THRIVEN GLOBAL BERHAD

(Incorporated in Malaysia - 198901005042 (182350-H))

Quarterly report on consolidated results for the financial period ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	NOTE	Current Quarter Ended 30.06.20 RM'000	Comparative Quarter Ended 30.06.19 RM'000	6 Months Cumulative To 30.06.20 RM'000	6 Months Cumulative To 30.06.19 RM'000
Revenue		21,357	48,851	63,012	148,440
Cost of sales		(21,552)	(37,830)	(57,576)	(114,717)
Gross (loss)/profit		(195)	11,021	5,436	33,723
Other expenses		(4,127)	(5,095)	(8,646)	(9,896)
Other income		269	306	505	1,910
(Loss)/Profit from operations		(4,053)	6,232	(2,705)	25,737
Finance costs		(750)	(705)	(2,103)	(1,380)
(Loss)/Profit before tax		(4,803)	5,527	(4,808)	24,357
Tax expense	20	(827)	(1,446)	(1,835)	(5,846)
(Loss)/Profit for the period		(5,630)	4,081	(6,643)	18,511
Other comprehensive (loss)/income		-	-	-	-
Total comprehensive (loss)/income for the period		(5,630)	4,081	(6,643)	18,511
(Loss)/ Profit for the period, total comprehensive (loss)/income for the period attributable to:					
Owners of the Parent		(5,566)	3,474	(6,710)	17,232
Non-controlling interests		(64)	607	67	1,279
		(5,630)	4,081	(6,643)	18,511
Earnings per ordinary share (sen)					
Basic / Diluted	25	(1.02)	0.64	(1.23)	3.24

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

THRIVEN GLOBAL BERHAD
(Incorporated in Malaysia - 198901005042 (182350-H))

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTE	As At 30.06.2020 RM '000 (Unaudited)	As At 31.12.2019 RM '000 (Audited)
Assets			
Non-Current Assets			
Property, plant and equipment		5,893	7,777
Investment properties		29,263	26,263
Inventories		30,497	30,398
Goodwill		5,314	5,314
Deferred tax assets		798	490
		71,765	70,242
Current Assets			
Inventories		174,706	195,471
Trade and other receivables		96,549	16,291
Contract assets		57,037	124,381
Current tax assets		1,233	622
Cash and bank balances		15,955	16,701
		345,480	353,466
Total Assets		417,245	423,708
Equity and Liabilities			
Equity attributable to owners of the Parent			
Share capital		59,586	59,586
Warrant reserve		14,126	14,126
Capital reserve		89,559	89,559
Retained earnings		33,862	40,572
		197,133	203,843
Non-controlling interests		652	585
Total Equity		197,785	204,428
Non-Current Liabilities			
Borrowings	22	5,593	8,304
Lease liabilities		594	1,197
Redeemable preference shares		2,493	2,493
		8,680	11,994
Current Liabilities			
Borrowings	22	104,149	100,787
Trade and other payables		98,630	99,220
Lease liabilities		1,005	1,368
Contract liabilities		3,338	3,419
Current tax liabilities		3,658	2,492
		210,780	207,286
Total Liabilities		219,460	219,280
Total Equity and Liabilities		417,245	423,708
Net assets per share attributable to owners of the Parent (RM)		0.36	0.37

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

THRIVEN GLOBAL BERHAD
(Incorporated in Malaysia - 198901005042 (182350-H))

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(The figures have not been audited)

	Attributable to Owners of the Parent						
	Non-distributable			Distributable			
	Share capital	**Warrant reserve**	**Capital reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
At 1 January 2020	59,586	14,126	89,559	40,572	203,843	585	204,428
Total comprehensive (loss)/income for the period	-	-	-	(6,710)	(6,710)	67	(6,643)
At 30 June 2020	59,586	14,126	89,559	33,862	197,133	652	197,785
At 1 January 2019	49,724	14,126	89,559	25,533	178,942	(3,279)	175,663
Total comprehensive income for the period	-	-	-	17,232	17,232	1,279	18,511
Issue of ordinary shares via private placement	9,862	-	-	-	9,862	-	9,862
At 30 June 2019	59,586	14,126	89,559	42,765	206,036	(2,000)	204,036

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

THRIVEN GLOBAL BERHAD

(Incorporated in Malaysia - 198901005042 (182350-H))

