

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

RM'000	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31.12.2020 (unaudited)	31.12.2019 (audited)	31.12.2020 (unaudited)	31.12.2019 (audited)
Revenue		308,923	471,633	1,199,484	1,319,393
Expenses		(281,314)	(457,294)	(1,364,390)	(1,328,188)
Other operating income	13	14,467	12,415	47,648	100,779
Profit/(loss) from operations		42,076	26,754	(117,258)	91,984
Finance costs		(17,724)	(6,986)	(55,187)	(45,599)
Share of results of associates		4,739	2,517	16,163	11,188
Share of results of joint ventures		5,526	(1,851)	3,366	(4,618)
Profit/(loss) before tax		34,617	20,434	(152,916)	52,955
Income tax expense	15	(7,457)	(13,119)	(22,950)	(34,263)
Profit/(loss) for the financial period		27,160	7,315	(175,866)	18,692
Other comprehensive income/(loss) for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		1,086	207	2,150	(195)
- share of associate's gain/(loss) on re-measurement of financial derivatives		-	94	332	29
Item that may not be reclassified subsequent to comprehensive income					
- actuarial gain on post-employment benefit obligations		1,345	-	1,345	-
Total comprehensive income/(loss) for the financial period, net of tax		29,591	7,616	(172,039)	18,526
Profit/(loss) for the financial period attributable to:					
Equity holders of the Company		26,898	6,029	(176,143)	23,739
Non-controlling interests		262	1,286	277	(5,047)
		27,160	7,315	(175,866)	18,692
Total comprehensive income/(loss) for the financial period attributable to:					
Equity holders of the Company		29,220	6,330	(172,425)	23,573
Non-controlling interests		371	1,286	386	(5,047)
		29,591	7,616	(172,039)	18,526
Basic earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)	23	0.61	0.14	(3.99)	0.54

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

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(RM'000)	As at 31.12.2020 (unaudited)	As at 31.12.2019 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	683,581	600,431
Investment properties	1,445,339	1,419,633
Right-of-use assets	56,547	77,207
Inventories	1,731,132	1,686,165
Associates	478,695	467,541
Joint ventures	335,769	295,148
Long term loan and receivables	224,326	242,767
Lease receivables	2,894	-
Intangible assets	219,396	224,259
Deferred tax assets	93,161	84,394
Amount due from joint ventures	79,562	79,086
	<u>5,350,402</u>	<u>5,176,631</u>
Current assets		
Inventories	852,281	963,153
Trade and other receivables	601,341	868,095
Amounts due from associates and joint ventures	15,578	139,472
Contract assets	669,269	719,107
Lease receivables	1,234	-
Tax recoverable	19,189	19,060
Financial assets at fair value through profit or loss	1,181	889
Other investment	301,816	-
Deposits, cash and bank balances	540,412	516,945
	<u>3,002,301</u>	<u>3,226,721</u>
Assets held for sale	-	77,679
TOTAL ASSETS	<u>8,352,703</u>	<u>8,481,031</u>

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

(RM'000)	As at 31.12.2020 (unaudited)	As at 31.12.2019 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,331,702	4,331,702
Retained earnings	241,103	460,716
Other reserves	5,211	(844)
	<u>4,578,016</u>	<u>4,791,574</u>
Non-controlling interests	10,726	31,901
Total equity	<u>4,588,742</u>	<u>4,823,475</u>
Non-current liabilities		
Deferred tax liabilities	76,791	76,953
Contract liabilities	140,259	140,258
Lease liabilities	40,624	58,118
Post-employment benefit obligations	18,155	20,673
Sukuk Murabahah	606,994	-
Long term borrowings	687,133	1,003,314
Long term liabilities	388,098	367,918
Government grant	130,918	131,541
	<u>2,088,972</u>	<u>1,798,775</u>
Current liabilities		
Contract liabilities	6,108	37,628
Lease liabilities	19,053	20,979
Other liabilities and charges	36,593	18,016
Trade and other payables	960,829	952,868
Current tax liabilities	13,773	4,265
Short term borrowings	638,633	824,799
	<u>1,674,989</u>	<u>1,858,555</u>
Liabilities associated with assets held for sale	-	226
Total liabilities	<u>3,763,960</u>	<u>3,657,556</u>
TOTAL EQUITY AND LIABILITIES	<u>8,352,703</u>	<u>8,481,031</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>103.8</u>	<u>108.6</u>

The condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

C. CONSOLIDATED STATEMENTS OF CASH FLOWS

(RM'000)	12 MONTHS ENDED	
	31.12.2020 (unaudited)	31.12.2019 (audited)
Operating activities		
Cash receipts from customers	1,313,029	1,402,984
Cash paid to suppliers and employees	(1,085,072)	(1,757,079)
Cash generated from/(used in) operations	227,957	(354,095)
Bank service charges paid	(3,025)	(5,031)
Net taxes (paid)/refunded	(9,374)	13,748
Net cash generated from/(used in) operating activities	215,558	(345,378)
Investing activities		
Net proceeds from divestment of equity investments	50,139	121,755
Settlement of amount due from a joint venture	86,100	-
Dividend received	24,415	29,265
Non-equity investments	(294,289)	6,966
Net cash (used in)/generated from investing activities	(133,635)	157,986
Financing activities		
Dividend paid to equity holders	(65,680)	(108,463)
Proceeds from borrowings	1,333,773	1,274,122
Repayment of borrowings	(1,254,614)	(936,033)
Net shareholder's advances	(176)	-
Finance costs paid	(71,759)	(76,923)
Withdrawal/(pledge) of restricted cash	113,212	(134,000)
Net cash generated from financing activities	54,756	18,503
Net increase/(decrease) in cash and cash equivalent	136,679	(168,889)
Cash and cash equivalents at beginning of the financial year	300,926	469,815
Cash and cash equivalent at end of financial year	437,605	300,926

For the purpose of the consolidated statements of cash flows, the cash and cash equivalents comprised the following:

Bank balances and deposits	540,412	516,945
Less: Bank balances and deposits held as security value	(102,807)	(216,019)
	437,605	300,926

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

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(RM'000)	Share Capital	Other Reserves	Retained Earnings	Total	Non- controlling Interests	Total Equity
As at 1 January 2020	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475
Comprehensive income/(loss)						
Profit/(loss) for the financial year	-	-	(176,143)	(176,143)	277	(175,866)
Other comprehensive income						
Currency translation differences	-	2,156	-	2,156	(6)	2,150
Share of associate's gain on re-measurement of financial derivatives	-	332	-	332	-	332
Post-employment benefit obligation	-	(650)	650	-	-	-
Actuarial gain on post-employment benefit obligations	-	1,230	-	1,230	115	1,345
Total comprehensive income/(loss)	-	3,068	(175,493)	(172,425)	386	(172,039)
Transactions with owners						
Share-based payment transaction	-	2,987	-	2,987	-	2,987
Dividends paid for financial year ended						
- 31 December 2019	-	-	(44,120)	(44,120)	-	(44,120)
- 31 December 2020	-	-	-	-	(21,560)	(21,560)
Total transactions with owners	-	2,987	(44,120)	(41,133)	(21,560)	(62,693)
As at 31 December 2020 (unaudited)	4,331,702	5,211	241,103	4,578,016	10,727	4,588,743

OTHER RESERVES

(RM'000)	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	Total
As at 1 January 2020	1,334	(1,144)	5,382	(6,416)	(844)
Other comprehensive income					
Currency translation differences	-	2,156	-	-	2,156
Share of associate's gain on re-measurement of financial derivatives	332	-	-	-	332
Post-employment benefit obligations	-	-	-	(650)	(650)
Actuarial gain on post-employment benefit obligations	-	-	-	1,230	1,230
Total comprehensive income	332	2,156	-	580	3,068
Transactions with owners					
Share-based payment transaction	-	-	2,987	-	2,987
	-	-	2,987	-	2,987
As at 31 December 2020 (unaudited)	1,666	1,012	8,369	(5,836)	5,211

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	Share Capital	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
As at 1 January 2019	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453
Comprehensive income/(loss)						
Profit/(loss) for the financial year	-	-	23,739	23,739	(5,047)	18,692
Other comprehensive income/(loss)						
Currency translation differences	-	(195)	-	(195)	-	(195)
Share of associate's gain on re-measurement of financial derivatives	-	29	-	29	-	29
Total comprehensive income/(loss)	-	(166)	23,739	23,573	(5,047)	18,526
Transactions with owners						
Issuance of ordinary shares pursuant to Restricted Share Plan	13,477	(13,477)	-	-	-	-
Acquisition of additional equity interest in a subsidiary	-	-	(946)	(946)	196	(750)
Share-based payment transaction	-	13,709	-	13,709	-	13,709
Dividends paid for financial year ended						
- 31 December 2018	-	-	(77,211)	(77,211)	-	(77,211)
- 31 December 2019	-	-	-	-	(31,252)	(31,252)
Total transactions with owners	13,477	232	(78,157)	(64,448)	(31,056)	(95,504)
As at 31 December 2019 (audited)	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

