

MCT BERHAD

Company No: 200901038653 (881786-X)

(Incorporated In Malaysia)

Interim Financial Reports

For The Quarter Ended 30 June 2020

MCT BERHAD 200901038653 (881786-X)
Incorporated In Malaysia

Interim Financial Reports

For The Quarter Ended 30 June 2020

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MCT BERHAD 200901038653 (881786-X)
Incorporated In Malaysia

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-June-20 RM'000	PRECEEDING YEAR CORRESPONDING QUARTER 30-June-19 RM'000	CURRENT YEAR TO DATE 30-June-20 RM'000	PRECEEDING YEAR CORRESPONDING PERIOD 30-June-19 RM'000
Revenue	59,358	107,165	111,177	209,566
Cost of sales	(46,683)	(71,794)	(80,040)	(144,760)
Gross profit	<u>12,675</u>	<u>35,371</u>	<u>31,137</u>	<u>64,806</u>
Other Income	1,588	5,709	4,368	7,752
Selling and marketing expenses	(649)	(2,706)	(2,796)	(4,341)
Direct operating and general administrative expenses	(19,898)	(32,012)	(36,143)	(53,147)
Finance costs	(8,804)	(2,464)	(17,622)	(4,375)
(Loss)/Profit before tax	(15,088)	3,898	(21,056)	10,695
Income tax credit/(expense)	<u>(1,504)</u>	<u>(1,145)</u>	<u>3,820</u>	<u>(2,253)</u>
(Loss)/Profit for the period	(16,592)	2,753	(17,236)	8,442
Other comprehensive expense, net of tax				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	1,329	-	(18,965)	-
Total comprehensive (loss)/income for the period	<u>(15,263)</u>	<u>2,753</u>	<u>(36,201)</u>	<u>8,442</u>

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-June-20 RM'000	PRECEEDING YEAR CORRESPONDING QUARTER 30-June-19 RM'000	CURRENT YEAR TO DATE 30-June-20 RM'000	PRECEEDING YEAR CORRESPONDING PERIOD 30-June-19 RM'000
Total comprehensive income attributable to:				
Owners of the parent	(15,263)	2,760	(36,200)	8,457
Non-controlling interest	-	(7)	(1)	(15)
	(15,263)	2,753	(36,201)	8,442
Earnings per share attributable to owners of the parent:				
Basic earnings per share (sen) - Note B13	(1.05)	0.19	(2.48)	0.58
Diluted earnings per share (sen)	NA	NA	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 year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	(UNAUDITED) AS AT END OF CURRENT FINANCIAL QUARTER 30-June-20 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-19 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	266,555	269,554
Investment properties	248,033	248,478
Inventories - land held for property development	276,672	275,293
Deferred tax assets	6,323	2,874
	797,583	796,199
Total Non-Current Assets		
Current Assets		
Inventories - at cost	16,652	16,802
Inventories - property development costs	317,510	302,067
Trade receivables	82,992	104,775
Other receivables and prepaid expenses	50,146	48,787
Contract assets	44,477	75,688
Tax recoverable	27,088	28,577
Cash and bank balances	420,009	469,660
	958,874	1,046,356
Total Current Assets		
	1,756,457	1,842,555
Total Assets		

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	(UNAUDITED) AS AT END OF CURRENT FINANCIAL QUARTER 30-June-20 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-19 RM'000
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	1,541,092	1,541,092
Reserves	(1,083,442)	(1,064,477)
Retained earnings	410,028	427,264
Non-controlling interests	943	944
Total Equity	868,621	904,823
Non-Current Liabilities		
Other payables	3,213	7,906
Contract liabilities	847	3,136
Amount owing to ultimate holding company	539,118	515,221
Derivative financial liabilities	7,417	10,967
Lease liabilities	2,034	6,219
Total Non-Current Liabilities	552,629	543,449
Current Liabilities		
Trade payables	89,031	104,622
Other payables and accrued expenses	66,503	112,940
Contract liabilities	159,363	164,517
Tax liabilities	1,830	3,465
Borrowings	10,000	-
Lease liabilities	8,480	8,739
Total Current Liabilities	335,207	394,283
Total Liabilities	887,836	937,732
Total Equity and Liabilities	1,756,457	1,842,555