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

		<--------6 Months Ended------->	
		30.06.2020	**30.06.2019**
		RM '000	**RM '000**
Cash Flows from Operating Activities			
(Loss)/Profit before tax		(4,808)	24,357
Adjustments for :-			
Depreciation of property, plant and equipment		1,589	1,681
Depreciation of investment properties		-	4
Property, plant and equipment written off		372	-
Gain on disposal of investment properties		-	(1,214)
Finance costs		2,103	1,380
Interest income		(278)	(77)
Operating (loss)/profit before changes in working capital		(1,022)	26,131
Changes in working capital:			
Inventories		20,666	51,646
Receivables		(12,914)	(36,255)
Payables		(671)	(25,700)
Related companies		-	(3,050)
Cash generated from operating activities		6,059	12,772
Interest paid		(2,103)	(1,380)
Tax paid		(1,588)	(4,976)
Net cash generated from operating activities		2,368	6,416
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(77)	(676)
Additions to investment properties		(3,000)	-
Proceeds from disposal of investment properties		-	2,035
Interest received		278	77
Net cash (used in)/generated from investing activities		(2,799)	1,436
Cash Flows from Financing Activities			
Proceeds from issuance of shares		-	9,862
Net drawdown/(repayment) of borrowings		729	(16,687)
Placement of pledged deposits		(7)	(203)
Repayment of lease liabilities		(966)	(525)
Net cash used in financing activities		(244)	(7,553)
Net (decrease)/increase in Cash & Cash Equivalents		(675)	299
Cash & Cash Equivalents at beginning of financial period		12,226	(12,706)
Cash & Cash Equivalents at end of financial period	**Note A**	11,551	(12,407)

Note A :

Included in cash and cash equivalents as at 30 June are the following:

- Cash and deposits with licensed banks	15,955	6,394
- Bank overdrafts	(3,517)	(17,940)
- Deposits pledged	(887)	(861)
	11,551	(12,407)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the condensed consolidated interim financial statements are consistent with those adopted in the most recent annual audited consolidated financial statements for the financial year ended 31 December 2019 except for the adoption of the following:-

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 9	Interest Rate Benchmark Reform
Amendments to MFRS 101	Definition of Material
Amendments to MFRS 108	Definition of Material
Amendments to MFRS 139	Interest Rate Benchmark Reform

The adoption of the above has no material impact on the financial statements of the Group.

3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding year annual financial statements was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

The business of the Group is generally not subject to seasonal changes.

5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period ended 30 June 2020.

6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results for the current financial period ended 30 June 2020.

7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities, share buy-backs and share cancellations during the current financial period ended 30 June 2020.

8. PAYMENT OF DIVIDEND

No dividend was paid during the current financial period ended 30 June 2020.

9. SEGMENTAL REPORTING

a) Segment revenue and results

	Property Development RM'000	Investment Holding / Others RM'000	Elimination RM'000	Consolidated RM'000
6 months ended 30 June 2020				
Total Revenue				
External Revenue	62,862	150	-	63,012
Inter-segment revenue	-	3,058	(3,058)	-
	62,862	3,208	(3,058)	63,012
(Loss)/Profit from operations	(3,501)	5,718	(4,922)	(2,705)
6 months ended 30 June 2019				
Total Revenue				
External Revenue	148,279	161	-	148,440
Inter-segment revenue	-	3,066	(3,066)	-
	148,279	3,227	(3,066)	148,440
Profit from operations	22,229	2,559	949	25,737

b) Segment assets and liabilities

	Property Development RM'000	Investment Holding / Others RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2020				
Segment assets	454,768	330,942	(368,465)	417,245
Segment liabilities	349,993	129,866	(260,399)	219,460
As at 31 December 2019				
Segment assets	420,673	350,860	(347,825)	423,708
Segment liabilities	340,679	123,437	(244,836)	219,280

Segmental information relating to geographical areas of operations is not presented as the Group operates only in Malaysia.

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

11. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the financial period ended 30 June 2020.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 June 2020.

13. CHANGES IN CONTINGENT LIABILITIES / CAPITAL COMMITMENTS

There were no material changes in contingent liabilities and capital commitments as at the date of this report.

14. RELATED PARTY TRANSACTIONS

	2nd Quarter Ended		**6 Months Ended**	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors				
-Revenues recognised from the sale of properties under construction	274	(1,270)	692	(543)

Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

15. REVIEW OF PERFORMANCE

	6 Months Ended		Decrease
	30.06.2020 RM'000	30.06.2019 RM'000	%
Revenue	63,012	148,440	(58)
(Loss)/Profit before tax	(4,808)	24,357	(120)

The Group achieved revenues of RM63.01 million, which was 58% lower than the corresponding period's figure of RM148.44 million. The drop was mainly caused by the following:

(a) lower sales and slower construction progress due to the Movement Control Order ("MCO") from both our Lumi Tropicana and eNESTa Kepong projects;
(b) provision of liquidated ascertained damages ("LAD") in view of the delay in Lumi Tropicana Phase 1's handover; and
(c) higher revenues in the previous corresponding period due to the recognition of Lumi Retail's sale revenue in that period.

Accordingly with the lower revenues attained, the Group reported a pre-tax loss of RM4.81 million as compared to the corresponding period's pre-tax profit of RM24.36 million.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	2Q 2020 RM'000	1Q 2020 RM'000	Decrease %
Revenue	21,357	41,655	(49)
Loss before tax	(4,803)	(5)	(95,960)

The Group recorded lower revenues of RM21.36 million as compared to the preceding quarter's revenues of RM41.66 million. The drop of approximately 49% was mainly attributable to slower construction progress from our projects in the central and northern regions, which were affected by the commencement of the MCO on 18 March 2020.

As a result, the Group reported a pre-tax loss of RM4.80 million as compared to the preceding quarter's pre-tax loss of RM5k.

17. PROSPECTS

Lumi Tropicana

Lumi Tropicana (Phase 1) and Lumi Tropicana (Wellness Tower/Tower 3) achieved an average take up rate of 90% and 70% respectively for the units launched. In April 2019, we started selling the last of the four towers comprising the remaining 186 units of serviced residences, namely Lifestyle Tower/Tower 4. Sales of Lifestyle Tower units thus far have been commendable, and are still on-going during the Recovery MCO period. Our Phase 1 construction has been completed with the certificate of practical completion received on 31 January 2020 and notice of vacant possession to buyers issued on 29 June 2020. Construction of Phase 2 is catching up well following the reactivation of our construction works in June 2020, with physical construction works reaching up to 79.58% and 53.19% in Towers 3 and 4 respectively. Phase 2 is expected to be completed in the second quarter of 2021.

17. PROSPECTS (CONTINUED)

Kepong

In Kepong, both projects (Residensi ENESTA Kepong and Suite eNESTa Kepong) had been launched and received very encouraging responses from purchasers. All the non-bumiputra residential units for both projects have been fully sold. We are pleased to report that overall, the average take-up rate has exceeded 85% and further sales are expected upon the approval for release of more units from the bumiputra quota to non-bumiputra by the relevant authorities. Handover of Residensi ENESTA Kepong is now expected in the third quarter of 2020, due to delays caused by the MCO. The main building works for Suite eNESTa Kepong has attained level 16 and is estimated to be completed by the second quarter of 2021.

Northern Region

We have successfully completed and achieved strong sales for our single storey semi-detached houses (Indahyu) and fully sold the low medium cost apartments (Residensi eNESTa Desa Aman), continuing the positive trend from prior years. Based on these encouraging sales responses, the Group is planning to launch a series of affordable housing projects, including a new phase of affordable single storey terrace houses to meet the local market demand.

Covid-19 Impact Assessment

The Group has taken steps to alleviate and minimise the impact of the pandemic on our operations, which involve among others, prudent financial management and adapting our business plans to the prevailing market.

We do not have any major loan principal obligations due, other than a bridging loan which is amply secured by redemptions from existing sales. Most of our debt are revolving in nature which we have been servicing promptly. Hence, we do not anticipate any difficulty in meeting our debt obligations in the forseeable future. In addition, to further improve liquidity, we have managed to obtain interest moratoriums (for a period of three to six months) and certain other flexibilities to our credit facilities from several of our bankers. At the same time, we are obtaining a new credit facility for the Group's project working capital purposes.

The Group's developments have re-commenced work and we are now concentrating our efforts to deliver vacant possession of our existing projects, with Lumi Tropicana Phase 1 currently handling over vacant possession to its buyers. Both Lumi Tropicana Phase 1 and Residensi ENESTA Kepong projects will yield more than RM85 million in handover proceeds within 2020, which will further strengthen our financial position and sustain our working capital requirements. We have applied to the relevant authorities for a waiver of LAD charges due to delays attributable to the MCO in line with other property developers in the same situation. We are hopeful of obtaining the waiver with the approval of the new legislation to reduce the impact of COVID-19 ("COVID-19 Bill"). Upon the passing of the COVID-19 Bill, we also expect to write back approximately RM7 million of LAD in the second half of 2020.