(RM'000)	OTHER RESERVES				Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	
As at 1 January 2019	1,305	(949)	5,150	(6,416)	(910)
Other comprehensive income/(loss)					
Currency translation differences	-	(195)	-	-	(195)
Share of associate's gain on re-measurement of financial derivatives	29	-	-	-	29
Total other comprehensive income/(loss)	29	(195)	-	-	(166)
Transactions with owners					
Issuance of ordinary shares pursuant to Restricted Share Plan	-	-	(13,477)	-	(13,477)
Share-based payment transaction	-	-	13,709	-	13,709
Total transactions with owners	-	-	232	-	232
As at 31 December 2019 (audited)	1,334	(1,144)	5,382	(6,416)	(844)

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT****1. BASIS OF PREPARATION**

This unaudited quarterly financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2019.

Below are the applicable new standards and amendments to standards and interpretations effective for the current financial year beginning on 1 January 2020;

- (1) Revised Conceptual Framework for Financial Reporting
- (2) Amendments to MFRS 3 - Definition of a Business
- (3) Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform
- (4) Amendments to MFRS 101 Presentation of Financial Statements - Definition of Material
- (5) Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above Amendments to MFRSs does not have any significant effect on the consolidated financial statements of the Group.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding annual financial statements was not subject to any qualification.

3. SEASONAL OR CYCLICAL FLUCTUATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial quarter under review. However, the results of the quarter under review were affected by the unprecedented challenging operating environment due to the Covid-19 pandemic.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There were no items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows in the financial quarter under review.

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in estimates of amounts reported in the prior financial year that would have a material effect on the results of the financial quarter under review.

6. DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial quarter under review.

7. DIVIDENDS

The Directors approved and declared a first and final single tier dividend in respect of the financial year ended 31 December 2020 of 1.00 sen per ordinary share, totaling approximately RM44.1 million. The payment will be made on 25 May 2021.



UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

8. SEGMENTAL REPORTING

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
12 months ended 31.12.2020					
Total revenue	653,259	804,281	48,133	209,346	1,715,019
Inter-segment revenue	(18,153)	(289,388)	(4,354)	(203,640)	(515,535)
External revenue	635,106	514,893	43,779	5,706	1,199,484
Segment profit/(loss)	46,692	(174,320)	6,872	807	(119,949)
Unallocated corporate expenses					(13,946)
Finance income					16,637
Finance costs					(55,187)
Share of results of associates and joint ventures	10,956	8,573	-	-	19,529
Loss before tax					(152,916)



UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

8. SEGMENTAL REPORTING (cont'd)

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
12 months ended 31.12.2019					
Total revenue	678,207	999,292	57,499	281,448	2,016,446
Inter-segment revenue	(111,515)	(319,749)	(3,860)	(261,929)	(697,053)
External revenue	566,692	679,543	53,639	19,519	1,319,393
Segment profit/(loss)	76,800	23,058	5,965	(3,725)	102,098
Unallocated corporate expenses					(29,704)
Finance income					19,590
Finance costs					(45,599)
Share of results of associates and joint ventures	6,218	352	-	-	6,570
Profit before tax					52,955

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT (cont'd)****9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT**

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

10. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

There was no material event subsequent to the end of the financial quarter ended 31 December 2020 that has not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

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

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(RM'000)	As at 31.12.2020	As at 31.12.2019
Performance guarantees extended to third parties *	1,027,313	1,077,514

* Included in the performance guarantees extended to third parties is an amount of RM31.3 million that had been called on previously by third parties. The Group has instituted injunction proceedings against the third parties. In the Financial Year 2019, the Group and the third parties entered into a Dispute Resolution Agreement whereby the third parties agreed to an interim injunction to preserve the status quo on the performance guarantees pending determination of the dispute between the parties via Arbitration. On this basis, the performance guarantees have not been provided for in the financial statements.

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad's Listing Requirements, the financial assistance provided by the Company is as follow:

Company Guarantee

The Company issued a joint and several corporate guarantee to guarantee the due performance and obligations of MRCB George Kent Sdn Bhd ("MRCBGK") in relation to the design and construction work of the Light Rail Transit Line 3. MRCBGK is a jointly controlled entity of the Company and equally owned by George Kent (Malaysia) Berhad and the Company.

The directors are of the opinion that the transaction above has been entered into in the normal course of business.

There were no material contingent assets to be disclosed.

