



Mudajaya Group Berhad

Company No. 200301003119 (605539-H)
(Incorporated in Malaysia)

**Interim Financial Report
31 March 2020**



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-MAR-20 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-MAR-19 RM'000	CURRENT YEAR TO DATE 31-MAR-20 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-MAR-19 RM'000
Continuing Operations				
Revenue	86,922	100,093	86,922	100,093
Operating expenses	(68,462)	(80,481)	(68,462)	(80,481)
Profit from operations	18,460	19,612	18,460	19,612
Interest income	2,263	2,519	2,263	2,519
Other income	718	812	718	812
Foreign exchange (loss)/gain	(11,376)	7,602	(11,376)	7,602
Fair value gain/(loss) on derivative	9,068	(8,623)	9,068	(8,623)
Depreciation and amortization	(6,970)	(6,567)	(6,970)	(6,567)
Gain/(Loss) on disposal of property, plant and equipment	23	(9)	23	(9)
Gain on subsidiary winding up	-	559	-	559
ESOS expenses	(98)	(183)	(98)	(183)
Net loss on impairment of financial instruments	(623)	-	(623)	-
Interest expense	(13,382)	(13,553)	(13,382)	(13,553)
Share of results of associates, net of tax	(2,798)	(44,601)	(2,798)	(44,601)
Reversal of unrealised profit adjustment	-	1,137	-	1,137
Loss before tax	(4,715)	(41,295)	(4,715)	(41,295)
Income tax expense	(827)	(305)	(827)	(305)
Loss after tax	(5,542)	(41,600)	(5,542)	(41,600)

**MUDAJAYA GROUP BERHAD**

(Incorporated in Malaysia – 200301003119)(605539-H)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-MAR-20 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-MAR-19 RM'000	CURRENT YEAR TO DATE 31-MAR-20 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-MAR-19 RM'000
Loss after tax (continued)	(5,542)	(41,600)	(5,542)	(41,600)
Other comprehensive expenses:				
Foreign currency translation differences	(923)	(1,421)	(923)	(1,421)
Total comprehensive expense	(6,465)	(43,021)	(6,465)	(43,021)
(Loss)/Profit attributable to:				
Owners of the Company	(6,340)	(42,263)	(6,340)	(42,263)
Non-controlling interest	798	663	798	663
	(5,542)	(43,021)	(5,542)	(43,021)
Total comprehensive (expense)/ income attributable to:				
Owners of the Company	(3,448)	(43,244)	(3,448)	(43,244)
Non-controlling interest	(3,017)	233	(3,017)	233
	(6,465)	(43,021)	(6,465)	(43,021)
Loss per share attributable to equity holders of the Company:				
Basic and diluted loss per share (sen)	(1.07)	(7.16)	(1.07)	(7.16)

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

The basic and diluted loss per ordinary shares for both current and corresponding periods were calculated based on weighted average ordinary shares of 589,875,000.



MUDAJAYA GROUP BERHAD
(Incorporated in Malaysia – 200301003119)(605539-H)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020
(The figures have not been audited)

	AS AT 31-MAR-20 RM'000	AS AT 31-DEC-2019 RM'000
Assets		
Property, plant and equipment	25,172	26,028
Right of use assets	51,919	53,366
Investment properties	51,945	52,413
Intangible asset	9,138	9,293
Service concession assets	313,302	317,079
Investment in associates	5,041	7,839
Other investments	936	936
Deferred tax asset	2,066	2,066
Total non-current assets	459,519	469,020
Inventories	121,338	123,279
Other current assets	199,587	199,587
Contract assets	21,165	65,014
Trade and other receivables	154,389	166,064
Tax recoverable	2,644	2,655
Derivative financial assets	8,557	-
Cash and bank balances	331,565	301,875
Total current assets	839,245	858,474
Total assets	1,298,764	1,327,494
Equity		
Share capital	393,172	393,172
Treasury shares	(36,075)	(36,075)
Employees' share option reserve	10,163	10,065
Foreign currency translation reserve	5,429	2,537
Retained earnings	(229,125)	(222,785)
Equity attributable to owners of the Company	143,564	146,914
Non-controlling interests	29,910	32,927
Total equity	173,474	179,841
Liabilities		
Loans and borrowings	248,124	464,107
Lease liabilities	45,822	46,108
Refundable deposits	3,584	2,201
Deferred tax liabilities	8,710	8,710
Total non-current liabilities	306,240	521,036
Loans and borrowings	629,164	413,258
Lease liabilities	3,588	4,886
Trade and other payables	167,628	177,873
Contract liabilities	5,627	14,046
Tax liabilities	7,384	10,384
Derivative financial liabilities	-	511
Deferred income	5,659	5,659
Total current liabilities	819,050	213,359
Total liabilities	1,125,290	734,395
Total equity and liabilities	1,298,764	914,236
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.24	0.25

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

The Net Assets Per Share for both current and corresponding periods have been calculated based on 605,418,466 ordinary shares less treasury shares.



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

	← Attributable to owners of the Company →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury Shares RM'000	Employees' share option reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000			
At 1 January 2020	393,172	(36,075)	10,065	2,537	(222,785)	146,914	32,927	179,841
Foreign currency translation differences for foreign operations	-	-	-	2,892	-	2,892	(3,815)	(923)
(Loss)/Profit for the period	-	-	-	-	(6,340)	(6,340)	798	(5,542)
Total comprehensive income/(expense)	-	-	-	2,892	(6,340)	(3,448)	(3,017)	(6,465)
Contribution by and distributions to owners of the Company								
Share-based payment transaction	-	-	98	-	-	98	-	98
Total transactions with owners of the Company	-	-	98	-	-	98	-	98
31 March 2020	393,172	(36,075)	10,163	5,429	(229,125)	143,564	29,910	173,474
At 1 January 2019	393,172	(36,075)	9,727	(14,566)	(136,304)	215,954	28,560	244,514
Foreign currency translation differences for foreign operations	-	-	-	(981)	-	(981)	(440)	(1,421)
(Loss)/Profit for the period	-	-	-	-	(42,263)	(42,263)	663	(41,600)
Total comprehensive (expense)/income	-	-	-	(981)	(42,263)	(43,244)	223	(43,021)
Contribution by and distributions to owners of the Company								
Share-based payment transaction	-	-	183	-	-	183	-	183
Total transactions with owners of the Company	-	-	183	-	-	183	-	183
At 31 March 2019	393,172	(36,075)	9,910	(15,547)	(178,567)	172,893	28,783	201,676



MUDAJAYA GROUP BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

(The figures have not been audited)

	3 MONTHS ENDED	
	31-MAR-20	31-MAR-19
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(4,715)	(41,295)
<i>Adjustments for:</i>		
Amortisation of intangible asset	155	155
Amortisation of service concession assets	3,890	4,015
Depreciation of investment properties	262	250
Depreciation of property, plant and equipment	1,137	2,147
Depreciation of right-of-use assets	1,526	-
ESOS expenses	98	183
(Gain)/Loss on disposal of property, plant and equipment	(23)	9
Fair value (gain)/loss on derivative	(9,068)	8,623
Impairment loss of trade and other receivables	623	-
Interest income	(2,263)	(2,519)
Interest expense	13,382	13,553
Share of loss of equity accounted associates	2,798	44,601
Reversal of unrealised profits on equipment supply contract	-	(1,137)
Net unrealised loss/(gain) on foreign exchange	11,376	(7,602)
Operating profit before changes in working capital	19,178	20,983
Change in inventories	1,941	1,554
Change in right of use assets	-	(46,544)
Change in contract assets	43,849	(10,413)
Change in contract costs	-	68
Change in trade and other receivables	24,732	46,014
Change in lease liabilities	-	46,944
Change in trade and other payables	(10,245)	(40,828)
Change in contract liabilities	(8,419)	(3,008)
Cash generated from operations	71,036	14,770
Tax paid	(3,818)	(1,309)
Tax refunded	2	1,263
Net cash generated from operating activities	67,220	14,724
Cash flows from investing activities		
Addition in service concession assets	(113)	(763)
Advances to/(Repayment from) an associate	473	(75)
Interest received	2,263	2,519
Purchase of property, plant and equipment	(76)	(352)
Proceeds from disposal of property, plant and equipment	23	228
Change in pledged deposits	(5,975)	6,278
Net cash (used in)/generated from investing activities	(3,405)	7,835



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

(The figures have not been audited)

	3 MONTHS ENDED	
	31-MAR-20	31-MAR-19
	RM'000	RM'000
Cash flows from financing activities		
Repayment to an associate	-	(904)
Interest paid	(12,748)	(13,553)
Payment of lease liabilities	(1,075)	-
Repayment of loan and borrowings	(25,145)	(14,487)
Repayment of finance lease liabilities	(1,132)	(1,308)
Net cash used in financing activities	<u>(40,100)</u>	<u>(30,252)</u>
Net increase/(decrease) in cash and cash equivalents	23,715	(7,693)
Cash and cash equivalents as at the beginning of the year	<u>53,650</u>	<u>100,088</u>
Cash and cash equivalents as at the end of the year	<u><u>77,365</u></u>	<u><u>92,395</u></u>
Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise:		
Cash and bank balances	34,304	47,610
Deposits placed with financial institutions	<u>297,261</u>	<u>269,141</u>
	331,565	316,751
Less:		
Pledged deposits	<u>(254,200)</u>	<u>(224,356)</u>
	<u><u>77,365</u></u>	<u><u>92,395</u></u>

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



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

NOTES TO QUARTERLY REPORT

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). The interim financial report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

R.K.M Powergen Private Limited (“RKM”), a 26% associate incorporated in India with its financial year ended in March, had its last financial statements audited up to 31 March 2019. In accounting for the Group’s share of results in RKM for the period ended 31 March 2020, the Group relied on RKM’s unaudited accounts for the period ended 31 March 2020. The carrying amount of investment in RKM had already adjusted to nil by 31 December 2019 and consequently no further equity accounting of RKM’s losses were done since then.

Compliance with Malaysian Financial Reporting Standards and the Companies Act 2016

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and the requirements of the Companies Act 2016.

Transition to MFRS Framework

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”):

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosure – Interest Rate Benchmark Reform**

The initial application of the accounting standards, amendments and interpretations are not expected to have any material impacts to the current financial period and prior period financial statements of the Group.

The amendments marked with "*" is not applicable to the Group.

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report on the financial statements for the year ended 31 December 2019 was not subject to any qualification.



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group are not likely to be affected significantly by seasonal or cyclical factors.

4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the current period.

5. CHANGES IN ESTIMATES

There were no changes in estimates of amount reported in previous financial year that have a material effect in the current quarter.

6. DEBTS AND EQUITY SECURITIES

There were no purchase of share in the market during the current quarter ended 31 March 2020. As at 31 March 2020, 15,543,300 ordinary shares were still retained as treasury shares in the Company.

There were no new ordinary shares issued under the Employees' Share Option Scheme ("ESOS") for the current quarter ended 31 March 2020. As at 31 March 2020, a total of 4,102,000 new ordinary shares have been issued under the ESOS.

7. DIVIDEND PAID

There were no dividend paid during the period under review.

8. SIGNIFICANT RELATED PARTY TRANSACTIONS

Below are the significant related party transactions, which have been established under negotiated terms and entered into in the normal course of business:

	3 MONTHS ENDED 31-MAR-20 RM'000	3 MONTHS ENDED 31-MAR-19 RM'000
Associates		
<i>PT Harmoni Energy Indonesia</i>		
Interest income	623	635
Secondment fee	94	93
<i>Musyati Mudajaya JV Sdn Bhd</i>		
Project management fee	632	632
Secondment fee	32	45
Corporate guarantee fee	75	74
Repayment from	(73)	(111)



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

9. SEGMENTAL INFORMATION

QUARTERLY AND YEAR-TO-DATE RESULTS:

	Construction contracts	Property	Power	Trading, manufacturing and others	Adjustments and eliminations	Total
3 MONTHS ENDED						
31-MAR-2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External customers	57,361	4,167	13,126	12,268	-	86,922
Inter-segment	-	503	485	2,850	(3,838)	-
Total revenue	57,361	4,670	13,611	15,118	(3,838)	86,922
Results:						
Included in the measure of segment profit/(loss) are:						
(Loss)/Profit before tax	(4,265)	1,410	1,256	(3,116)	-	(4,715)
Interest income	322	39	1,007	895	-	2,263
Interest expenses	(4,147)	(53)	(4,382)	(4,800)	-	(13,382)
Depreciation and amortisation	(1,140)	(383)	(4,667)	(780)	-	(6,970)
Share of profit/(loss) of associates	159	-	(2,957)	-	-	(2,798)
ESOS expenses	(98)	-	-	-	-	(98)
Income tax expenses	-	(442)	(44)	(341)	-	(827)
(Loss)/Profit after tax	(4,265)	968	1,212	(3,457)	-	(5,542)
Assets:						
Included in the measure of segment assets are:						
Investment in associates	5,041	-	-	-	-	5,041
Additions to non-current assets	13	52	124	-	-	189
Segment assets	536,045	233,340	471,529	736,597	(678,747)	1,298,764
Segment liabilities	480,512	103,839	437,713	363,378	(260,152)	1,125,290



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

9. SEGMENTAL INFORMATION (CONTINUED)

QUARTERLY AND YEAR-TO-DATE RESULTS (CONTINUED):

	Construction contracts	Property	Power	Trading, manufacturing and others	Adjustments and eliminations	Total
3 MONTHS ENDED	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-MAR-2019						
Revenue:						
External customers	68,936	5,981	14,365	10,811	-	100,093
Inter-segment	-	239	473	2,816	(3,528)	-
Total revenue	68,936	6,220	14,838	13,627	(3,528)	100,093
Results:						
Included in the measure of segment profit/(loss) are:						
Profit/(Loss) before tax	2,564	942	(40,416)	(4,385)	-	(41,295)
Interest income	450	21	527	1,521	-	2,519
Interest expenses	(5,329)	(64)	(3,703)	(4,457)	-	(13,553)
Depreciation and amortisation	(1,432)	(326)	(4,187)	(622)	-	(6,567)
Share of profit/(loss) of associates	109	-	(44,710)	-	-	(44,601)
ESOS expenses	(183)	-	-	-	-	(183)
Income tax expenses	-	(305)	-	-	-	(305)
Profit/(Loss) after tax	2,564	637	(40,416)	(4,385)	-	(41,600)
Assets:						
Included in the measure of segment assets are:						
Investment in associates	4,319	-	23,294	-	-	27,613
Additions to non-current assets	-	10	28	314	-	352
Segment assets	846,540	246,912	519,506	689,759	(771,408)	1,531,309
Segment liabilities	723,596	117,313	487,521	300,000	(298,797)	1,329,633

^ Additions to non-current assets consist of property, plant and equipment, investment property and service concession assets.

The Group has no foreign operations which materially affected the profit of the Group other than PT Harmoni Energy Indonesia (a 46% owned associate incorporated in Indonesia).



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of the property, plant and equipment is at cost less depreciation and impairment losses. There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the current quarter.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current period under review.

13. CONTINGENT LIABILITIES

There were no contingent liabilities as at end of current quarter.

14. STATUS OF CORPORATE PROPOSAL

On 11 July 2019, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company ("the proposal") to third party investor(s) to be identified later. The proposal was approved by Bursa Malaysia Securities Berhad ("BMSB") on 6 September 2019. According to Chapter 6, Para 6.62 of the Listing Requirements of BMSB, the Company has a period of 6 months from the date of approval of the listing application by BMSB, to implement and complete the proposal. On 24 February 2020, BMSB has granted the Company an extension of time up to 5 September 2020 to complete the proposal. As at todate, the Company is identifying the potential third party investor(s).



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

15. REVIEW OF PERFORMANCE

	Individual Quarter			
	Current Year Quarter 31-MAR-2020 RM'000	Preceding Year Corresponding Quarter 31-MAR-2019 RM'000	Changes	
			RM'000	%
Revenue	86,922	100,093	(13,171)	(13)
Profit from operations	18,640	19,612	(1,152)	(6)
Profit/(Loss) before interest and tax	8,667	(27,742)	36,409	131
Loss before tax	(4,715)	(41,295)	36,580	89
Loss after tax	(5,542)	(41,600)	36,058	87
Loss attributable to owners of the Company	(6,340)	(42,263)	35,923	85

The Group reported revenue of RM86.9 million and loss before tax ("LBT") of RM4.7 million in the current quarter as compared to revenue of RM100.1 million and LBT of RM41.3 million in the corresponding quarter of 2019. Revenue declined in the current quarter mainly due to the slower progress on a construction project. Nevertheless, the Group's LBT was reduced in the current quarter mainly due to the cessation of equity accounting of RKM's losses as its net carrying amount in Group's book had already been adjusted to nil.

The following performance of respective business segments should be read in conjunction with *Note 9 - Segmental information*:

Construction segment: This segment reported revenue and LBT of RM57.4 million and RM4.3 million respectively in the current quarter as compared to revenue of RM68.9 million and PBT of RM2.6 million respectively in the corresponding quarter of 2019. As mentioned above, lower revenue and LBT in the current quarter is mainly due to slower progress in one of the construction projects.

Property segment: This segment reported revenue and profit before tax ("PBT") of RM4.2 million and RM1.4 million respectively in the current quarter as compared to revenue of RM6.0 million and PBT of RM0.9 million in the corresponding quarter of 2019. Lower revenue in the current quarter is mainly due to lower sales of properties in Batu Kawa New Township, Kuching. However, PBT increased is mainly contributed by improvement in the profit margin from the sales of properties.

Power segment: This segment reported revenue and PBT of RM13.1 million and RM1.3 million respectively in the current quarter as compared to revenue and 14.4 million and LBT of RM40.4 million respectively in the corresponding quarter of 2019. PBT reported in the current quarter is contributed by the sales of renewable energy in both 49MW Solar Photovoltaic ("PV") power plant located in Perak and 10MW PV power plant located in Pahang, whereas LBT reported in the corresponding quarter of 2019 was mainly due to the share of losses in RKM.

Other segment: This segment comprises primarily manufacturing, trading and investment divisions of the Group. This segment reported revenue and LBT of RM12.3 million and RM3.1 million respectively in current quarter as compared to revenue and LBT of RM10.8 million and RM4.4 million respectively in the corresponding quarter of 2019. Improvement in revenue and LBT in current quarter were mainly attributed to higher deliveries in the manufacturing division.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)**NOTES TO QUARTERLY REPORT (CONTINUED)****16. COMPARISON WITH PRECEDING QUARTER'S REPORT**

	Current Year	Immediate	Changes	
	Quarter 31-MAR-2020 RM'000	Preceding Quarter 31-DEC-2019 RM'000	RM'000	%
Revenue	86,922	96,624	(9,702)	(10)
Profit from operations	18,640	34,127	(15,667)	(46)
Profit/(Loss) before interest and tax	8,667	13,711	(5,044)	(37)
(Loss)/Profit before tax	(4,715)	170	(4,885)	(2,874)
Loss after tax	(5,542)	(15,396)	9,854	64
Loss attributable to owners of the Company	(6,340)	(14,882)	8,542	57

The Group reported revenue of RM86.9 million and LBT of RM4.7 million in the current quarter as compared to revenue of RM96.7 million and PBT of RM0.2 million in the immediate preceding quarter. Lower revenue in current quarter is mainly due to slower progress in one of the construction projects. LBT in current quarter is mainly due to share of losses in an associate in Indonesia and foreign exchange loss arising from borrowings denominated in US dollars.

17. PROSPECTS

Despite the slower economic growth in Malaysia, the Group will continue to actively participate in open biddings for both public and private projects to replenish its order book, supported by the Group vast experience and competitiveness in the construction segment. In addition, the Group's total order book of RM1.4 billion currently is expected to sustain its operations over the next two years.

The Group's investment in its associate, RKM had already been fully impaired and the Group consequently no longer equity account for further losses in RKM. Nevertheless, management is still involved with the investment in IPP in India via the Group's associate shareholding of 26% in RKM, where all 4 units of the IPP development have achieved commercial operation status. The proposed resolution plan for RKM is still pending formal approval by its lenders. Within these circumstances, in addition to the existing power supply to Uttar Pradesh Power Corporation Limited, RKM has in February 2020 commenced power supply to the State of Telangana pursuant to the Pilot Agreement entered into between RKM and PTC India Limited for the supply of 550MW power.

In terms of new business, the Group will continue to pursue investments both locally and overseas to build up its concession asset base with recurring income streams to cushion against the cyclical nature of the construction business. The Group is keen to expand its footage in the renewable energy sector and will be participating in upcoming large scale solar farm projects.



MUDAJAYA GROUP BERHAD
(Incorporated in Malaysia – 200301003119)(605539-H)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

17. PROSPECTS (CONTINUED)

On 11 March 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. The Government of Malaysia issued an order for the restriction of movements pursuant to the Prevention and Control of Disease Act 1988 which takes effect from 18 March 2020 until 9 June 2020. On 20 April 2020, the Group received approval from the Ministry of International Trade and Industry to resume its construction and related activities. This enabled the Group to resume its operations on 21 April 2020 on a limited scale. Subsequently, the Government announced that companies in the approved economic sectors are permitted to operate with full workforce capacity effective 29 April 2020. The Group is presently taking steps in returning to operations whilst adjusting to the “new normal”. Economic uncertainties have arisen which are likely to negatively impact the revenue generation of the Group in the near term. Notwithstanding, moving forward, the Group will continue to focus on strengthening the Group’s financial position. At the same time, the Group will exercise cost optimization measures and enhance efforts to improve operational efficiencies. Whilst the Group expects some hiccups in performance caused by COVID-19 in the short term, the Group remains confident of its prospects in the longer term.

18. VARIANCE ON PROFIT FORECAST

The Company did not issue any profit forecast or profit guarantee during the current quarter under review.

19. INCOME TAX EXPENSE

	CURRENT QUARTER 31-MAC-20 RM'000	3 MONTHS ENDED 31-MAC-20 RM'000
Current income tax		
- Malaysian income tax	827	827

For current quarter, the Group's effective tax rate is higher than the Malaysian statutory rate of 24% mainly due to share of an associate's losses in current period and the tax exemption from the renewable energy segment.



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

20. GROUP BORROWINGS AND DEBT SECURITIES

i. Details of the Group's borrowings are as follow:

As at 31 MARCH 2020				
	Interest rate	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured				
Revolving credits	Floating	-	125,500	125,500
Invoice financing	Floating	-	3,425	3,425
Term loan denominated in USD (USD50 million)	Fixed	-	215,829	215,829
Term loan denominated in RM	Fixed/Floating	18,124	6,435	24,559
Green SRI Sukuk Wakalah	Fixed	230,000	10,000	240,000
		<u>248,124</u>	<u>361,189</u>	<u>609,313</u>
Unsecured				
Revolving credits	Floating	-	4,000	4,000
Bankers' acceptance	Floating	-	4,981	4,981
Term loan denominated in USD (USD20 million)	Fixed	-	86,331	86,331
Euro Medium Term Notes ("EMTN") denominated in USD (USD40 million)	Fixed	-	172,663	172,663
		<u>-</u>	<u>267,975</u>	<u>267,975</u>
Total Group's borrowings		<u>248,124</u>	<u>629,164</u>	<u>877,288</u>

As at 31 MARCH 2019				
	Interest rate	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured				
Revolving credits	Floating	-	113,500	113,500
Invoice financing	Floating	-	28,403	28,403
Finance lease liabilities	Fixed	2,639	4,576	7,215
Term loan denominated in USD (USD50 million)	Fixed	204,228	-	204,228
Term loan denominated in RM	Fixed/Floating	24,305	6,435	30,740
Green SRI Sukuk Wakalah	Fixed	190,000	-	190,000
		<u>421,172</u>	<u>152,914</u>	<u>574,086</u>
Unsecured				
Revolving credits	Floating	-	34,000	34,000
Islamic Medium Term Notes("IMTN")	Floating	-	12,924	12,924
Euro Medium Term Notes ("EMTN") denominated in USD (USD40 million)	Fixed	-	245,074	245,074
		<u>-</u>	<u>291,998</u>	<u>291,998</u>
Total Group's borrowings		<u>421,172</u>	<u>444,912</u>	<u>866,084</u>



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

20. GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

- ii. Total borrowings increased from RM866.1 million as at 31 December 2019 to RM877.3 million as at 31 March 2020 is mainly affected by the currency fluctuation arising from term loan denominated in US Dollar after offsetting and repayment of borrowings in current quarter.
- iii. Total repayment of borrowings in current quarter amounted to RM25.1 million with an estimated net interest savings of RM0.8 million per annum.
- iv. The weighted average interest rate of the Group's borrowings is 6.2% per annum.

21. FINANCIAL RISK MANAGEMENT

The Group has exposure on credit risk from its receivables:

The Group's objective is to seek continual revenue growth while minimising losses incurred due to an increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers wish to trade on credit terms are subject to credit evaluation procedures and the exposure to credit risk is monitored on an ongoing basis.

Ageing analysis of trade receivables of the Group are as follows:

	AS AT 31-MAR-20 RM'000
Neither past due nor impaired	63,637
1 to 30 days past due but not impaired	8,497
31 to 60 days past due but not impaired	11,617
61 to 90 days past due but not impaired	1,732
91 to 120 days past due but not impaired	191
More than 120 days past due but not impaired	7,524
	29,561
Trade receivables that are impaired	(5,634)
	<u>87,564</u>

Trade receivables are non-interest bearing and generally on 30 days to 90 days terms to third party and 30 days terms to related parties.



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)

NOTES TO QUARTERLY REPORT (CONTINUED)

22. CHANGES IN MATERIAL LITIGATION

There were no material litigation against the Group as at the reporting date.

23. DIVIDEND

There were no dividend declared during the period ended 31 March 2020.

24. BASIC EARNINGS PER SHARE

The 'Basic and Diluted loss per share' for the current period and the comparative year are calculated by dividing the loss for the period/year attributable to owners of the Company by the 'Weighted Average' number of ordinary shares in issue during the period/year respectively, excluding treasury shares held by the Company.

	CURRENT QUARTER 31-MAR-20	3 MONTHS ENDED 31-MAR-20
<u>Basic and Diluted loss per share:-</u>		
Loss for the period/year attributable to owners of the Company (RM'000)	<u>(6,340)</u>	<u>(6,340)</u>
Weighted average number of ordinary shares ('000)	589,875	589,875
Basic and diluted loss per share (sen)	<u>(1.07)</u>	<u>(1.07)</u>