

MCT BERHAD

Company No: 200901038653 (881786-X)

(Incorporated In Malaysia)

Interim Financial Reports

For The Quarter Ended 30 September 2020

MCT BERHAD 200901038653 (881786-X)
Incorporated In Malaysia

Interim Financial Reports

For The Quarter Ended 30 September 2020

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MCT BERHAD 200901038653 (881786-X)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Sep-20 RM'000	PRECEEDING YEAR CORRESPONDING QUARTER 30-Sep-19 RM'000	CURRENT YEAR TO DATE 30-Sep-20 RM'000	PRECEEDING YEAR CORRESPONDING PERIOD 30-Sep-19 RM'000
Revenue	144,172	140,896	255,349	350,462
Cost of sales	(104,804)	(84,809)	(184,844)	(229,569)
Gross profit	39,368	56,087	70,505	120,893
Other Income	1,676	7,445	6,044	15,197
Selling and marketing expenses	(1,862)	(7,071)	(4,657)	(11,412)
Direct operating and general administrative expenses	(24,771)	(26,748)	(60,915)	(79,895)
Finance costs	(8,870)	(3,564)	(26,492)	(7,939)
(Loss)/Profit before tax	5,541	26,149	(15,515)	36,844
Income tax expense	(7,253)	(8,207)	(3,432)	(10,460)
(Loss)/Profit for the period	(1,712)	17,942	(18,947)	26,384
Other comprehensive loss, net of tax				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(1,642)	-	(20,607)	-
Total comprehensive (loss)/income for the period	(3,354)	17,942	(39,554)	26,384

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Sep-20 RM'000	PRECEEDING YEAR CORRESPONDING QUARTER 30-Sep-19 RM'000	CURRENT YEAR TO DATE 30-Sep-20 RM'000	PRECEEDING YEAR CORRESPONDING PERIOD 30-Sep-19 RM'000
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(3,352)	18,426	(39,551)	26,883
Non-controlling interest	(2)	(484)	(3)	(499)
	<u>(3,354)</u>	<u>17,942</u>	<u>(39,554)</u>	<u>26,384</u>
Earnings per share attributable to owners of the parent:				
Basic earnings per share (sen) - Note B13	(0.23)	1.26	(2.71)	1.85
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 SEPTEMBER 2020

	(UNAUDITED) AS AT END OF CURRENT FINANCIAL QUARTER 30-Sep-20 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-19 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	262,552	269,554
Investment properties	247,835	248,478
Inventories - land held for property development	275,934	275,293
Deferred tax assets	4,074	2,874
	790,395	796,199
Total Non-Current Assets		
Current Assets		
Inventories - at cost	16,819	16,802
Inventories - property development costs	312,399	302,067
Trade receivables	150,551	104,775
Other receivables and prepaid expenses	45,666	48,787
Contract assets	71,040	75,688
Tax recoverable	29,360	28,577
Cash and bank balances	538,673	469,660
	1,164,508	1,046,356
Total Current Assets		
	1,954,903	1,842,555
Total Assets		

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	(UNAUDITED) AS AT END OF CURRENT FINANCIAL QUARTER 30-Sep-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	(1,085,084)	(1,064,477)
Retained earnings	408,320	427,264
	864,328	903,879
Non-controlling interests	941	944
Total Equity	865,269	904,823
Non-Current Liabilities		
Other payables	789	7,906
Contract liabilities	-	3,136
Amount owing to ultimate holding company	526,926	515,221
Derivative financial liabilities	21,262	10,967
Lease liabilities	1,570	6,219
Total Non-Current Liabilities	550,547	543,449
Current Liabilities		
Trade payables	114,590	104,622
Other payables and accrued expenses	126,325	112,940
Contract liabilities	277,999	164,517
Tax liabilities	1,724	3,465
Borrowings	10,000	-
Lease liabilities	8,449	8,739
Total Current Liabilities	539,087	394,283
Total Liabilities	1,089,634	937,732
Total Equity and Liabilities	1,954,903	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 SEPTEMBER 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 loss for the period	-	-	(20,607)	(18,944)	(39,551)	(3)	(39,554)
As at 30 September 2020	1,541,092	(1,062,627)	(22,457)	408,320	864,328	941	865,269

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 SEPTEMBER 2020

	(UNAUDITED)	(AUDITED)
	9 MONTHS	12 MONTHS
	ENDED	ENDED
	30-Sep-20	31-Dec-19
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before tax	(15,515)	54,378
Adjustments for:		
Depreciation of:		
Property, plant and equipment	7,406	9,671
Investment properties	344	435
Finance costs	25,805	19,090
Impairment loss on investment properties	-	14,622
Impairment loss on property, plant and equipment	2,382	-
Ineffective cash flow hedge	-	1,172
Allowance for impairment loss no longer required	-	(1,396)
Allowance for impairment loss on trade receivables	177	-
Allowance for impairment loss on other receivables	225	-
Bad debts written off	-	4
Property, plant and equipment written off	-	508
Gain on disposal of property, plant and equipment	(291)	(2,119)
Gain on disposal of asset held for sale	-	(4,721)
Interest income	(4,507)	(8,291)
Right-of-use asset amortisation	2,038	474
Lease interest	687	562
Unrealised loss/(gain) on foreign exchange	26	139
	18,777	84,528
Operating Profit Before Working Capital Changes		
Decrease/(Increase) in:		
Inventories	(17)	(11,341)
Inventories - property development costs	(8,323)	36,012
Contract assets	4,648	(25,089)
Trade receivables	(45,953)	26,085
Other receivables and prepaid expenses	2,896	30,650
Increase/(Decrease) in:		
Contract liabilities	110,347	11,598
Trade payables	9,941	(61,646)
Other payables and accrued expenses	8,693	(90,144)
	101,009	653
Cash Generated from Operations		
Income taxes paid	(9,582)	(16,680)
	91,427	(16,027)
Net Cash Generated From/(Used In) Operating Activities		

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

	(UNAUDITED)	(AUDITED)
	9 MONTHS	12 MONTHS
	ENDED	ENDED
	30-Sep-20	31-Dec-19
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,208	351
Proceeds from disposal of assets held for sale	-	47,000
Interest received	4,507	8,291
Additions to:		
Investment properties	(1,391)	(605)
Property, plant and equipment	(4,423)	(16,188)
Inventories - Land held for property development	(641)	(53,573)
(Increase)/Decrease of fixed deposits with maturity period more than 90 days	(13)	1
	(753)	(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	(7,262)	(10,888)
Finance costs paid	(24,412)	(17,122)
Increase in amount owing to ultimate holding company	-	519,571
	(21,674)	156,057
Net Cash (Used In)/From Financing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,000	125,307
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	469,247	343,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	538,247	469,247

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

	(UNAUDITED)	(AUDITED)
	9 MONTHS	12 MONTHS
	ENDED	ENDED
	30-Sep-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	45,282	93,744
Investments in short-term funds	-	41
Deposits with licensed banks	45,282	93,785
Deposits under Housing Development Accounts	482,392	349,653
Cash on hand and in bank	10,999	26,222
Cash and bank balances	493,391	375,875
Less: Fixed deposits with maturity period more than 90 days	(426)	(413)
Cash and cash equivalents	538,247	469,247

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 ³
Amendments to:	
MFRS 3	Reference to the Conceptual Framework ²
MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2 ¹
MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
MFRS 101	Classification of Liabilities as Current or Non-current ³
MFRS 116	Proceeds before Intended Use ²
MFRS 137	Cost of Fulfilling a Contract ²
Amendments to MFRSs	Annual Improvements to MFRSs 2018-2020 Cycle ²

- 1 Effective for annual period beginning on or after 1 January 2021, with earlier application permitted.
- 2 Effective for annual period beginning on or after 1 January 2022, with earlier application permitted.
- 3 Effective for annual period beginning on or after 1 January 2023, with earlier application permitted.
- 4 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 quarter ended 30 September 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-Sept-20 RM'000	YEAR TO DATE 30-Sept-20 RM'000
Staff costs	12,148	33,334
Depreciation of:		
Property, plant and equipment	2,983	7,406
Investment properties	117	344
Amortisation of right of use assets	973	2,038
Unrealised (gain)/loss on foreign exchange	(168)	26
Realised gain on foreign exchange	(152)	(142)
Gain on disposal of property, plant and equipment	(33)	(291)
Interest income	(850)	(4,507)

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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 September 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	242,933	-	-	3,547	8,869	255,349	-	255,349
Inter-segment revenue	-	47,791	-	4,450	1,187	53,428	(53,428)	-
Total revenue	242,933	47,791	-	7,997	10,056	308,777	(53,428)	255,349
Results								
Operating profit/(loss)	23,429	(5,589)	(970)	(6,026)	(5,911)	4,933	-	4,933
Interest income	3,703	256	366	150	32	4,507	-	4,507
Other income	85	670	148	241	393	1,537	-	1,537
Finance costs	(1,696)	(11)	(24,722)	(27)	(36)	(26,492)	-	(26,492)
Profit/(Loss) before tax	25,521	(4,674)	(25,178)	(5,662)	(5,522)	(15,515)	-	(15,515)
Income tax expense	(5,005)	1,867	(9)	(286)	1	(3,432)	-	(3,432)
Profit/(Loss) after tax	20,516	(2,807)	(25,187)	(5,948)	(5,521)	(18,947)	-	(18,947)

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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	2,373,473	650,788	2,269,339	215,609	89,160	5,598,369	(3,676,901)	1,921,468
Tax recoverable and deferred tax asset	13,656	11,942	-	1,662	165	27,425	6,010	33,435
Total assets	2,387,129	662,730	2,269,339	217,271	89,325	5,625,794	(3,670,891)	1,954,903
Segment liabilities	1,896,017	562,248	733,795	201,703	113,237	3,507,000	(2,419,090)	1,087,910
Tax liabilities and deferred tax liabilities	1,724	-	-	-	-	1,724	-	1,724
Total liabilities	1,897,741	562,248	733,795	201,703	113,237	3,508,724	(2,419,090)	1,089,634

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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 September 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	1,391	-	-	-	-	1,391
Property, plant and equipment	4,374	28	-	9	12	4,423
Depreciation of:						
Investment properties	344	-	-	-	-	344
Property, plant and equipment	4,810	837	-	100	1,659	7,406

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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-Sep-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>43,797</u>	<u>14,545</u>

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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-Sep-20 RM'000
Interest paid/payable to ultimate holding company	<u>24,534</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 SEPTEMBER 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 RM144 million for the current quarter ended 30 September 2020, a 2% increase from RM141 million in the corresponding quarter of the preceding year as sales and construction progress picked up progressively during the recovery movement control order ("RMCO") period.

During the quarter under review, the Group's gross profit margin has decreased from 40% to 28% due to additional budget allocated to some of the projects to cater for the additional defects liability period pursuant in anticipation of the enforcement of Malaysia's Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020 ("COVID Act").

Expenses recorded for the current quarter under review was RM36 million, decreasing from the RM37 million recorded in the corresponding quarter of the preceding year. Of the RM36 million, interest expense for the advances from the ultimate holding company was RM9 million. Excluding the interest expense, other expenses would be at RM27 million as compared to RM34 million for the corresponding quarter of the preceding year. This is resultant of reduction in variable expenses for the current quarter as businesses grinded to a halt during MCO period and is only slowly resuming during the RMCO phase.

Higher other income recorded in the corresponding quarter of the preceding year was mainly from the disposal of land for development in Cyberjaya which realised a one-off disposal gain of RM5 million.

Consequently, the Group recorded loss after tax of RM2 million for the current quarter under review as compared to a profit after tax of RM18 million for the corresponding quarter of the preceding year.

For the current year to date

The Group recorded revenue of RM255 million for the 9-month period ended 30 September 2020. The Group's gross profit margin is at 28% which is mainly driven by the Market Homes project at the Lakefront @ Cyberjaya development.