13. OTHER OPERATING INCOME

There were no items of an unusual nature in the other operating income in the financial quarter under review.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

14. PROFIT FROM OPERATIONS

Profit from operations was arrived at after (charging)/crediting:

(RM'000)	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Depreciation of:				
- investment properties	(2,947)	(3,086)	(12,356)	(12,533)
- property, plant and equipment	(2,115)	(5,213)	(18,661)	(23,795)
(Amortisation)/recognition of:				
- order book	(1,527)	(2,175)	(5,980)	(3,882)
- right-of-use assets	(5,350)	(5,497)	(22,657)	(20,967)
- government grant	145	66	623	264
- patent	(306)	(293)	(1,214)	(829)

15. INCOME TAX EXPENSE

(RM'000)	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
In Malaysia				
Current tax	(10,770)	(5,899)	(28,613)	(20,980)
Real property gain tax	-	-	-	(4,257)
(Under)/over provision in prior years	(4,672)	2,515	(2,705)	435
Deferred tax	4,753	(10,238)	6,547	(13,449)
	<u>(10,689)</u>	<u>(13,622)</u>	<u>(24,771)</u>	<u>(38,251)</u>
Foreign				
Current tax	(6)	(86)	(63)	(86)
Over provision in prior year	46	-	46	-
Deferred tax	3,192	589	1,838	4,074
	<u>3,232</u>	<u>503</u>	<u>1,821</u>	<u>3,988</u>
Income tax expense	<u>(7,457)</u>	<u>(13,119)</u>	<u>(22,950)</u>	<u>(34,263)</u>

The dividend income received from the Group's associate, Sentral REIT (formerly known as MQ REIT) is taxable. The computation of the tax for the financial quarter under review has been accounted for accordingly.

The deferred tax was mainly due to the net impact from the reversal of deferred tax liabilities and some non-deductible temporary differences, as well as recognition of unabsorbed tax losses and deductible timing differences as deferred tax assets.

16. CORPORATE PROPOSALS

There were no corporate proposals announced that are yet to be completed at the date of this report.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT (cont'd)****17. GROUP BORROWINGS**

The tenure of the Group borrowings classified as long and short term were as follows:

	Long term	Short term	Short term	Total	Total
Denomination	RM	RM	AUD	RM	AUD
('000)					
As at 4th quarter of 2020					
Secured	1,294,127	488,633	-	1,782,760	-
Unsecured	-	150,000	-	150,000	-
As at 4th quarter of 2019					
Secured	1,003,314	517,252	156,829	1,520,566	156,829
Unsecured	-	150,718	-	150,718	-

The net increase of RM261.48 million in the Group's borrowings compared to 31 December 2019 was mainly due to the issuance of Sukuk Murabahah of RM600.0 million completed on 14 August 2020. Subsequently, part of the proceeds were utilised to redeem a land loan that was earlier secured at a higher interest rate. The balance of the proceeds from the Sukuk Murabahah are to be used for other project financing and for working capital requirements.

As at 31 December 2020, the borrowings consisted mainly of:

Secured term loans

- (a) Financing facility of RM310.6 million for the Group's working capital;
- (b) Sukuk Murabahah Program totaling RM607.0 million, comprising RM600.0 million principal and RM7.0 million accrued profits, for the Group's working capital;
- (c) Other project loans of RM865.2 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- (d) Short term borrowings of RM150.0 million for the Group's working capital.

The Group's borrowings as at 31 December 2020 were denominated in Ringgit Malaysia. The weighted average interest rate as at 31 December 2020 was 3.93% per annum (31 December 2019: 5.38%).

The Group's Net Gearing as at 31 December 2020 was 0.24 times (31 December 2019: 0.27 times).

18. MATERIAL LITIGATION

There was no material litigation arising from the Group's operational transactions as at the date of this report.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	12 MONTHS ENDED		VARIANCE (Value / %)
	31.12.2020	31.12.2019		31.12.2020	31.12.2019	
Revenue	308,923	471,633	(162,710) (34%)	1,199,484	1,319,393	(119,909) (9%)
Operating profit	42,076	26,754	15,322 57%	(117,258)	91,984	(209,242) (227%)
Profit/(loss) before interest and tax	42,245	20,978	21,267 101%	(131,204)	72,394	(203,598) (281%)
Profit/(loss) before tax	34,617	20,434	14,183 69%	(152,916)	52,955	(205,871) (389%)
Profit/(loss) after tax	27,160	7,315	19,845 271%	(175,866)	18,692	(194,558) (1,041%)
Total profit/(loss) attributable to equity holders of the Company	26,898	6,029	20,869 346%	(176,143)	23,739	(199,882) (842%)