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

MCT BERHAD 200901038653 (881786-X)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

Attributable to the owners of the Company

	<--- Non-Distributable --->			Distributable		Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Acquisition reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total RM'000		
As at 31 December 2018 (as previously reported)	1,541,092	(1,062,627)	-	403,610	882,075	1,457	883,532
Prior year adjustments	-	-	-	(22,378)	(22,378)	-	(22,378)
As at 1 January 2019 (restated)	1,541,092	(1,062,627)	-	381,232	859,697	1,457	861,154
Total comprehensive income for the year	-	-	(1,850)	46,032	44,182	(513)	43,669
As at 31 December 2019	1,541,092	(1,062,627)	(1,850)	427,264	903,879	944	904,823
Total comprehensive income for the period	-	-	(18,965)	(17,236)	(36,201)	(1)	(36,202)
As at 30 June 2020	1,541,092	(1,062,627)	(20,815)	410,028	867,678	943	868,621

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020

	(UNAUDITED)	(AUDITED)
	6 MONTHS	12 MONTHS
	ENDED	ENDED
	30-June-20	31-Dec-19
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before tax	(21,056)	54,378
Adjustments for:		
Depreciation of:		
Property, plant and equipment	4,423	9,671
Investment properties	227	435
Finance costs	17,162	19,090
Impairment loss on investment property	-	14,622
Ineffective cash flow hedge	-	1,172
Allowance for impairment loss no longer required	-	(1,396)
Bad debts written off	-	4
Property, plant and equipment written off	-	508
Gain on disposal of property, plant and equipment	(258)	(2,119)
Gain on disposal of asset held for sale	-	(4,721)
Interest income	(3,657)	(8,291)
Right-of-use asset amortisation	1,065	474
Lease interest	460	562
Unrealised loss/(gain) on foreign exchange	194	139
	(1,440)	84,528
Operating Profit Before Working Capital Changes		
Decrease/(Increase) in:		
Inventories	150	(11,341)
Inventories - property development costs	(14,095)	36,012
Contract assets	31,211	(25,089)
Trade receivables	21,783	26,085
Other receivables and prepaid expenses	(1,360)	30,650
Increase/(Decrease) in:		
Contract liabilities	(15,954)	11,598
Trade payables	(15,778)	(61,646)
Other payables and accrued expenses	(35,004)	(90,144)
	(30,487)	653
Cash (Used In)/Generated from Operations		
Income taxes paid	(7,390)	(16,680)
	(37,877)	(16,027)
Net Cash Used In Operating Activities		

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020

	(UNAUDITED)	(AUDITED)
	6 MONTHS	12 MONTHS
	ENDED	ENDED
	30-June-20	31-Dec-19
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,099	351
Proceeds from disposal of assets held for sale	-	47,000
Interest received	3,657	8,291
Additions to:		
Investment properties	(439)	(605)
Property, plant and equipment	(3,863)	(16,188)
Inventories - Land held for property development	(1,379)	(53,573)
Fixed deposits with maturity period more than 90 days	(13)	1
	(938)	(14,723)
Net Cash Used In Investing Activities		
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	10,000	19,950
Proceeds from lease liabilities	-	167
Repayment of:		
Term loans	-	(355,621)
Lease liabilities	(4,900)	(10,888)
Hire purchase payables	(161)	-
Finance costs paid	(15,788)	(17,122)
Increase in amount owing to ultimate holding company	-	519,571
	(10,849)	156,057
Net Cash (Used In)/From Financing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	(49,664)	125,307
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	469,247	343,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	419,583	469,247

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020

	(UNAUDITED)	(AUDITED)
	6 MONTHS	12 MONTHS
	ENDED	ENDED
	30-June-20	31-Dec-19
	RM'000	RM'000
Cash and cash equivalents included in the statements of cash flows comprise the following:		
Fixed deposits with licensed banks	47,807	93,744
Investments in short-term funds	42	41
Deposits with licensed banks	47,849	93,785
Deposits under Housing Development Accounts	359,886	349,653
Cash on hand and in bank	12,274	26,222
Cash and bank balances	372,160	375,875
Less: Fixed deposits with maturity period more than 90 days	(426)	(413)
Cash and cash equivalents	419,583	469,247

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 QUARTER ENDED 30 JUNE 2020

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 year ended 31 December 2019. 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 year ended 31 December 2019.

The Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2020:

Amendments to:

MFRS 3	Definition of a Business
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
MFRS 16	Covid-19-Related Rent Concessions
MFRS 101 and 108	Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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	Reference to the Conceptual Framework ¹
MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
MFRS 101	Classification of Liabilities as Current or Non-current ²
MFRS 116	Proceeds before Intended Use ¹
MFRS 137	Cost of Fulfilling a Contract ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2018-2020 Cycle ¹

- 1 Effective for annual period beginning on or after 1 January 2022, with earlier application permitted.
- 2 Effective for annual period beginning on or after 1 January 2023, 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 year ended 31 December 2019 were not subject to any qualification.

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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

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 June 2020.

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-June-20 RM'000	YEAR TO DATE 30-June-20 RM'000
Staff costs	12,481	21,186
Depreciation of:		
Property, plant and equipment	2,355	4,423
Investment properties	2	227
Amortisation of right of use assets	572	1,065
Unrealised (gain)/loss on foreign exchange	(64)	194
Realised loss on foreign exchange	3	10
Gain on disposal of property, plant and equipment	-	(258)
Interest income	(1,341)	(3,657)

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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

A8 Segmental information

The segmental information for the period ended 30 June 2020 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	101,700	-	-	3,089	6,388	111,177	-	111,177
Inter-segment revenue	-	30,382	-	4,251	854	35,487	(35,487)	-
Total revenue	101,700	30,382	-	7,340	7,242	146,664	(35,487)	111,177
Results								
Operating profit/(loss)	2,624	(7,935)	(649)	293	(2,136)	(7,803)	-	(7,803)
Interest income	2,900	251	361	117	28	3,657	-	3,657
Other income	261	302	4	36	109	712	-	712
Finance costs	(1,195)	(12)	(16,373)	(18)	(24)	(17,622)	-	(17,622)
Profit/(Loss) before tax	4,590	(7,394)	(16,657)	428	(2,023)	(21,056)	-	(21,056)
Income tax expense	3,997	(49)	(8)	(125)	5	3,820	-	3,820
Profit/(Loss) after tax	8,587	(7,443)	(16,665)	303	(2,018)	(17,236)	-	(17,236)

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 JUNE 2020

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 June 2020 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	2,184,773	659,920	2,271,490	214,736	93,181	5,424,100	(3,701,054)	1,723,046
Tax recoverable and deferred tax asset	11,101	11,942	-	1,494	120	24,657	8,754	33,411
Total assets	2,195,874	671,862	2,271,490	216,230	93,301	5,448,757	(3,692,300)	1,756,457
Segment liabilities	1,723,142	563,469	733,535	199,332	113,711	3,333,189	(2,447,183)	886,006
Tax liabilities and deferred tax liabilities	1,827	-	3	-	-	1,830	-	1,830
Total liabilities	1,724,969	563,469	733,538	199,332	113,711	3,335,019	(2,447,183)	887,836

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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

A8 Segmental information

The segmental information for the period ended 30 June 2020 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	439	-	-	-	-	439
Property, plant and equipment	3,821	28	-	9	5	3,863
Depreciation of:						
Investment properties	227	-	-	-	-	227
Property, plant and equipment	2,647	599	-	69	1,108	4,423

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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

There were no material events subsequent to the end of the current quarter under review up to the date of issue of this report that were not reflected in the financial statements for the current quarter under review.

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-June-20 RM'000	As at 31-Dec-19 RM'000
Performance bond provided in favour of third parties pursuant to the construction and/or development projects of the Group	<u>19,602</u>	<u>14,545</u>

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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

A12 Commitments

There were no commitments in the Group for the current quarter under review.