The Group launched Casa Bayu @ Cybersouth during the preceding quarter which has since achieved sales of 40% as at 30 September 2020. Further, the Group also successfully handed over vacant possession for Phase 2 of the Lakefront Residence @ Cyberjaya and Lakefront PR1MA Homes @ Cyberjaya development which comprised 606 and 1,932 units of condominium, respectively.

Expenses recorded for the 9-month period was RM92 million, out of which RM25 million were for the interest charged on the advances from the ultimate holding company.

Consequently, the Group recorded loss after tax of RM19 million for the 9-month period ended 30 September 2020.

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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 SEPTEMBER 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 RM144 million for the current quarter ended 30 September 2020, compared to RM59 million in the previous quarter as sales and construction progress picked up during the quarter under review during the RMCO period. Gross profit margin for the current quarter has shown an improvement of 7% at 28% compared to 21% as the budgeted gross development cost of the PR1MA Homes project at the Lakefront @ Cyberjaya development was increased in preceding quarter to cater for enhancement works.

Casa Bayu @ Cybersouth which was launch in the preceding quarter has achieved 40% sales as at 30 September 2020. Further, the Group also successfully handed over vacant possession for Lakefront PR1MA Homes @ Cyberjaya development which comprised 1,932 units of condominium during the quarter under review.

Expenses recorded for the current quarter under review was RM35 million as compared to RM29 million in the previous quarter as business activities have picked up under the RMCO period.

Consequently, the Group recorded loss after tax of RM2 million for the current quarter under review as compared to loss after tax of RM17 million in the previous quarter.

B3 Prospects for the next financial year

The Malaysian gross domestic product growth slid 2.7% year-on-year in the third 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. memorandum of transfer) – 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. The recent Budget 2021 is another extension of the stimulus measures rolled out by the Government whereby all the first-time buyers will get full stamp duty exemption for the memorandum of transfer and for the loan agreement for houses worth up to RM500,000 which will take effect from 1 January 2021 until 31 December 2025. The exemption granted will help to encourage sales to first-time home buyers as it lessens the affordability gap for them.

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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.

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B9 Group borrowings

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

	Short-term RM'000	Long-term RM'000	Total RM'000
Unsecured:			
Lease liabilities	61	110	171
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 September 2020.

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-Sep-20
Lease liabilities	2.60%
Revolving credit	3.25%

The interest rate profile of the borrowings are:

	30-Sep-20	
	RM'000	% to total borrowings
Fixed rate	171	2%
Floating rate	10,000	98%
	<u>10,171</u>	<u>100%</u>

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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;
 - 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) With the intervention of the AG in this suit granted, the Plaintiff’s Solicitors is arranging a meeting for all parties with the AG to resolve all pending issues so that a Consent Judgment can be recorded by the Court.
- (e) OCD and the Temple Committee had a meeting on 9 September 2020 to discuss the terms of the settlement agreement.
- (f) The next case management is fixed on 9 December 2020 for parties to update the Court on the progress of the discussion between the parties towards a resolution of this matter.

B11 Income Tax Expense/(Income)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEEDING YEAR CORRESPONDING PERIOD
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
Income tax expense/(income) comprises:				
Current tax	4,509	258	7,121	6,916
Deferred tax	2,744	7,949	(3,689)	3,544
	7,253	8,207	3,432	10,460

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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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEEDING YEAR CORRESPONDING PERIOD
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to owners of the parent (RM'000)	(3,352)	18,426	(39,551)	26,883
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>(0.23)</u>	<u>1.26</u>	<u>(2.71)</u>	<u>1.85</u>

B14 Trade Receivables

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

	30-Sep-20 RM'000
Neither past due nor impaired	135,660
1 to 30 days past due	8,024
31 to 60 days past due	899
61 to 90 days past due	122
More than 90 days past due	8,548
	153,253
Less: Provision for doubtful debt for trade receivables	<u>(2,702)</u>
	<u>150,551</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.