The Group recorded revenue of RM1.2 billion and a loss before tax of RM152.9 million for the financial year ended 31 December 2020, compared to revenue of RM1.3 billion and a profit before tax of RM53.0 million in the preceding financial year ended 31 December 2019. The impact of the Covid-19 pandemic resulted in construction site closures and prolonged restrictions from the Movement Control Order (“MCO”) on 18 March 2020, the Conditional Movement Control Order (“CMCO”) on 4 May 2020 and subsequently the Recovery Movement Control Order (“RMCO”) from 10 June 2020 through to the end of 2020. Construction work resumed after the CMCO and throughout the RMCO albeit with reduced productivity levels compared to before the Covid-19 pandemic, due to strict compliance to Standard Operating Procedures (“SOPs”) and other restrictions imposed on the construction and property industry. Despite stringent adherence to these SOPs, certain project sites were also voluntarily closed down for two weeks at a time as a precautionary measure when Covid-19 cases were detected.

While revenue was largely contributed by the Property Development & Investment Division, which recorded a 12% increase mainly on account of the commencement of revenue recognition from the Group’s property development project 1060 Carnegie in Melbourne, the speed of achieving financial settlement for the units sold was affected by multiple Covid-19 related lockdowns in the State of Victoria, Australia.

In view of the unprecedented challenges of Covid-19, the Group performed a detailed business impact assessment of the pandemic on the Group’s operations in the financial year, including the recoverability of the carrying amounts of assets in the Engineering, Construction & Environment Division. As a result, the Group had in the second quarter resolved to provide RM197.4 million for the impairment of the Division’s contract assets, trade and other receivables it believes will be impacted as a result of the pandemic from some of the Division’s completed construction projects. However, some recoveries were made subsequently, thus reducing the Division’s provision to RM170.2 million for the financial year ended 31 December 2020.

Since the resumption of construction activities disrupted by the various movement restrictions, the Group has seen continued improvements in its profitability, reflecting its ability to recognise more revenue as construction progress gained momentum, albeit at a slower pace compared to pre-pandemic levels. This is seen by the stronger performance in the 2nd half of 2020, which produced Revenue of RM606.5 million and Profit Before Tax of RM42.2 million, compared to Revenue of RM592.9 million and Profit Before Tax, excluding the impairments, of RM7.3 million in the 1st half of 2020. Excluding the impairments, the Group recorded a Profit Before Tax of RM22.4 million in 2020.

The Group’s 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed higher profit after tax of RM8.1 million to the Group compared to RM0.6 million in 2019 due to construction progress which reached 46% as at 30 December 2020. The Group’s 27.94% equity owned Sentral REIT and associated company, Sentral REIT Management Sdn Bhd (formerly known as MRCB Quill Management Sdn Bhd), contributed a combined profit after tax of RM16.0 million to the Group compared with RM15.9 million in 2019.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)

Segmental Breakdown of Revenue & Profit/(Loss) - Note 8*

(RM'000)	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<u>Revenue</u>				
Property development & investment	145,701	195,323	635,106	566,692
Engineering, construction & environment	151,648	258,673	514,893	679,543
Facilities management & parking	10,115	14,259	43,779	53,639
Others	1,459	3,378	5,706	19,519
	<u>308,923</u>	<u>471,633</u>	<u>1,199,484</u>	<u>1,319,393</u>
<u>Profit/(Loss)</u>				
Property development & investment	12,345	6,973	46,692	76,800
Engineering, construction & environment	24,356	19,774	(174,320)	23,058
Facilities management & parking	1,194	2,318	6,872	5,965
Others	882	(2,612)	807	(3,725)
	<u>38,777</u>	<u>26,453</u>	<u>(119,949)</u>	<u>102,098</u>

* Profit/(loss) before unallocated corporate expenses, finance costs and income and share of associates & joint ventures results.

The revenue and profit/(loss) of the Group was mainly attributable to the two core operating segments below:

(i) Property Development & Investment

The Property Development & Investment Division recorded a 12% increase in revenue to RM635.1 million, compared to RM566.7 million in 2019. The increase was mainly due to the commencement of revenue recognition from the Group's property development project in Melbourne, 1060 Carnegie upon the progressive handover and financial settlement of purchased units following its completion in December 2019. However, there have been delays in financial settlements and a slowdown in sales as Victoria State in Australia implemented much tougher movement restrictions and total lockdowns during the second half of 2020. Other revenue contributions came from the sale of completed unsold inventory and on-going development projects, namely Sentral Suites in KL Sentral, the 9 Seputeh mixed residential developments in Jalan Klang Lama and the office towers in PJ Sentral Garden City. Recurring rental income from the Group's investment properties such as Celcom Tower in PJ Sentral Garden City and Plaza Alam Sentral in Shah Alam also contributed to the revenue recognised by the Division. The Division also saw the completion and handing over of the MyIPO Office Tower in PJ Sentral Garden City on 13 November 2020 and the launching of 80 landed units for the Amaryliss development in Bandar Seri Iskandar with a GDV of RM15.3 million on 18 August 2020.

However, the Division recorded lower operating profits of RM46.7 million in 2020 compared to RM76.8 million in 2019, mainly due to the complete halt in construction works during the MCO and the subsequent restrictions arising from the CMCO and RMCO rulings and their impact on construction progress and therefore revenue recognition from the Group's property development projects. The decline in operating profit was further amplified by the gain before tax of RM58.8 million from the disposal of the Group's entire 30% equity interest in One IFC Sdn Bhd recorded in 2019.

The Group's investment holding in Sentral REIT contributed income of RM15.0 million in the financial year ended 31 December 2020.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)

(ii) Engineering, Construction & Environment

The Engineering, Construction and Environment Division recorded a 24% decrease in revenue to RM514.9 million in the financial year ended 31 December 2020, compared to RM679.5 million in 2019. As stated earlier in this Note 19, the complete halt in construction works during the MCO and the restrictions arising from compliance to strict SOPs during the CMCO and RMCO rulings impeded construction progress and revenue recognition. In view of the unprecedented challenges of Covid-19, the Group performed a detailed business impact assessment of the pandemic on the Group's operations in the current financial year, including the recoverability of the carrying amounts of assets in the Engineering, Construction & Environment Division. As a result, the Group had in the second quarter resolved to provide RM197.4 million for the impairment of the Division's contract assets, trade and other receivables it believes will be impacted as a result of the pandemic from some of the Division's completed construction projects. However, some recoveries were made subsequently, reducing the Division's provision to RM170.2 million for the financial year ended 31 December 2020. This resulted in the Division incurring an operating loss of RM174.3 million in 2020, compared to an operating profit of RM23.1 million recorded in the corresponding period in 2019.

The bulk of the Division's revenue was contributed from the construction progress of the EPF Headquarters at Kwasa Sentral, Damansara-Shah Alam Elevated Highway Package CB2, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2, Mass Rapid Transit Line 2 Package V210 and construction works of the property development projects stated in (i) above. The Division also completed the Larkin Indoor Stadium in Johor worth RM68 million and PR1MA Kajang worth RM173 million during the financial year.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed higher profit after tax of RM8.1 million to the Group compared to RM0.6 million in 2019 due to construction progress achieved in 2020.

20. FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
(RM'000)	31.12.2020	30.9.2020	
Revenue	308,923	297,626	11,297 / 4%
Operating profit	42,076	15,883	26,193 / 165%
Profit before interest and tax	42,245	8,629	33,616 / 390%
Profit before tax	34,617	7,625	26,992 / 354%
Profit after tax	27,160	795	26,365 / 3,316%
Total profit attributable to equity holders of the Company	26,898	920	25,978 / 2,824%

In the quarter ended 31 December 2020, the Group recorded revenue of RM308.9 million and a profit before tax of RM34.6 million, compared to revenue of RM297.6 million and a profit before tax of RM7.6 million recorded in the preceding quarter ended 30 September 2020.

The higher revenue of RM308.9 million and profit before tax of RM34.6 million in the quarter under review was mainly due to the better performance from the Engineering, Construction & Environment Division, which contributed revenue of RM151.6 million and an operating profit of RM24.4 million, compared to revenue of RM131.7 million and an operating loss of RM3.0 million in the immediate preceding quarter. The increase in revenue and profits in the quarter ended 31 December 2020 reflected the Group's ability to recognise more revenue as the construction progress gained momentum since the implementation of the RMCO, albeit at a slower pace compared to pre-pandemic levels, and the Group's ability to adapt to the new normal.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT (cont'd)****21. PROSPECTS**

The Group's major source of revenue and operating profits come from its Property Development & Investment and Engineering, Construction & Environment Divisions.