A13 Significant related party transactions

During the financial period, 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-June-20 RM'000
Interest paid/payable to ultimate holding company	<u>16,321</u>

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 QUARTER ENDED 30 JUNE 2020**

**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 RM59 million for the current quarter ended 30 June 2020, compared to RM107 million in the corresponding quarter in the preceding year, representing a 45% decrease in revenue. The decrease was mainly due to the Covid-19 pandemic and the ensuing enforcement of the Movement Control Order (“MCO”) by the Government of Malaysia effective from 18 March 2020 and Recovery MCO phase up till 31 August 2020 which affected sales conversions and construction progress.

Expenses recorded for the current quarter under review was RM29 million as compared to RM37 million in the corresponding quarter of the preceding year. The decrease in expenses was mainly due to the decrease in variable expenses as businesses grinded to a halt during the MCO. The Group expenses mainly arose from the interest charged on the advances from its ultimate holding company of RM9 million. Excluding interest expense, the other expenses would be at RM21 million as compared to RM35 million for the corresponding quarter of the preceding year.

Consequently, the Group recorded loss after tax of RM17 million for the current quarter under review as compared to a profit after tax of RM3 million for the corresponding quarter of the preceding year.

For the current year to date

The Group recorded revenue of RM111 million for the 6-months period ended 30 June 2020. The Group’s gross profit margin is at 30% which is mainly driven by the Market Homes project at the Lakefront @ Cyberjaya development.

The Group launched Casa Bayu @ Cybersouth during the current quarter under review which has since achieved sales of 32% as at 30 June 2020. Further, the Group also successfully handed over vacant possession for Phase 2 of the Lakefront Residence @ Cyberjaya development which comprised 606 units of condominiums.

Expenses recorded for the period was RM57 million, out of which RM16 million were for the interest charged on the advances from its ultimate holding company.

Consequently, the Group recorded loss after tax of RM17 million for the 6-months period ended 30 June 2020.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 JUNE 2020**

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

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

The Group recorded revenue of RM59 million for the current quarter ended 30 June 2020, compared to RM52 million in the previous quarter as construction progress picked up during the quarter under review. However, the gross profit margin decreased to 22% for the current quarter under review from 32% in the preceding quarter as the Group increased the budgeted gross development cost of the PR1MA Homes project at the Lakefront @ Cyberjaya development to cater for enhancement works.

The Group launched Casa Bayu @ Cybersouth during the current quarter under review which has achieved 32% sales as at 30 June 2020. Further, the Group also successfully handed over vacant possession for Phase 2 of the Lakefront Residence @ Cyberjaya development which comprised of 606 units of condominiums.

Expenses recorded for the current quarter under review was RM29 million as compared to RM27 million in the previous quarter due to reversal of an overprovision of bonus of RM2 million. Save for the overprovision of bonus, all other expenses for the quarter under review were in-line with the previous quarter.

Consequently, the Group recorded loss after tax of RM17 million for the current quarter under review as compared to loss after tax of RM1 million recorded in the previous quarter.

B3 Prospects for the next financial year

The Malaysian gross domestic product growth dropped by 17.1% year-on-year in the second quarter of 2020. In addition, the issues that plagued the property market such as market overhang, price unaffordability and lack of financing are expected to persist in spite of the various measures introduced by the Government to stimulate the property market. The COVID-19 pandemic has affected all sectors, which will add more downward pressure on the property market. The MCO has resulted in a nationwide shutdown of all non-essential business premises.

To mitigate the impact of the slowdown of the economy, the Government has taken various measures to stimulate the property market. Firstly, the Government has reintroduced the Home Ownership Campaign (“HOC”) for residential properties from RM300,000 to RM2.5 million until 31 May 2021, which was a success when it was first introduced in 2019. Under the HOC, stamp duty exemption will be given on the instruments of transfer (e.g. sales and purchase agreement) – on the first RM1 million of the residential property value. There will also be a 100% stamp duty exemption on the loan agreement. In addition, the uplift of 70% margin of financing limit for third housing loan onwards and the gains arising from the disposal of residential properties by Malaysian citizens between 1 June 2020 and 31 December 2021 will be exempted from real property gains tax, which will help to stimulate the sub-sale housing market.

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B3 Prospects for the next financial year (continued)

The Group expects sales will improve as unit velocity is gaining momentum with the launch of new projects and the sell-out of its existing inventories. With cautious optimism, the Group will remain profitable despite the Covid-19 situation, taking advantage of the stimulus package that the government has injected into the Malaysian Property Sector coupled with the Group's plan to continue to launch improved product offering with strategic marketing campaigns that is focused towards its targeted market. The Group has ongoing developments in Cyberjaya and Dengkil targeting the affordable segment which is expected to remain resilient particularly for first-time home buyers. Moving forward, the Group intends to launch a couple of new projects in Damansara and Subang Jaya towards end 2020 subject to obtaining the necessary approvals.

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

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.

B9 Group borrowings

Total loans and borrowings as at 30 June 2020 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Unsecured:			
Lease liabilities	114	121	235
Revolving credit	10,000	-	10,000

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 June 2020.

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B9 Group borrowings (continued)

Total loans and borrowings as at 31 December 2019 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Unsecured:			
Lease liabilities	249	147	396

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 31 December 2019.

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

	30-June-20
Lease liabilities	2.95%
Revolving credit	3.24%

The interest rate profile of the borrowings are:

	30-June-20	
	RM'000	% to total borrowings
Fixed rate	235	2%
Floating rate	10,000	98%
	<u>10,235</u>	<u>100%</u>

B10 Material litigation

(a) By virtue of an originating summons ("OS") filed by Chellappa Kalimuthu, President of the Jawatankuasa Pengurusan Kuil ("Chellappa") of the Sri Maha Mariamman Temple ("Temple") in the High Court on 3.5.2019, Chellappa is seeking the following orders:

- i. A declaration that the affairs of the Temple are subject to a constructive trust for religious purposes;
- ii. the administration and management of the Temple;
- iii. 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;

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B10 Material litigation (continued)

- iv. intervention of the Attorney General (“AG”) in respect of matters involving the Temple.
- (b) OCD responded by filing an affidavit in reply on 30 May 2019 and a supplemental affidavit on 12 July 2019.
- (c) The AG has filed an application to intervene in the matter, which was allowed by the Court on 25 February 2020.
- (d) We were informed that two (2) trustees have been identified and will be appointed by the consent of the different factions of the temple management. The Plaintiff’s counsel will contact the AG to arrange for a meeting with all parties to discuss on the terms for the appointment and transfer of the land.
- (e) The next case management is fixed on 26 September 2020 for parties to update the Court on the progress of the settlement/discussion.

B11 Income Tax Expense/(Income)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER RM'000	PRECEEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEEDING YEAR CORRESPONDING PERIOD RM'000
Income tax expense/(income) comprises:				
Current tax	736	1,641	2,613	6,658
Deferred tax	768	(496)	(6,433)	(4,405)
	1,504	1,145	(3,820)	2,253

B12 Dividend Payable

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

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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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-June-20 RM'000	PRECEEDING YEAR CORRESPONDING QUARTER 30-June-19 RM'000	CURRENT YEAR TO DATE 30-June-20 RM'000	PRECEEDING YEAR CORRESPONDING PERIOD 30-June-19 RM'000
Basic earnings per share				
Profit attributable to owners of the parent (RM'000)	(15,263)	2,760	(36,200)	8,457
Weighted average number of ordinary shares ('000)	1,456,995	1,456,995	1,456,995	1,456,995
Basic earnings per share (sen)	<u>(1.05)</u>	<u>0.19</u>	<u>(2.48)</u>	<u>0.58</u>

B14 Trade Receivables

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

	30-June-20 RM'000
Neither past due nor impaired	77,311
1 to 30 days past due	2,245
31 to 60 days past due	120
61 to 90 days past due	677
More than 90 days past due	5,343
	85,696
Less: Provision for doubtful debt for trade receivables	<u>(2,704)</u>
	<u>82,992</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.