

MEDIA RELEASE**2020 IMPACTED BY COVID-19 RESTRICTIONS;
IMPROVED PERFORMANCE IN 2ND HALF OF 2020**

KUALA LUMPUR, 25 FEBRUARY 2021 – Malaysian Resources Corporation Berhad (MRCB) recorded Revenue of RM1.2 billion and Loss Before Tax of RM152.9 million in 2020, as a result of RM175.3 impairment provisions relating to completed construction projects impacted by the pandemic. Without these provisions, the Group would have recorded a profit of RM22.4 million in 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.

The Property Development & Investment Division recorded a 12% increase in Revenue to RM635.1 million, which was largely due to revenue recognition from its 1060 Carnegie project in Melbourne, upon the financial settlement of purchased units. 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. The Division recorded lower Operating Profits of RM46.7 million in 2020 compared to RM76.8 million in 2019, mainly due to disruptions from various movement restrictions throughout the year, and their impact on construction progress billings. The 39% decline in Operating Profits was further amplified by a 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 Division sold RM187.3 million worth of properties and had unbilled property sales of RM1.1 billion at the end of 2020.

The Engineering, Construction & Environment Division recorded Revenue of RM514.9 million, which was largely contributed by the new EPF Headquarters at Kwasa Sentral, DASH Elevated Highway Package CB2, SUKE Elevated Expressway Package CA2 and MRT2 Package V210 projects. The Division also completed the RM68 million Larkin Indoor Stadium in Johor and the RM173 million PR1MA Kajang in 2020. The Group's 50%-owned LRT3 project joint venture company contributed Profit After Tax of RM8.1 million compared to RM0.6 million in 2019. Due to the pandemic, the Division performed a detailed business impact assessment on the recoverability of the carrying amounts of assets, and subsequently provided RM197.4 million for the impairment of contract assets, trade and other receivables it believes will be impacted by the pandemic in the second quarter of 2020. However, after some recoveries in the fourth quarter, the provision was reduced to RM170.2. This resulted in the Division incurring an operating loss of RM174.3 million in 2020, compared to an operating profit of RM23.1 million in 2019.

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About MRCB

MRCB is a leading urban property and construction company, which has been listed on the Main Board of Bursa Malaysia since 1971.

The Group's activities span three areas: Property Development & Investment; Engineering, Construction & Environment and Facilities Management & Parking.

As the developer of the iconic RM18 billion KL Sentral CBD, MRCB pioneered Transit Oriented Development (TOD) in Malaysia and is setting the standard for future fully integrated TOD projects. MRCB's property development revenues are underpinned by its 323-acre urban land bank which has an estimated GDV of RM32 billion. Its property investment activity is conducted through its 27.94% equity stake in Sentral REIT (formerly known as MRCB-Quill REIT).

Apart from constructing world class commercial and residential developments, MRCB's Engineering, Construction & Environment Division also has an enviable track record in highways, rail infrastructure, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. The division currently has an external order book of RM21.7 billion.

MRCB's largest shareholder is the Employees Provident Fund.

Visit www.mrcb.com for more information.

Media Contact

Noreen Sabrina Mohd Noor

Corporate Communications

Malaysian Resources Corporation Berhad

Direct Line: +603 2786 8034

Email: noreensabrina@mrcb.com

Address: Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral,
50470 Kuala Lumpur