tax of RM32.5 million in the corresponding period ended 30 September 2019. The impact of the Covid-19 pandemic has resulted in prolonged restrictions leading to the Movement Control Order ("MCO") on 18 March 2020, the Conditional Movement Control Order ("CMCO") on 4 May 2020 and subsequently the Recovery Movement Control Order ("RMCO") from 10 June 2020 through to the end of the period under review. Construction work resumed after the RMCO albeit with reduced productivity levels compared to before the Covid-19 pandemic, due to strict compliance to Standard Operating Procedures ("SOP") and other restrictions imposed on the construction and property industry.

The 5% increase in revenue in the 9 months ended 30 September 2020 compared to the corresponding period in 2019 was mainly contributed by the Property Development & Investment Division, which recorded a 32% 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 progressive handover and financial settlement of purchased units following its construction completion. However, there have been some delays in settlements and a slowdown in sales as Victoria State in Australia implemented much tougher movement restrictions on 7 July 2020 through to the end of the period under review. The Engineering, Construction & Environment Division recognised 14% lower revenues compared to the corresponding period in 2019, mainly due to the MCO, CMCO and RMCO 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 second quarter. The decline in profit before tax and the loss recorded in the 9 months ended 30 September 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 RM1.6 million to the Group compared to RM1.2 million in the corresponding period in 2019 due to the lower 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 RM12.1 million to the Group compared with RM12.4 million in the corresponding period in 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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		9 MONTHS ENDED	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
<u>Revenue</u>				
Property development & investment	153,017	215,019	489,405	371,369
Engineering, construction & environment	131,748	137,365	363,245	420,870
Facilities management & parking	11,461	13,461	33,664	39,380
Others	1,400	6,892	4,247	16,141
	<u>297,626</u>	<u>372,737</u>	<u>890,561</u>	<u>847,760</u>
<u>Profit/(Loss)</u>				
Property development & investment	11,751	22,845	34,347	69,827
Engineering, construction & environment	(2,998)	1,770	(198,676)	3,284
Facilities management & parking	2,439	3,571	5,678	3,647
Others	4,440	(137)	(75)	(1,113)
	<u>15,632</u>	<u>28,049</u>	<u>(158,726)</u>	<u>75,645</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 9 months ended 30 September 2020, the Property Development & Investment Division recorded a 32% increase in revenue to RM489.4 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 progressive handover and financial settlement of purchased units following its completion in December 2019. However, there have been some delays in settlements and a slowdown in sales as Victoria State in Australia implemented much tougher movement restrictions on 7 July 2020 through to the end of the period under review. 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 developments in Jalan Klang Lama and the office towers in PJ Sentral Garden City.

However, the Division recorded a decrease in operating profit to RM34.3 million in the 9 months ended 30 September 2020, compared to RM69.8 million recorded in the corresponding period in 2019, mainly due to the Covid-19 pandemic impact on 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 MCO and the subsequent restrictions arising from the CMCO and RMCO rulings. The decline in revenue and operating profit recorded in the 9 months ended 30 September 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 investment holding in MQ REIT contributed income of RM11.1 million in the 9 months of the financial year 2020.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 14% decrease in revenue to RM363.2 million in the 9 months ended September 2020, compared to RM420.9 million in the corresponding period in 2019. As stated earlier in this Note 19, the complete halt in construction works during the MCO and the restrictions arising from compliance to strict SOPs during the CMCO and RMCO rulings impeded construction progress and revenue recognition. 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 second quarter. This resulted in the Division incurring an operating loss of RM198.7 million in the 9 months ended September 2020, compared to an operating profit of RM3.3 million recorded in the corresponding period in 2019.

The bulk of the Division's revenue was contributed from the construction progress of the EPF Headquarters at Kwasa Sentral, Damansara-Shah Alam Elevated Highway Package CB2, 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 RM1.6 million to the Group. This was mainly due to slower 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 THE IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
(RM'000)	30.9.2020	30.6.2020	
Revenue	297,626	167,183	130,443 / 78.0%
Operating profit/(loss)	15,883	(211,103)	226,986 / 107.5%
Profit/(loss) before interest and tax	8,629	(214,432)	223,061 / 104.0%
Profit/(loss) before tax	7,625	(222,026)	229,651 / 103.4%
Profit/(loss) after tax	795	(219,460)	220,255 / 100.4%
Total profit/(loss) attributable to equity holders of the Company	920	(219,606)	220,526 / 100.4%

The Group recorded revenue of RM297.6 million and a profit before tax of RM7.6 million in the quarter ended 30 September 2020, compared to revenue of RM167.2 million and a loss before tax of RM222.0 million recorded in the preceding quarter ended 30 June 2020. The 103% increase in profits in the third quarter was due to impairment provisions totaling RM202.5 million recorded in the preceding quarter. Had these provisions not been prudently recognised, the Group would have recorded a smaller loss before tax of RM19.5 million in the second quarter ended 30 June 2020. The increase in revenue and profits in the quarter ended 30 September 2020 reflects the Group's ability to recognise more revenue as construction progress began to pick up, albeit at a slower pace compared to pre-pandemic levels, after the commencement of the CMCO on 4 May 2020.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2020, the Group's Property Development & Investment Division sold RM126.0 million worth of properties in 2020. Of the Group's residential projects currently in development, Sentral Suites had achieved a sales rate of 84%, TRIA in 9 Seputeh had achieved a sales rate of 40% and Alstonia in Bukit Rahman Putra 25% as at 30 September 2020.

The Division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,534 million), TRIA in 9 Seputeh (GDV: RM939 million) and Alstonia in Bukit Rahman Putra (GDV: RM248 million), as well as the remaining completed unsold units in Sentral Residences in KL Sentral, VIVO Residences in 9 Seputeh, Kalista Park Homes in Bukit Rahman Putra, and 1060 Carnegie in Melbourne, Australia. Of the Group's completed developments, as at 30 September 2020, Sentral Residences had achieved a sales rate of 98%, VIVO Residences in 9 Seputeh had achieved a sales rate of 80%, and Kalista in Bukit Rahman Putra 85%. 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 83%.

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 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 lower productivity as compared to pre-MCO levels, due to strict adherence to the Government imposed Covid-19 health and safety protocols.

Sentral Suites, which had reached 39% construction progress as at 30 September 2020 and will continue to contribute revenue and profits as its construction progresses. The MyIPO office tower sold in PJ Sentral Garden City will also continue to contribute revenue and operating profit until its construction completion later this year, while TRIA in 9 Seputeh, which had reached 30% construction progress as at 30 September 2020, will only commence contributing more significant revenues in 2021 and beyond and after the development's sales rate increases further. 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; 104 units have achieved financial settlement out of a total of the 141 units sold as at 30 September 2020. It is anticipated that sales should increase as Victoria State in Australia has now eased its tough movement restrictions from 28 October 2020.

The Division had total cumulative unbilled sales which are expected to deliver RM1,201 million in revenue to be booked over the construction period of its projects, approximately 99% of which are residential and 1% 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. This concern is further emphasized with the third wave of the Covid-19 pandemic experienced in Malaysia and the transition from RMCO to CMCO since 22 October 2020 in Klang Valley. Despite three Covid-19 vaccines entering the final stages of human testing and potentially being available in some parts of the world as early as January 2021, we remain very cautious. The company's immediate priorities in 2020 remain on enhancing cashflow by monetising its inventory of unsold completed stock and focusing on its 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 SEPTEMBER 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 large construction projects put out to tender in 2020 year to date. The division had open tenders valued at RM2,694 million as at 30 September 2020, and is placing greater emphasis on seeking infrastructure projects. As at 30 September 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. 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 and productivity levels compared to before the pandemic, due to social distancing and adherence to other Government imposed health and safety protocols. However, the third wave of the Covid-19 pandemic experienced in Malaysia and the transition from RMCO to CMCO since 22 October 2020 in Klang Valley and Selangor is expected to have an impact on this industry.

The LRT3 project, which is currently 39% completed and well on schedule to meet the targeted 40% completion by end 2020, should see profit recognition pick up in 2021, albeit at a slower pace due to the implementation of stricter standard operating procedures to prevent the spread of Covid-19.

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	925
Total	21,862

* 50% of joint venture's total contract value

As at 30 September 2020, the unbilled construction order book stood at RM20.5 billion.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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		9 MONTHS ENDED	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Net profit/(loss) for the financial quarter attributable to the owners of the parent (RM'000)	920	2,518	(203,041)	17,710
Weighted average number of ordinary shares in issue ('000)	4,412,046	4,411,755	4,412,046	4,403,830
Basic EPS/(LPS) (sen)	<u>0.02</u>	<u>0.06</u>	<u>(4.60)</u>	<u>0.40</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 September 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 SEPTEMBER 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 30.9.2020	As at 31.12.2019
Property development	88,846	99,913
Property investment	19,721	17,435
Engineering, construction & environment	164,702	192,813
Facilities management & parking	5,437	4,153
Others	32	32
	<u>278,738</u>	<u>314,346</u>
Trade receivables include retention sums for contracts, under engineering, construction & environment	<u>123,832</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 September 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 SEPTEMBER 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
30.9.2020					
Not past due	1,433	-	-	-	1,433
Past due					
- less than three months	4,443	-	-	-	4,443
- between three to six months	3,902	-	-	-	3,902
- between six months and one year	1,783	-	-	-	1,783
- more than one year	13,597	(8,862)	-	-	4,735
	<u>25,158</u>	<u>(8,862)</u>	<u>-</u>	<u>-</u>	<u>16,296</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 September 2020 reconcile to the opening loss allowances as follows:

(RM'000)	As at 30.9.2020	As at 31.12.2019
Opening loss allowance as at 1 January	7,041	5,615
Impairment loss recognised	1,845	1,599
Impairment loss reversed	(24)	(173)
As at 30 September / 31 December	<u>8,862</u>	<u>7,041</u>

Kuala Lumpur
23 November 2020

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary