

MCT BERHAD
Company No: 881786-X
(Incorporated In Malaysia)

Interim Financial Reports
For The Period Ended 30 September 2019

MCT BERHAD (881786-X)
Incorporated In Malaysia

Interim Financial Reports

For The Period Ended 30 September 2019

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MCT BERHAD (881786-X)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

	CURRENT YEAR QUARTER 30-Sep-19 RM'000	CUMULATIVE PERIOD TO DATE 30-Sep-19 RM'000
Revenue	140,896	350,462
Cost of sales	(84,809)	(229,569)
Gross profit	56,087	120,893
Other Income	7,445	15,197
Selling and marketing expenses	(7,071)	(11,412)
Direct operating and general administrative expenses	(26,748)	(79,895)
Finance costs	(3,564)	(7,939)
Profit before tax	26,149	36,844
Income tax expenses	(8,207)	(10,460)
Profit for the period	17,942	26,384
Profit attributable to:		
Owners of the parent	18,426	26,883
Non-controlling interest	(484)	(499)
	17,942	26,384

Earnings per share attributable to owners of the parent:

Basic earnings per share (sen) - Note B13	1.26	1.85
Diluted earnings per share (sen)	NA	NA

NA denotes not applicable as the Company has no dilutive potential ordinary shares at the end of the reporting period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

MCT BERHAD (881786-X)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	(UNAUDITED) AS AT END OF CURRENT FINANCIAL PERIOD 30-Sep-19 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL PERIOD END 31-Dec-18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	265,847	272,082
Investment properties	255,022	251,882
Inventories - land held for property development	468,180	410,241
Deferred tax assets	5,475	1,931
Right of use assets	1,068	-
	995,592	936,136
Total Non-Current Assets		
Current Assets		
Inventories - at cost	3,903	5,461
Inventories - property development costs	155,687	180,283
Trade receivables	97,707	129,468
Other receivables and prepaid expenses	37,544	74,594
Contract assets	65,742	50,600
Tax recoverable	21,987	32,014
Deposits with licensed banks	42,267	83,926
Cash and bank balances	369,193	260,428
	794,030	816,774
Total Current Assets		
Non-current assets held for sale	-	39,000
	1,789,622	1,791,910
Total Assets		

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	(UNAUDITED) AS AT END OF CURRENT FINANCIAL PERIOD 30-Sep-19 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL PERIOD END 31-Dec-18 RM'000
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	1,541,092	1,541,092
Reserves	(1,062,627)	(1,062,627)
Retained earnings	430,494	403,611
	908,959	882,076
Non-controlling interests	958	1,457
	909,917	883,533
Non-Current Liabilities		
Borrowings	175,628	212,532
Hire-purchase payables	29	328
Other payables	14,597	16,697
Lease liabilities	622	-
	190,876	229,557
Current Liabilities		
Trade payables	88,382	166,129
Other payables and accrued expenses	177,545	211,534
Provisions	17,523	27,845
Contract liabilities	81,215	142,435
Amount owing to ultimate holding company	208,474	-
Borrowings	110,659	123,139
Hire-purchase payables	495	1,541
Tax liabilities	4,068	6,197
Lease liabilities	468	-
	688,829	678,820
Total Current Liabilities	688,829	678,820
Total Liabilities	879,705	908,377
Total Equity and Liabilities	1,789,622	1,791,910

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

Attributable to the owners of the Company

	<--- Non-Distributable --->		Distributable			Total equity RM'000
	Share capital	Acquisition reserve	Retained earnings	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2019	1,541,092	(1,062,627)	403,611	882,076	1,457	883,533
Total comprehensive income for the period	-	-	26,883	26,883	(499)	26,384
As at 30 September 2019	1,541,092	(1,062,627)	430,494	908,959	958	909,917
As at 30 June 2018 (as previously reported)	1,541,092	(1,062,627)	383,365	861,830	1,472	863,302
Effects of adoption of MFRS	-	-	(12,619)	(12,619)	-	(12,619)
Prior year adjustments	-	-	(27,608)	(27,608)	-	(27,608)
As at 1 July 2018 (restated)	1,541,092	(1,062,627)	343,138	821,603	1,472	823,075
Total comprehensive income for the period	-	-	60,473	60,473	(15)	60,458
As at 31 December 2018	1,541,092	(1,062,627)	403,611	882,076	1,457	883,533

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	(UNAUDITED)	(AUDITED)
	9 MONTHS	6 MONTHS
	ENDED	ENDED
	30-Sep-19	31-Dec-18
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	36,844	78,871
Adjustments for:		
Depreciation of:		
Property, plant and equipment	4,541	3,009
Investment properties	185	323
Finance costs	7,939	2,023
Impairment loss on property, plant and equipment	-	848
Allowance for impairment loss	100	3,085
Bad debts written off	-	5
Property, plant and equipment written off	-	86
Gain on disposal of property, plant and equipment	(2,057)	(271)
Gain on disposal of asset held for sale	(4,721)	(2,568)
Interest income	(5,839)	(2,609)
Right-of-use asset amortisation	356	-
Lease interest	52	-
Unrealised loss/(gain) on foreign exchange	4,481	(34)
	41,881	82,768
Operating Profit Before Working Capital Changes	41,881	82,768
Decrease/(Increase) in:		
Inventories	1,558	(790)
Inventories - property development costs	30,449	(75,321)
Contract assets	(15,143)	235,994
Trade receivables	31,661	(68,044)
Other receivables and prepaid expenses	41,893	23,327
Increase/(Decrease) in:		
Contract liabilities	(61,220)	(47,308)
Trade payables	(77,747)	49,453
Other payables and accrued expenses	(39,359)	17,520
Provisions	(10,332)	(3,928)
	(56,359)	213,671
Cash (Used In)/Generated from Operations	(56,359)	213,671
Income taxes paid	(6,105)	(5,906)
	(62,464)	207,765
Net Cash (Used In)/From Operating Activities	(62,464)	207,765

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	(UNAUDITED)	(AUDITED)
	9 MONTHS	6 MONTHS
	ENDED	ENDED
	30-Sep-19	31-Dec-18
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	347	911
Proceeds from disposal of assets held for sale	47,000	14,500
Interest received	5,839	2,609
Additions to:		
Investment properties	(6,241)	(7,554)
Property, plant and equipment	(783)	(6,645)
Inventories - Land held for property development	(54,560)	(152,522)
Decrease/(Increase) in:		
Fixed deposits pledged with licensed banks	3,102	462
Fixed deposits with maturity period more than 90 days	1	(12)
	<u>(5,295)</u>	<u>(148,251)</u>
Net Cash Used In Investing Activities		
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown of term loans	19,950	113,964
Proceeds from bank borrowings	-	55,000
Payment of lease liabilities	(387)	-
Repayment of:		
Term loans	(69,352)	(44,576)
Bank borrowings	-	(20,000)
Hire-purchase payables	(1,344)	(1,540)
Finance costs paid	(10,409)	(4,254)
Increase in amount owing to ultimate holding company	199,509	-
	<u>137,967</u>	<u>98,594</u>
Net Cash From Financing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,208	158,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>300,264</u>	<u>142,156</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>370,472</u>	<u>300,264</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Cash and cash equivalents included in the statements of cash flows comprise the following:

	(UNAUDITED) 9 MONTHS ENDED 30-Sep-19 RM'000	(AUDITED) 6 MONTHS ENDED 31-Dec-18 RM'000
Fixed deposits with licensed banks	42,226	83,886
Investments in short-term funds	41	40
Deposits with licensed banks	42,267	83,926
Deposits under Housing Development Accounts	297,490	228,399
Cash on hand and in bank	71,703	32,029
Cash and bank balances	<u>369,193</u>	<u>260,428</u>
Less: Fixed deposits pledged with licensed banks	(40,575)	(43,676)
Fixed deposits with maturity period more than 90 days	<u>(413)</u>	<u>(414)</u>
Cash and cash equivalents	<u><u>370,472</u></u>	<u><u>300,264</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING
STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018. These interim financial statements contain selected explanatory notes which provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group").

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted as disclosed in the audited financial statements for the financial period ended 31 December 2018.

On 25 September 2018, the Group and the Company have changed the financial year end from 30 June to 31 December. As a result of the change in the financial year end, no comparative figures have been disclosed in the interim financial statements except for the Condensed Consolidated Statement of Financial Position.

The Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2019:

MFRS 9	Financial Instrument
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
Amendments to:	
MFRS 9	Prepayment Features with Negative Compensation
MFRS 119	Plan Amendment, Curtailment or Settlement
MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRSs	Annual Improvements to MFRSs 2015-2018 Cycle

The adoption of the above amendments to MFRSs does not have any significant impact to the Group.

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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

At the date of the unaudited interim financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts ²
Amendments to:	
MFRS 3	Definition of a Business ¹
MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
MFRS 101 and MFRS 108	Definition of Material ¹
MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform ¹
Amendments to References to the Conceptual Framework in MFRS Standards ¹	

- 1 Effective for annual period beginning on or after 1 January 2020, with earlier application permitted.
- 2 Effective for annual period beginning on or after 1 January 2021, with earlier application permitted.
- 3 Effective date deferred to a date to be determined and announced, with earlier application permitted.

The directors anticipate that the abovementioned MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these MFRSs and amendments to MFRSs may have an impact on the financial statements of the Group and the Company in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until the Group and the Company undertake a detailed review.

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial period ended 31 December 2018 were not subject to any qualification.

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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

A3 Exceptional or unusual items

There were no material items of exceptional or unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group for the period ended 30 September 2019.

A4 Changes in estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter under review.

A5 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A6 Dividend paid

There were no dividends paid in the current quarter under review.

A7 Profit before tax

The following amounts have been included in arriving at profit before tax:

	CURRENT YEAR QUARTER 30-Sep-19 RM'000	YEAR TO DATE 30-Sep-19 RM'000
Staff costs	12,247	38,076
Depreciation of:		
Property, plant and equipment	2,075	4,541
Investment properties	67	185
Allowance for impairment loss	100	100
Unrealised loss on foreign exchange	2,423	4,481
Gain on disposal of property, plant and equipment	-	(2,057)
Interest income	(2,326)	(5,839)

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A8 Segmental information

The segmental information for the period ended 30 September 2019 is as follows:

	Property Development RM'000	Construction Activities RM'000	Investment Holding RM'000	Complementary Business RM'000	Others RM'000	Total RM'000	Elimination RM'000	The Group RM'000
Revenue								
External revenue	336,243	-	-	1,005	13,215	350,462	-	350,462
Inter-segment revenue	-	184,727	-	53,392	1,904	240,023	(240,023)	-
Total revenue	336,243	184,727	-	54,397	15,119	590,845	(240,023)	350,462
Results								
Operating profit/loss	50,854	(6,731)	(6,030)	(6,056)	(2,451)	29,586	-	29,586
Interest income	4,971	145	307	182	234	5,839	-	5,839
Other income	5,428	587	50	3,178	115	9,358	-	9,358
Finance costs	(53)	(47)	(7,261)	(37)	(541)	(7,939)	-	(7,939)
Profit/(Loss) before tax	61,200	(6,046)	(12,934)	(2,733)	(2,643)	36,844	-	36,844
Income tax expense	(9,603)	(733)	-	(32)	(92)	(10,460)	-	(10,460)
Profit/(Loss) after tax	51,597	(6,779)	(12,934)	(2,765)	(2,735)	26,384	-	26,384

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A8 Segmental information

The segmental information for the period ended 30 September 2019 is as follows: *(continued)*

	Property Development RM'000	Construction Activities RM'000	Investment Holding RM'000	Complementary Business RM'000	Others RM'000	Total RM'000	Elimination RM'000	The Group RM'000
Assets and liabilities								
Segment assets	2,191,915	637,265	1,911,075	222,490	93,583	5,056,328	(3,294,168)	1,762,160
Tax recoverable and deferred tax asset	18,215	6,391	10	810	-	25,426	2,036	27,462
Total assets	2,210,130	643,656	1,911,085	223,300	93,583	5,081,754	(3,292,132)	1,789,622
Segment liabilities	1,732,858	511,408	347,222	172,183	112,346	2,876,017	(2,000,380)	875,637
Tax liabilities and deferred tax liabilities	2,500	-	-	1,542	26	4,068	-	4,068
Total liabilities	1,735,358	511,408	347,222	173,725	112,372	2,880,085	(2,000,380)	879,705

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A8 Segmental information

The segmental information for the period ended 30 September 2019 is as follows: *(continued)*

	Property Development RM'000	Construction Activities RM'000	Investment Holding RM'000	Complementary Business RM'000	Others RM'000	Total RM'000
Other segment information						
Capital expenditure:						
Investment properties	6,241	-	-	-	-	6,241
Property, plant and equipment	535	84	-	86	78	783
Depreciation of:						
Investment properties	185	-	-	-	-	185
Property, plant and equipment	1,515	1,167	-	424	1,435	4,541

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NOTES TO INTERIM FINANCIAL STATEMENTS
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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

A9 Material events subsequent to the end of interim financial period

Subsequent to the end of the current quarter under review, the Group received advances from its ultimate holding company of USD55 million (approximately RM227million) for its debt restructuring exercise.

A10 Changes in the composition of the Group

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

A11 Changes in contingent liabilities and contingent assets

Details of contingent liabilities of the Group as at end of the current quarter under review are as follows:

(a) Performance bond

	As at 30-Sep-19 RM'000	As at 31-Dec-18 RM'000
Performance bond provided in favour of third parties pursuant to the construction and/or development projects of the Group	<u>59,665</u>	<u>61,112</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

A12 Commitments

The Group has the following commitments:

Approved and contracted for:

(a) Corporate Guarantees

	As at 30-Sep-19 RM'000	As at 31-Dec-18 RM'000
Corporate guarantee granted by a wholly-owned subsidiary, MCT Consortium Bhd in support of credit facilities granted to subsidiaries	70,079	110,115
Corporate guarantee extended in support of credit facilities granted to subsidiaries	205,858	212,644
	275,937	322,759
(b) Others		
Acquisition of land	-	38,058
Total commitments	275,937	360,817

A13 Significant related party transactions

During the 9-months financial period ended 30 September 2019, the significant related party transactions entered by the Group, which were determined based on negotiations agreed between the parties, are as follows:

	YEAR TO DATE 30-Sep-19 RM'000
Interest paid/payable to ultimate holding company	4,739
Advances from ultimate holding company	199,509

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NOTES TO INTERIM FINANCIAL STATEMENTS
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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

A14 Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors during the current quarter under review.

A15 Fair Values

The carrying amounts of the financial instruments approximate their fair values as these financial assets and financial liabilities have short-term maturity or are repayable on demand except for the following:

The fair value of long-term financial liabilities is determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as at the end of the reporting period.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD**

UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

**PART B - EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND APPENDIX 9B OF THE
MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1 Performance Review

For the current quarter under review

The Group recorded revenue of RM141 million for the current quarter under review, up from RM107 million recorded for the preceding quarter ended 30 June 2019. The increase was driven by the upswing of construction progress for all its ongoing projects as the Group is gearing up to handover more than 3,000 units across four projects before the end of the first half of 2020.

The Group recorded sales of RM128 million for the current quarter under review, up from RM115 million for the preceding quarter ended 30 June 2019 as the Group launched Park Place I @ Cybersouth which recorded take up rate of 20% as at 30 September 2019.

During the current quarter under review, the Group's gross profit margin improved from 33% to 40% arising from savings in construction cost for Skypark @ Cyberjaya which was completed in 2018.

The Group also completed the RM47 million disposal of land for development in Cyberjaya which recorded a gain on disposal of RM5 million for the current quarter under review.

Total expense for the current quarter under review was at 26% of total revenue, in-line with 28% recorded for the 9 months period ended 30 September 2019. Due to the loan from the Company's ultimate holding company of RM200 million, the Group recorded unrealised foreign exchange loss of RM2 million for Q3 2019. Consequently, the Group recorded profit after tax of RM18 million for the current quarter under review.

For the 9-months period ended 30 September 2019

The Group recorded revenue of RM350 million for the 9 months period ended 30 September 2019. Savings realised from SkyPark @ Cyberjaya coupled with the improvement of construction progress has contributed to the revenue and profit recognition for the period. Property development segment contributed to 96% of the total revenue of the Group.

Gross profit margin remained healthy at 34% whilst total expenses stood at 28% of revenue.

The effective tax rate of 28% is higher than the statutory tax rate of 24% is mainly due to recognition of under-provision of taxes from prior years.

B2 Material Changes for the Current Quarter as Compared to the Preceding Quarter

Due to the change in the financial year end, the Group did not prepare any comparative consolidated statement of comprehensive income for the current quarter under review.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**PART B - EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND APPENDIX 9B OF THE
MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B3 Prospects for the next financial year

Under the recent Budget, it was announced that foreigners can now purchase overhang properties priced from RM600,000 onwards, which was reduced from the RM1 million threshold previously. Whilst such measures served to stimulate the property market, it would not affect the Group materially as the Group's inventory of completed properties priced above RM600,000 is minimal. Nonetheless, with the Group's experience in residential development, the outlook for the Group is positive given that the Group is planning several key launches at the Cybersouth project by the first quarter of 2020. The focus will remain at residential properties that are priced between RM250,000 and RM750,000, with some commercial units to complement the completed projects. The Group's landbanking efforts in 2018 will also bear fruit in 2020 as the Group is targeting to launch the first phase of the newly acquired land in Subang Jaya by the first half of 2020.

B4 Variance of profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5 Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review.

B6 Profit/(Loss) on sale of unquoted investments and/or properties

There was no sale of unquoted investments during the current quarter under review.

B7 Quoted securities

There was no other purchase or disposal of quoted and marketable securities during the current quarter under review.

B8 Status of corporate proposals

There were no material corporate proposals entered into during the current quarter under review.

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B9 Group borrowings

Total loans and borrowings as at 30 September 2019 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:			
Term loans	40,659	175,628	216,287
Revolving credit	70,000	-	70,000
Unsecured:			
Hire-purchase	495	29	524
	<u>111,154</u>	<u>175,657</u>	<u>286,811</u>

Save for the advances from ultimate holding company and its related interest payable, there were no loans and borrowings denominated in foreign currency as at 30 September 2019.

Total loans and borrowings as at 31 December 2018 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:			
Term loans	53,139	212,532	265,671
Revolving credit	70,000	-	70,000
Unsecured:			
Hire-purchase	1,541	328	1,869
	<u>124,680</u>	<u>212,860</u>	<u>337,540</u>

There were no loans and borrowings denominated in foreign currency as at 31 December 2018.

Weighted average interest rates per annum of borrowings effective as at reporting date are as follow:

	30-Sep-19
Revolving credit	5.52%
Term loans	6.46%
Hire-purchase	2.95%

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B9 Group borrowings (continued)

The interest rate profile of the borrowings are:

	30-Sep-19	
	RM'000	% to total borrowings
Fixed rate	524	1%
Floating rate	286,287	99%
	<u>286,811</u>	

B10 Material litigation

- (a) There was a suit filed on 4 December 1996 by Chellappa A/L Kalimuthu (suing as a public officer of Sri Maha Mariamman Temple, Hicom, Shah Alam, Selangor pursuant to Section 9(c) of the Society Act 1996) on behalf of a society ("**Society**") ("**Plaintiff**").

A writ of possession ("**Writ**") vide "Permohonan Perlaksanaan No. 37WP-44-12/2015" was issued by the High Court on 22 December 2015 and subsequently served by the Court Bailiff to the Indian Temple, Kuil Sri Maha Mariamman ("**Existing Temple**") on 30 May 2016. On 10 June 2016, One City Development Sdn Bhd ("**OCD**")'s solicitors applied to court to extend the Writ. The Court has granted its Order on 22 December 2016. The Writ and the Order for extension of time has been served by the Court Bailiff to the Existing Temple on 18 May 2017.

The parties occupying the Existing Temple have failed to deliver the vacant possession of the Land to OCD. The Writ expired on 21 June 2017. OCD's solicitors had applied for a fresh Writ on 12 October 2017 and judgement has been obtained on 14 November 2017.

The sealed order of the same was extracted on 13 December 2017. The validity of the Writ is for one year from 5 December 2017 until 4 December 2018.

On 28 September 2018, the court bailiff on instructions of OCD presented a notice to illegal occupiers of the Land to vacate the premise by 15 October 2018.

On 25 October 2018, the exercise for possession of Land and subsequent relocation of the temple was carried out. However, due to the advice of the Selangor State Government and an appeal by Federal and Local politicians, OCD agreed to defer the said exercise until after Deepavali.

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B10 Material litigation (continued)

On a separate note, a fresh suit was filed by new plaintiffs claiming to be temple devotees against the legitimate council, OCD, the Selangor State Government and the Registrar of Societies. The cause of action was premised primarily on the same causes previously claimed by the Plaintiffs.

The new plaintiffs have also filed an intervener action and also a stay of execution of the order of possession on 12 October 2018 but were both dismissed with costs. They had also appealed on the said decision by the High Court Registrar but the appeal was dismissed on 13 December 2018. Therefore, this case is deemed to be concluded.

Two fresh suits were filed by alleged devotees against the all parties to the consent judgement. On 13 February 2019, the High Court had dismissed the alleged devotees claims in one of the suits for an interlocutory injunction and were also ordered to pay damages to OCD. In relation to the other suit, the Court had also struck out the Plaintiff's claim against OCD on 10 April 2019. Therefore, this case is also deemed to be concluded.

On 28 May 2019, OCD had informed the court that OCD would like to withdraw the application for direction of assessment of damages with liberty to file afresh and the Court has allowed OCD's application thereof.

Another originating summons was filed by Chellappa A/L Kalimuthu seeking a declaration, amongst others, that the affairs of the temple are subject to a constructive trust for religious purposes as well as seeking directions for the administration and management of the temple and the vesting of immovable property(ies) (if any) of the temple, or to be donated to the temple, or to be acquired for the benefit of the temple to the Court appointed Trustees, and the intervention of the Attorney General of Malaysia in respect of matters concerning the affairs of the temple.

OCD has responded by filing an affidavit in reply on 30 May 2019 and a supplemental affidavit on 12 July 2019.

The Attorney General's filed an application to intervene in the matter on 12 November 2019 and the Court has fixed a case management date on 21 January 2020 for exchange of affidavits and further directions.

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B11 Income Tax Expense

	Current Year Quarter 30-Sep-19 RM'000	Year To Date 30-Sep-19 RM'000
Income tax expense comprises:		
Current tax		
- for current quarter/financial period-to-date	258	6,916
Deferred tax		
- for current quarter/financial period-to-date	7,949	3,544
	8,207	10,460

B12 Dividend Payable

No interim dividends have been recommended in respect of the current quarter under review.

B13 Earnings Per Share

The calculation of the earnings per ordinary share of the Group has been calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue.

Basic earnings per share

	Current Year Quarter 30-Sep-19	Year To Date 30-Sep-19
Profit attributable to owners of the parent (RM'000)	18,426	26,883
Weighted average number of ordinary shares ('000)	1,456,995	1,456,995
Basic earnings per share (sen)	1.26	1.85

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B14 Trade Receivables

The table below is the aging analysis of trade receivables at the end of the reporting period:

	30-Sep-19 RM'000
Neither past due nor impaired	76,000
1 to 30 days past due	7,974
31 to 60 days past due	575
61 to 90 days past due	682
More than 90 days past due	16,676
	101,907
Less: Provision for doubtful debt for trade receivables	(4,200)
	<u>97,707</u>

Allowance for doubtful debt for trade receivables was provided for balances aged beyond 180 days as it is probable the Group will be unable to collect such debts after sending reminder letters and letter of demand.

On confirmation of insolvency of receivables, the balances will be written off.