(i) Property Development & Investment

As at 31 December 2020, the Group's Property Development & Investment Division sold RM187.3 million worth of properties in 2020. Of the Group's residential projects currently in development, Sentral Suites had achieved a sales rate of 84%, TRIA in 9 Seputeh had achieved a sales rate of 41% and Alstonia in Bukit Rahman Putra 26%. The Division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,534 million), TRIA in 9 Seputeh (GDV: RM939 million) and Alstonia in Bukit Rahman Putra (GDV: RM248 million), as well as the remaining completed unsold units in Sentral Residences in KL Sentral, VIVO Residences in 9 Seputeh, Kalista Park Homes in Bukit Rahman Putra, and 1060 Carnegie in Melbourne, Australia. Of the Group's completed developments, as at 31 December 2020, Sentral Residences had achieved a sales rate of 99%, VIVO Residences in 9 Seputeh had achieved a sales rate of 81%, and Kalista in Bukit Rahman Putra 85%. The Group's 1060 Carnegie project in Melbourne, which has been fully constructed and is in the process of financial settlement and the handover of units to purchasers, has achieved a sales rate of 71%.

Revenue and operating profit in the Property Development & Investment Division will continue to be progressively recognised, albeit at a slower pace due to lower onsite productivity due to strict adherence to movement restriction SOPs, in line with construction progress in 2021 and beyond. Sentral Suites had reached 44% construction progress as at the end of 2020 and will continue to contribute revenue and profits as its construction progresses, while TRIA in 9 Seputeh, which had reached 30% construction progress as at end 2020, will only commence contributing more significant revenues in 2021 and beyond, and after the development's sales rate increases further from the 41% at the end of 2020. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development which was fully constructed in December 2019 is expected to contribute further revenue and operating profit upon the handover and financial settlement of more units to purchasers; 113 units have achieved financial settlement out of the total of 122 units sold as at the end of 2020. It is anticipated that sales should increase as Victoria State in Australia has now eased its tough movement restrictions beginning 28 October 2020.

The Division had total cumulative unbilled sales which are expected to deliver RM1,108 million in revenue to be booked over the construction period of its projects, of which all are residential projects. Furthermore, the Division is earmarking the launch of several new development projects in 2021 worth approximately RM1 billion that should generate revenues in 2022 and beyond, assuming the pandemic situation continues to be under control.

Overall, the Group believes the outlook for the economy and the property market will remain challenging for the foreseeable future and has embarked on austerity and cost cutting measures. This concern is further reinforced with the recent wave of increased Covid-19 infections experienced in Malaysia, and the Klang Valley in particular where most of the Company's on-going developments are located, and the reinstatement of the MCO on 13 January 2021 until 4 March 2021, with a possibility of further extensions. Nevertheless, construction of the Division's key ongoing property developments continues to progress during this MCO, albeit at lower productivity levels compared to before the onset of the Covid-19 pandemic.

The company's immediate priorities in 2021 remain on enhancing cashflow by monetising its inventory of unsold completed stock, which stood at RM468.8 million on 31 December 2020. However, sales are likely to remain subdued due the general covid-19 environment and the closure of borders, which has impacted access to foreign markets that have been a source of sales for both VIVO 9 Seputeh and Sentral Suites.

In the meantime, the Group will continue to closely monitor conditions in the broader economy and property market, revising its strategies and financial targets accordingly, including reviewing its future launches if conditions dictate.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

E. NOTES TO THE REPORT (cont'd)

21. PROSPECTS (cont'd)

(i) Property Development & Investment (continued)

With interests in 323 acres of urban land, the Group has a sustainable supply of future projects over the long term with a total GDV of RM32 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM' Mil)
Transport Oriented Developments	145.33	25,548
Commercial	67.52	770
Residential	93.96	5,803
International	1.00	290
Others	15.63	-
Grand Total	323.44	32,411

The Division also earns a relatively stable income stream from its remaining investment property in Shah Alam and from Celcom Tower, as well as its 27.94% interest in Sentral REIT.

(ii) Engineering, Construction & Environment

The Engineering, Construction & Environment Division continues to actively tender for more contracting projects to replenish its order book, but there have been very few new large construction projects put out to tender. The Division is placing greater emphasis on seeking infrastructure projects, and although it had open tenders valued at RM2,694 million as at 31 December 2020, many of these project tenders have subsequently been delayed or indefinitely postponed due to the pandemic. As at end 2020, the external client order book stood at RM21.7 billion. This will ensure that the Division has a steady pipeline of contracts to sustain its business over the long term. These projects are also anticipated to form the backbone of the Division's revenue and operating profit recognition moving forward through 2021 and beyond.