The Group intends to deploy more resources to further develop our activities in the affordable housing sector as our future growth driver, particularly in Desa Aman, which continues to see resilient demand. We have already embraced the 'new normal', by better utilising our existing information technology resources and introducing new procedures to reduce health risks and increase our operating efficiencies.

Overall

For the financial year ending 31 December 2020 (“FY2020”), the Group’s revenues will continue to be underpinned by the unbilled sales of more than RM190 million from our on-going developments, to be delivered over the next 2 financial years.

The remainder of 2020 will be challenging for the local property market particularly with the likelihood of an economic downturn caused by the COVID-19 outbreak. With the lifting of restrictions under the Recovery MCO, we are starting to re-commence our business activities, and are formulating strategies to overcome the challenges in the new economic environment. As mentioned above, the Group is delivering vacant possession for both its Klang Valley (Lumi Tropicana and eNesta Kepong) and Desa Aman projects over the next 9 to 12 months, and consolidating its property development activities in the affordable housing segment going forward.

17. PROSPECTS (CONTINUED)

Overall (continued)

We are hopeful that the recent economic stimulus packages and accommodative monetary policies announced by the Government and the restart in business operations after 2 months of lockdown will kickstart and revive the economy. In particular, the Government's efforts under the PENJANA economic package to stimulate the property sector by re-introducing the Home Ownership Campaign, and exemption of real property gains tax for residential disposal, are expected to provide more impetus to market demand. Therefore, we are still cautiously optimistic that the local property market will remain relatively stable, especially in the affordable housing sub-sector, where we are planning the next phase of our Desa Aman development.

While sales in general may take some time to fully recover, we believe that demand in prime areas (our Lumi Tropicana and eNESTa Kepong developments are strategically located in mature and prime residential areas within the Klang Valley), will continue to be supported by scarcity values, expected improved liquidity and better sentiment in 2021 and beyond.

18. VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as there was no profit forecast or profit guarantee issued.

19. (LOSS)/PROFIT BEFORE TAXATION

	2nd Quarter Ended		6 Months Ended	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before tax is arrived at after charging/(crediting) the following:-				
Depreciation of property, plant and equipment	795	816	1,589	1,681
Depreciation of investment properties	-	-	-	4
Property, plant and equipment written off	-	-	372	-
Gain on disposal of investment properties	-	-	-	(1,214)
Finance costs	750	705	2,103	1,380
Interest income	(219)	(43)	(278)	(77)

20. TAX EXPENSE

	2nd Quarter Ended		6 Months Ended	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense				
Income tax	914	1,484	2,143	6,100
Deferred tax	(87)	(38)	(308)	(254)
Total tax expense charged in current period	827	1,446	1,835	5,846

The effective tax rates of the Group for the current quarter and current financial period were higher than the statutory tax rate of 24%, due mainly to the losses from other subsidiaries which reduced the profit before tax of the Group.

21. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed during the financial period ended 30 June 2020.

22. BORROWINGS

The details of the Group's borrowings are as follows:-

	30.06.2020 RM'000	31.12.2019 RM'000
Borrowings denominated in Ringgit Malaysia:		
Short Term - Secured	104,149	100,787
Long Term - Secured	5,593	8,304
	109,742	109,091

23. CHANGES IN MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration, either as plaintiff or defendant as at date of this report, which would have a material effect on the financial position of the Group.

24. DIVIDENDS

The Directors do not recommend any dividend for the financial period ended 30 June 2020.

25. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:-

	2nd Quarter Ended		6 Months Ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
(Loss)/profit for the period	(5,630)	4,081	(6,643)	18,511
Add: Non-controlling interests	64	(607)	(67)	(1,279)
(Loss)/Profit attributable to the owners of the Parent	(5,566)	3,474	(6,710)	17,232
Weighted average number of ordinary shares in issue ('000) ("WAVOS")	546,943	546,943	546,943	531,320
Basic earnings per ordinary share (sen) ("EPS")	(1.02)	0.64	(1.23)	3.24

There are no dilution effects for the bonus issue of warrants on the ordinary shares due to the warrants' adjusted exercise price of 48 sen being out-of-the-money since their listing on 13 October 2015. Accordingly, the diluted earnings per ordinary share for the reporting quarter and financial year are equal to the basic earnings per ordinary share.