While revenues from the Division were adversely impacted by the halt in construction activity during the MCO in 2020, construction activity has now resumed albeit at a slower pace and productivity levels compared to before the pandemic, due to distancing and strict adherence to other Government imposed health and safety protocols, including during the recent reinstatement of the MCO on 13 January 2021. Despite this, the Division anticipates the completion of several key construction projects in 2021, namely the Damansara-Shah Alam Elevated Highway (DASH) Package CB2, Sungai Besi-Ulu Kelang Elevated (SUKU) Expressway Package CA2, and Mass Rapid Transit Line 2 (MRT2) Package V210. The LRT3 project, which achieved construction progress of 46% as at 31 December 2020, should also see profit recognition pick up in 2021, albeit at a slower pace due to the implementation of stricter standard operating procedures to prevent the spread of Covid-19.

Major Construction Projects	Contract Value (RM' Mil)
Bukit Jalil Sentral	10,957
LRT3 *	5,686
Kwasa Utama C8	3,135
MRT2 Package V210	497
DASH - Package CB2	341
PR1MA Brickfields	335
Others	760
Total	21,711

* 50% of joint venture's total contract value

As at 31 December 2020, the unbilled construction order book stood at RM20.5 billion.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT (cont'd)****22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE**

Not applicable.

23. EARNINGS/(LOSS) PER SHARE (EPS/LPS)**Basic EPS/LPS**

The basic EPS/LPS is calculated by dividing the net profit/(loss) in the financial year by the weighted average number of shares in issue during the financial year.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net profit/(loss) for the financial quarter attributable to the owners of the parent (RM'000)	26,898	6,029	(176,143)	23,739
Weighted average number of ordinary shares in issue ('000)	4,412,046	4,412,046	4,412,046	4,405,901
Basic EPS/(LPS) (sen)	0.61	0.14	(3.99)	0.54

Diluted Earnings/(Loss) Per Share

Warrants B were not included in the calculation for the financial year under review because the fair value of the issued ordinary shares as at 31 December 2020 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT (cont'd)****24. TRADE RECEIVABLES**Exposure to credit risk, credit quality and collateral

Given the varied nature of the Group's customer base, the following analysis of trade receivables by type of customers are considered the most appropriate disclosure of credit concentration.

(RM'000)	As at 31.12.2020	As at 31.12.2019
Property development	78,221	99,913
Property investment	20,310	17,435
Engineering, construction & environment	164,105	192,813
Facilities management & parking	5,602	4,153
Others	-	32
	<u>268,238</u>	<u>314,346</u>
Trade receivables include retention sums for contracts, under engineering, construction & environment	<u>128,369</u>	<u>131,912</u>

Impairment losses

Generally, the property units sold under the property development segment are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. The Group is also exposed to significant concentration of risk to a few customers in its engineering, construction & environment segment.

In view of that, the Group has not recognised any further impairment losses in respect of trade receivables arising from its property development and engineering, construction and environment segments, other than what has been disclosed in Note 19.

The Group applies MFRS 9 'Financial Instruments' simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables in its property investment and facilities management & parking segments.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowances as at 31 December 2020 and 31 December 2019 were determined as follows for trade receivables in the property investment and facilities management & parking segments.:

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**E. NOTES TO THE REPORT (cont'd)****24. TRADE RECEIVABLES (cont'd)**Impairment losses (continued)

The ageing of trade receivables of the Group arising from the property investment and facilities management & parking segments as at the end of the financial year were as follows:

(RM'000)	Gross	Individual impairment	Expected loss rate	Collective impairment	Net
31.12.2020					
Not past due	32	-	-	-	32
Past due					
- less than three months	3,506	-	-	-	3,506
- between three to six months	2,489	-	-	-	2,489
- between six months and one year	4,440	-	-	-	4,440
- more than one year	11,395	(8,876)	-	-	2,519
	<u>21,862</u>	<u>(8,876)</u>	<u>-</u>	<u>-</u>	<u>12,986</u>
31.12.2019					
Not past due	1,814	-	-	-	1,814
Past due					
- less than three months	3,966	-	-	-	3,966
- between three to six months	1,157	-	-	-	1,157
- between six months and one year	2,105	(2)	-	-	2,103
- more than one year	12,546	(7,039)	-	-	5,507
	<u>21,588</u>	<u>(7,041)</u>	<u>-</u>	<u>-</u>	<u>14,547</u>

The closing allowances for the Group's trade receivables in the property investment and facilities management & parking segments as at 31 December 2020 reconcile to the opening loss allowances as follows:

(RM'000)	As at 31.12.2020	As at 31.12.2019
Opening loss allowance as at 1 January	7,041	5,615
Impairment loss recognised	1,859	1,599
Impairment loss reversed	(24)	(173)
As at 31 December	<u>8,876</u>	<u>7,041</u>

Kuala Lumpur
25 February 2021

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary