

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(RM'000)	Note	3 MONTHS ENDED		3 MONTHS ENDED	
		31.3.2018 (unaudited)	31.3.2017 (restated)	31.3.2018 (unaudited)	31.3.2017 (restated)
Revenue		427,596	519,840	427,596	519,840
Expenses		(419,329)	(473,744)	(419,329)	(473,744)
Other operating income	13	15,893	17,202	15,893	17,202
Profit from operations		24,160	63,298	24,160	63,298
Finance costs		(4,272)	(35,180)	(4,272)	(35,180)
Share of results of associates		2,807	(2,436)	2,807	(2,436)
Share of results of joint ventures		7,864	1,297	7,864	1,297
Profit before tax		30,559	26,979	30,559	26,979
Income tax expense	15	(4,933)	(8,417)	(4,933)	(8,417)
Profit for the financial period		25,626	18,562	25,626	18,562
Other comprehensive income for the financial period, net of tax:					
Items that may be reclassified subsequent to comprehensive income					
- currency translation differences		6	296	6	296
- share of associate's gain on re-measurement of financial derivatives		99	79	99	79
Total comprehensive income for the financial period, net of tax		25,731	18,937	25,731	18,937
<b>Profit for the financial period attributable to:</b>					
Equity holders of the Company		21,527	8,638	21,527	8,638
Non-controlling interests		4,099	9,924	4,099	9,924
		25,626	18,562	25,626	18,562
<b>Total comprehensive income for the financial period attributable to:</b>					
Equity holders of the Company		21,632	9,013	21,632	9,013
Non-controlling interests		4,099	9,924	4,099	9,924
		25,731	18,937	25,731	18,937
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)					
	23	0.49	0.40	0.49	0.40

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(RM'000)	Note	As at 31.3.2018 (unaudited)	As at 31.12.2017 (restated)	As at 1.1.2017 (restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		636,704	614,240	437,823
Investment properties		1,236,880	1,211,298	520,077
Land held for property development		1,559,761	1,557,440	1,767,639
Service concession asset		-	-	1,176,347
Associates		276,145	285,608	289,320
Joint ventures		300,930	293,065	12,545
Long term loan and receivable		3,435	3,920	34,497
Amount due from joint venture		30,268	30,268	-
Intangible assets		224,103	225,633	252,868
Deferred tax assets		122,172	117,663	96,248
		<u>4,390,398</u>	<u>4,339,135</u>	<u>4,587,364</u>
<b>Current assets</b>				
Inventories		925,951	885,099	816,185
Trade and other receivables (see Note)		3,111,185	3,020,608	1,334,862
Amount due from associates and joint ventures		146,676	134,380	19,981
Tax recoverable		20,568	15,973	22,217
Financial assets at fair value through profit or loss		1,524	2,222	2,832
Service concession asset		1,135,279	1,135,279	-
Other investment		50,099	54,110	-
Deposits, cash and bank balances		665,871	724,237	722,157
		<u>6,057,153</u>	<u>5,971,908</u>	<u>2,918,234</u>
<b>TOTAL ASSETS</b>		<b><u>10,447,551</u></b>	<b><u>10,311,043</u></b>	<b><u>7,505,598</u></b>

Note - the trade and other receivables include the trade receivable of RM1.2 billion for a completed privatisation project as stated in Note 16(b).

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

(RM'000)	Note	As at 31.3.2018 (unaudited)	As at 31.12.2017 (restated)	As at 1.1.2017 (restated)
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital		4,313,731	4,309,422	2,144,039
Share premium		-	-	372,391
Retained earnings		500,566	479,039	371,163
Other reserves		26,547	28,729	36,990
		<u>4,840,844</u>	<u>4,817,190</u>	<u>2,924,583</u>
Non-controlling interests		100,014	104,493	99,273
<b>Total equity</b>		<u>4,940,858</u>	<u>4,921,683</u>	<u>3,023,856</u>
<b>Non-current liabilities</b>				
Senior and Junior Sukuk		-	-	1,058,477
Post-employment benefit obligations		19,043	18,626	14,935
Long term borrowings		1,135,964	891,248	1,072,304
Long term liabilities		336,593	332,259	2,915
Government grant		80,186	80,186	62,971
Deferred tax liabilities		63,205	62,278	80,565
		<u>1,634,991</u>	<u>1,384,597</u>	<u>2,292,167</u>
<b>Current liabilities</b>				
Redeemable preference shares		89,350	178,699	-
Trade and other payables		1,293,562	1,296,207	1,340,692
Current tax liabilities		29,432	39,250	42,552
Senior and Junior Sukuk		1,058,477	1,058,500	-
Short term borrowings		1,400,881	1,432,107	806,331
		<u>3,871,702</u>	<u>4,004,763</u>	<u>2,189,575</u>
<b>Total liabilities</b>		<u>5,506,693</u>	<u>5,389,360</u>	<u>4,481,742</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>10,447,551</b></u>	<u><b>10,311,043</b></u>	<u><b>7,505,598</b></u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>		<u><b>110.3</b></u>	<u><b>109.8</b></u>	<u><b>136.4</b></u>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**C. CONSOLIDATED STATEMENT OF CASH FLOWS**

(RM'000)	3 MONTHS ENDED	
	31.3.2018 (unaudited)	31.3.2017 (unaudited)
<b>Operating activities</b>		
Cash receipts from customers	435,508	318,218
Cash paid to suppliers and employees	(584,637)	(840,432)
Cash used in operations	(149,129)	(522,214)
Bank services charges paid	(1,061)	(389)
Taxes paid	(8,980)	(20,276)
<b>Net cash used in operating activities</b>	<b>(159,170)</b>	<b>(542,879)</b>
<b>Investing activities</b>		
Net proceeds from divestment of equity investments	43,007	7,480
Dividend received	8	8,593
Non-equity investments	(25,540)	1,705
<b>Net cash generated from investing activities</b>	<b>17,475</b>	<b>17,778</b>
<b>Financing activities</b>		
Proceeds from issue of shares capital	-	10,650
Proceeds from borrowings	342,975	548,572
Repayment of borrowings	(132,438)	(60,190)
Redemption of redeemable preference shares	(97,937)	-
Interest paid	(29,272)	(24,106)
Withdrawal/(placements) of restricted cash	72,747	(49,285)
<b>Net cash generated from financing activities</b>	<b>156,075</b>	<b>425,641</b>
Net decrease in cash and cash equivalent	14,380	(99,460)
Cash and cash equivalents at beginning of the financial period	464,041	592,765
<b>Cash and cash equivalent at end of financial period</b>	<b>478,421</b>	<b>493,305</b>

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

Bank balances and deposits	665,871	671,982
Less: Bank balances and deposits held as security value	(187,450)	(178,677)
	<b>478,421</b>	<b>493,305</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Att(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				Non-controlling Interests	Total Equity
	Share Capital	Other Reserves	Retained Earnings	Total		
<b>As at 1 January 2018 (as previously stated)</b>	4,309,422	56,819	457,849	4,824,090	104,498	4,928,588
Prior year adjustments (Note 25)	-	(28,090)	21,190	(6,900)	(5)	(6,905)
<b>As at 1 January 2018 (restated)</b>	4,309,422	28,729	479,039	4,817,190	104,493	4,921,683
<b>Comprehensive income</b>						
Profit for the financial period	-	-	21,527	21,527	4,099	25,626
<b>Other comprehensive income</b>						
Currency translation differences	-	6	-	6	-	6
Share of associate's gain on re-measurement of financial derivatives	-	99	-	99	-	99
Total comprehensive income	-	105	21,527	21,632	4,099	25,731
<b>Transactions with owners</b>						
Issuance of ordinary shares pursuant to Restricted Share Plan	4,309	(4,309)	-	-	-	-
Share-based payment transaction	-	2,022	-	2,022	-	2,022
Redemption of redeemable preference shares	-	-	-	-	(8,578)	(8,578)
Total transactions with owners	4,309	(2,287)	-	2,022	(8,578)	(6,556)
<b>As at 31 March 2018 (unaudited)</b>	4,313,731	26,547	500,566	4,840,844	100,014	4,940,858

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

	OTHER RESERVES						Total
	Other Reserves	Revaluation Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	
<b>(RM'000)</b>							
<b>As at 1 January 2018 (as previously stated)</b>	1,239	28,090	530	4,310	28,355	(5,705)	56,819
Prior year adjustments (Note 25)		(28,090)	-	-	-	-	(28,090)
<b>As at 1 January 2018 (restated)</b>	1,239	-	530	4,310	28,355	(5,705)	28,729
<b>Other comprehensive income</b>							
Currency translation differences	-	-	6	-	-	-	6
Share of associate's gain on re-measurement of financial derivatives	99	-	-	-	-	-	99
Total comprehensive income	99	-	6	-	-	-	105
<b>Transactions with owners</b>							
Issuance of ordinary shares pursuant to Restricted Share Plan	-	-	-	(4,309)	-	-	(4,309)
Share-based payment transaction	-	-	-	2,022	-	-	2,022
	-	-	-	(2,287)	-	-	(2,287)
<b>As at 31 March 2018 (unaudited)</b>	1,338	-	536	2,023	28,355	(5,705)	26,547

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total		
<b>As at 1 January 2017 (as previously stated)</b>	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042
Prior year adjustments (Note 25)	-	-	(28,090)	26,852	(1,238)	52	(1,186)
<b>As at 1 January 2017 (restated)</b>	2,144,039	372,391	36,990	371,163	2,924,583	99,273	3,023,856
<b>Comprehensive income</b>							
Profit for the financial year (restated)	-	-	-	161,913	161,913	14,176	176,089
<b>Other comprehensive income/(loss)</b>							
Currency translation differences	-	-	(112)	-	(112)	-	(112)
Share of associate's gain on re-measurement of financial derivatives	-	-	88	-	88	-	88
Post-employment benefit obligations	-	-	666	(666)	-	-	-
Actuarial (loss)/gain on post-employment benefit obligations	-	-	(3,251)	-	(3,251)	73	(3,178)
<b>Total comprehensive income/(loss)</b>	-	-	(2,609)	161,247	158,638	14,249	172,887
<b>Transactions with owners</b>							
Issuance of ordinary shares	1,724,339	-	-	-	1,724,339	-	1,724,339
Acquisition of equity interest in a subsidiary	-	-	-	-	-	771	771
Employees' share option scheme							
- options granted	-	-	187	-	187	-	187
- options exercised	68,613	40	(3,222)	-	65,431	-	65,431
- options lapsed	-	-	(6,926)	6,926	-	-	-
Share-based payment transaction	-	-	4,309	-	4,309	-	4,309
Dividends paid for financial year ended							
- 31 December 2016	-	-	-	(60,297)	(60,297)	-	(60,297)
- 31 December 2017	-	-	-	-	-	(9,800)	(9,800)
<b>Total transactions with owners</b>	1,792,952	40	(5,652)	(53,371)	1,733,969	(9,029)	1,724,940
Transition to no-par value regime	372,431	(372,431)	-	-	-	-	-
<b>As at 31 December 2017 (restated)</b>	4,309,422	-	28,729	479,039	4,817,190	104,493	4,921,683

\* The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,431,093.31 for the purposes as set out in Section 618(3) of the Act. There is no impact on ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

(RM'000)	OTHER RESERVES						Total
	Other Reserves	Revaluation Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	
<b>As at 1 January 2017 (as previously stated)</b>	1,151	28,090	642	9,962	28,355	(3,120)	65,080
Prior year adjustments (Note 25)	-	(28,090)	-	-	-	-	(28,090)
<b>As at 1 January 2017 (restated)</b>	1,151	-	642	9,962	28,355	(3,120)	36,990
<b>Other comprehensive income/(loss)</b>							
Currency translation differences	-	-	(112)	-	-	-	(112)
Share of associate's loss on re-measurement of financial derivatives	88	-	-	-	-	-	88
Post-employment benefit obligations	-	-	-	-	-	666	666
Actuarial loss on post-employment benefit obligations	-	-	-	-	-	(3,251)	(3,251)
<b>Total comprehensive income/(loss)</b>	<b>88</b>	<b>-</b>	<b>(112)</b>	<b>-</b>	<b>-</b>	<b>(2,585)</b>	<b>(2,609)</b>
<b>Transactions with owners</b>							
Employees' share option scheme							
- options granted	-	-	-	187	-	-	187
- options exercised	-	-	-	(3,222)	-	-	(3,222)
- options lapsed	-	-	-	(6,926)	-	-	(6,926)
Share-based payment transaction	-	-	-	4,309	-	-	4,309
	-	-	-	(5,652)	-	-	(5,652)
<b>As at 31 December 2017 (restated)</b>	<b>1,239</b>	<b>-</b>	<b>530</b>	<b>4,310</b>	<b>28,355</b>	<b>(5,705)</b>	<b>28,729</b>

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.



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**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM 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 2017.

The Group is adopting the new IFRS-compliant framework, MFRS for the current financial year beginning 1 January 2018. In adopting the new framework, the Group is applying MFRS 1 'First-time Adoption of MFRS'. The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect.

A number of new standards and amendments to standards and interpretation are effective for the current financial year beginning on 1 January 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group except the following set out below:

- (a) MFRS 1 'First-time Adoption of MFRS';
- (b) MFRS 9 'Financial Instruments', replaces FRS 139 'Financial Instruments: Recognition and Measurement'; and
- (c) MFRS 15 'Revenue from contracts with Customers', replaces FRS 118 'Revenue' and FRS 111 'Construction contracts' and related interpretations.

Based on the assessment undertaken to date, the Group does not expect any significant change in revenue being recognised arising from the adoption of MFRS 15.

The impact of the adoption of the MFRSs and amendments to MFRSs to the Group's reported financial position and comprehensive income are disclosed in Noted 25 below.

**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.

**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.

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**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM REPORT (cont'd)****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**

During the financial quarter under review, there were a total of 4,207,000 new ordinary shares issued by the Company to eligible executives and employees, pursuant to the terms of the Offer Letter of the Restricted Share Plan dated 20 December 2017, in accordance with the By-Laws governing the Long-term Incentive Plan of the Company.

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

**7. DIVIDENDS**

During the Company's 47<sup>th</sup> Annual General Meeting held on 21 May 2018, the shareholders of the Company approved the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2017 of 1.75% or 1.75 sen per ordinary share, totaling approximately RM76.8 million. The dividend will be paid on 17 August 2018.

There were no dividends declared or paid by the Company for the financial quarter under review.



**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**8. SEGMENTAL REPORTING**

<b>(RM'000)</b>	<b>Property Development &amp; Investment</b>	<b>Engineering, Construction &amp; Environment</b>	<b>Infrastructure &amp; Concession</b>	<b>Facilities Management &amp; Parking</b>	<b>Others</b>	<b>Total</b>
<b>3 months ended 31.3.2018</b>						
Total revenue	222,405	366,396	725	13,552	29,328	632,406
Inter-segment revenue	(1,965)	(175,323)	-	(540)	(26,982)	(204,810)
External revenue	220,440	191,073	725	13,012	2,346	427,596
Segment profit	24,147	16,004	(1,303)	165	(11,580)	27,433
Unallocated corporate expenses						(11,541)
Finance income						8,268
Finance costs						(4,272)
Share of results of associates and joint ventures	1,614	9,057	-	-	-	10,671
Profit before tax						30,559



**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**NOTES TO THE INTERIM REPORT (cont'd)**

**8. SEGMENTAL REPORTING (cont'd)**

<b>(RM'000)</b>	<b>Property Development &amp; Investment</b>	<b>Engineering, Construction &amp; Environment</b>	<b>Infrastructure &amp; Concession</b>	<b>Facilities Management &amp; Parking</b>	<b>Others</b>	<b>Total</b>
<b>3 months ended 31.3.2017 (restated)</b>						
Total revenue	239,260	320,812	28,506	20,855	20,917	630,350
Inter-segment revenue	(1,722)	(89,569)	-	(3,981)	(15,238)	(110,510)
External revenue	237,538	231,243	28,506	16,874	5,679	519,840
Segment profit	47,853	1,254	17,470	3,749	(4,542)	65,784
Unallocated corporate expenses						(9,427)
Finance income						6,941
Finance costs						(35,180)
Share of results of associates and joint ventures	(2,529)	1,390	-	-	-	(1,139)
Profit before tax						26,979

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**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM 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**

On 17 April 2018, the Company's 51% owned subsidiary, Metro Spectacular Sdn Bhd completed the acquisition of three (3) parcels of land with development potential, measuring approximately 40,720.5 square metres in total, all situated in the District of Kuala Lumpur from Datuk Bandar Kuala Lumpur for a total cash consideration of RM335.5 million.

There were no other material events subsequent to the end of the financial quarter ended 31 March 2018 that have not been reflected in this report.

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

On 2 May 2018, MRCB Gamuda Consortium, a 50:50 consortium formed by the Company and Gamuda Berhad was appointed the Project Delivery Partner ("PDP") for the Works for the northern section of the Kuala Lumpur-Singapore High Speed Rail ("PDP-North Package") by MyHSR Corporation Sdn Bhd.

The PDP-North Package project award was to be novated to a 50% equity owned PDP company known as MRCB Gamuda Sdn Bhd, which was purchased on the 4 April 2018.

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

**12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Group's contingent liabilities, which comprise trade and performance guarantees, amounted to RM515.9 million as at 31 March 2018 (compared to RM309.7 million as at 31 December 2017). There are 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 PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**14. PROFIT FROM OPERATIONS**

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

RM'000	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Depreciation:				
- investment properties	(1,039)	(1,035)	(1,039)	(1,035)
- property, plant and equipment	(3,715)	(5,296)	(3,715)	(5,296)
Amortisation:				
- service concession assets	-	(8,496)	-	(8,496)
- order book	(1,705)	(739)	(1,705)	(739)
Gain on disposal of a joint venture	-	1,649	-	1,649

**15. INCOME TAX EXPENSE**

RM'000	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2018	31.3.2017 (restated)	31.3.2018	31.3.2017 (restated)
Current tax:				
- Malaysia income tax	(13,576)	(13,474)	(13,576)	(13,474)
- (under)/over provision in prior years	5,038	(100)	5,038	(100)
Deferred tax	3,605	5,157	3,605	5,157

The effective tax rate of 24.8% for the current financial period is slightly higher than the statutory rate of taxation, mainly due to certain expenses being non-tax deductible.

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.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**16. CORPORATE PROPOSALS**

- (a) On 3 November 2017, the Company completed its renounceable rights issue of up to 2,853,777,024 new ordinary shares in the Company ("MRCB Shares") at an issue price of RM0.79 per Rights Share, together with up to 570,755,405 free detachable warrants ("Rights Warrants"), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held by the entitled shareholders as at 5.00 p.m. on 4 October 2017 and one (1) Rights Warrant for every five (5) Rights Shares subscribed for.

2,192,593,285 MRCB Shares together with 438,518,657 Rights Warrants were issued pursuant to the rights issue and the total proceeds raised was RM1.732 billion.

At the date of this report, the status of utilisation of the proceeds is as follows:

No.	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Timeframe For Utilisation
1	Advances to Rukun Juang Sdn Bhd to finance its privatization project in Bukit Jalil, Kuala Lumpur	793,689	793,689	Within 6 months
2	Repayment of borrowings	766,918	766,918	Within 6 months
3	Property development activities and/ or construction projects	33,042	33,042	Within 24 months
4	General working capital	128,903*	37,015	Within 24 months
5	Estimated expenses in relation to the right issue	9,597*	9,597	Within 6 months
	Total	1,732,149	1,640,238	

- An unutilized amount of RM5.403 million being excess from the estimated expenses in relation to the right issue has been adjusted to general working capital.
- (b) On 21 April 2017, Rukun Juang Sdn Bhd ("RJSB"), an 85% owned subsidiary of the Company, entered into a second supplementary agreement to the Privatisation Agreement with the Government of Malaysia, represented by the Ministry of Youth and Sports and Syarikat Tanah dan Harta Sdn Bhd to reduce the Contract Sum from RM1,631,880,000 to RM1,343,257,764.32. The Privatisation Agreement is related to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil ("Privatisation Project"). The Government will cause the Federal Lands Commissioner to transfer three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands") as consideration for RJSB to undertake the Privatisation Project. The Contract Sum is reduced to commensurate with the reduction in the size of the Lands, as well as revised works packages under Project 1 and Project 2 respectively.

Project 1 was completed on 22 July 2017, whilst the construction commencement date for Project 2 shall be on a date to be mutually agreed upon by the Government and RJSB.

On 9 February 2018, the parties entered into a third supplemental agreement to the Privatisation Agreement to vary the calculation of Land Bond to be submitted to the Government to expedite the transfer of the Lands to RJSB and/or its nominee(s).

The Lands were transferred to Bukit Jalil Sentral Property Sdn Bhd, a wholly owned subsidiary of RJSB on 17 April 2018.

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**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM REPORT (cont'd)****16. CORPORATE PROPOSALS (cont'd)**

- (c) On 31 May 2017, the Company, RJSB, Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly owned subsidiary of the Employees Provident Fund Board, and the Company's 85% owned subsidiary Bukit Jalil Sentral Property Sdn Bhd ("JV Co") entered into a subscription and shareholders' agreement ("SSA") which entailed the following:
- (i) RJSB and TWSB will co-invest in a special purpose company, namely Bukit Jalil Sentral Property Sdn Bhd, for the purpose of jointly developing the Lands; and
  - (ii) the proposed disposal by RJSB of the Lands to JV Co for an aggregate consideration of up to RM1,426,163,112

(collectively referred to as the "Proposed Joint Venture").

The Proposed Joint Venture was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 May 2018 and is currently pending the fulfillment of certain Conditions Precedent in the SSA.

Other than the above, there were no other corporate proposals announced that are yet to be completed at the date of this report.



**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM REPORT (cont'd)****17. GROUP BORROWINGS**

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

Denomination ('000)	Long term		Short term		Total borrowings	
	Foreign^	RM	Foreign^	RM	Foreign^	RM
<b>As at 1<sup>st</sup> quarter of 2018</b>						
Secured	-	1,135,964	-	2,240,072	-	3,376,036
Unsecured	-	-	-	219,286	-	219,286
<b>As at 1<sup>st</sup> quarter of 2017</b>						
Secured	-	2,587,619	107,633	485,042	107,633	3,072,661
Unsecured	-	-	-	250,000	-	250,000

^AUD32 million @ 3.371 with weighted average interest rate of 4.74% per annum as at 31 March 2017.

The net increase of RM165 million in the Group's borrowings was mainly due to the new term loan of RM730 million to finance the subscription of ordinary shares in a new subsidiary in December 2017, set off by settlement of the Group's borrowings from the proceeds of the Company's right issue completed in November 2017 (Note 16(a)).

As at 31 March 2018, the borrowings consist mainly of:

Secured term loans

- The Senior and Junior Sukuk of RM1,059 million which were obtained for the purpose of financing the construction of the Eastern Dispersal Link toll road;
- Term loan of RM730 million to finance the subscription of ordinary shares in a subsidiary;
- Fixed rate Islamic financing facility of RM152 million for the Group's working capital purposes;
- Term loan totaling RM400 million to finance the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil; and
- Other project loans of RM1,035 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- Short term borrowings of RM219 million to finance on-going construction projects and working capital purposes.

The Group's borrowings as at 31 March 2018 were denominated in Ringgit Malaysia. The weighted average interest rate as at 31 March 2018 was 5.43% per annum (31 March 2017: 5.60%).

The Group's Net Gearing as at 31 March 2018 was 0.58 times.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**18. MATERIAL LITIGATION**

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

The Group has filed some claims, some of which are counter claims, amounting to approximately RM6.0 million arising from its operational transactions.

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

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	3 MONTHS ENDED		VARIANCE (Value / %)
	31.3.2018	31.3.2017 (restated)		31.3.2018	31.3.2017 (restated)	
Revenue	427,596	519,840	(92,244) (18%)	427,596	519,840	(92,244) (18%)
Operating profit	24,160	63,298	(39,138) (62%)	24,160	63,298	(39,138) (62%)
Profit before interest and tax	15,893	56,357	(40,464) (72%)	15,893	56,357	(40,464) (72%)
Profit before tax	30,559	26,979	3,580 13%	30,559	26,979	3,580 13%
Profit after tax	25,626	18,562	7,064 38%	25,626	18,562	7,064 38%
Profit attributable to equity holders of the Company	21,527	8,638	12,889 149%	21,527	8,638	12,889 149%

For the first quarter ended 31 March 2018, the Group recorded revenue and profit before tax of RM428 million and RM30.6 million respectively, compared to RM520.0 million and RM27.0 million respectively recorded in the preceding financial quarter ended 31 March 2017. Higher revenue was recognised in the preceding corresponding financial quarter mainly due to construction revenue derived from the National Sport Complex project which was completed in July 2017.

The marginal higher profit before tax in the financial quarter under review was mainly due to no operating loss incurred from the infrastructure division following the cessation of toll collection effective 1 Jan 2018.

The Group's current financial quarter operational profits were mainly derived from its on-going property development projects of 9 Seputeh mixed residential development in Jalan Klang Lama and sale of completed units in the property development projects, Sentral Residences and Q Sentral office block.

The Group's 27.89% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, both contributed a total of RM4.3 million profits after tax to the Group for the financial quarter under review.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

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

In Engineering, Construction & Environment division, progress of the Group's on-going projects and value engineering initiatives implemented to manage construction costs, continued to improve profit margins, resulting in a higher segment profit of RM16.0 million for the current financial period compared with RM1.25 million recorded in the preceding corresponding financial quarter.

The Group's 50% owned joint venture, MRCB George Kent Sdn Bhd, the Project Delivery Partner of LRT 3, contributed RM8.9 million profits after tax to the Group for the financial period under review.

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

RM'000	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2018	31.3.2017 (restated)	31.3.2018	31.3.2017 (restated)
<u>Revenue</u>				
Property development & investment	220,440	237,538	220,440	237,538
Engineering, construction & environment	191,073	231,243	191,073	231,243
Infrastructure & concession	725	28,506	725	28,506
Facilities management & parking	13,012	16,874	13,012	16,874
Others	2,346	5,679	2,346	5,679
	<u>427,596</u>	<u>519,840</u>	<u>427,596</u>	<u>519,840</u>
<u>Profit/(Loss)</u>				
Property development & investment	24,147	47,853	24,147	47,853
Engineering, construction & environment	16,004	1,254	16,004	1,254
Infrastructure & concession	(1,303)	17,470	(1,303)	17,470
Facilities management & parking	165	3,749	165	3,749
Others	(11,580)	(4,542)	(11,580)	(4,542)
	<u>27,433</u>	<u>65,784</u>	<u>27,433</u>	<u>65,784</u>

\* Profit before unallocated corporate expenses, finance costs and income and share of associates & joint ventures results.

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

**(i) Property Development & Investment**

In Property Development & Investment division, the main revenue contributors were the Group's on-going property development projects of 9 Seputeh mixed residential development in Jalan Klang Lama, PJ Sentral Garden City, Sentral Suites and Kalista Park Homes, followed by the sale of completed units from Sentral Residences, Q Sentral office block and Easton Burwood in Melbourne.

The higher operating profit in the preceding corresponding financial period was mainly due to the construction completion of the Easton Burwood development in Melbourne during the quarter last year, where revenue was booked in its entirety on all the completed units handed over to customers.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

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

**(i) Property Development & Investment (cont'd)**

The Group's investment holding in MQ REIT also continued to contribute recurring income of RM4.3 million to the Group for the financial period under review.

**(ii) Engineering, Construction & Environment**

Despite recording lower revenue, the Engineering, Construction & Environment division managed to record higher operating profit of RM16.0 million as mentioned above. The bulk of the division's revenue was contributed by its on-going environmental project at Sungai Pahang, Mass Rapid Transit 2 V210 Package and construction works of most of the property development projects stated in (i) above, as well as several commercial buildings for clients in Johor, power transmission related construction projects in Peninsular Malaysia, and other civil engineering projects in the Klang Valley.

Our 50% joint venture, MRCB George Kent Sdn Bhd, the project delivery partner for LRT 3 project contributed RM8.9 million profits after taxation to the Group.

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

	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEDING QUARTER (RESTATED)</b>	<b>VARIANCE (Value / %)</b>
RM'000	<b>31/3/2018</b>	<b>31/3/2017</b>	
Revenue	427,596	377,793	49,803 / 13%
Operating profit	24,160	116,146	(91,986) / (79%)
Profit before interest and tax	15,893	106,314	(90,421) / (85%)
Profit before tax	30,559	124,829	(94,270) / (76%)
Profit after tax	25,626	97,852	(72,226) / (74%)
Profit attributable to equity holders of the Company	21,527	98,649	(77,122) / (78%)

The Group recorded revenue and profit before taxation of RM427.6 million and RM30.6 million respectively, for the current financial quarter ended 31 March 2018, compared to revenue of RM377.8 million and profit before taxation of RM124.8 million recorded in the immediate preceding quarter ended 31 December 2017.

Higher profit before tax recorded in the immediate preceding quarter was mainly due to the disposal gain of RM60.8 million arising from the disposal of the Company's 40% equity interest in a subsidiary and higher construction profit of RM46.1 million, compared with current quarter under review of RM16.0 million.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM 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**

MRCB is one of Malaysia's leading urban property developers, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. Through our flagship and award winning Kuala Lumpur Sentral Central Business District project, we pioneered Transit Oriented Development (TOD) in Malaysia.

The Group's Property Development & Investment division achieved sales of RM101 million in the first quarter of 2018 from its residential developments. These were mainly derived from Sentral Suites, which recorded RM42 million sales, followed by TRIA Phase 1, which forms Parcel B of 9 Seputeh, with RM36 million sales.

Of the Group's residential projects currently in development, 1060 Carnegie in Melbourne, Australia has achieved a take up rate of 72%, while Towers 1 and 3 of Sentral Suites have achieved combined sales of 74%, and Kalista Park Homes 55%. All developments saw more than 50% of their units being sold.

The division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,529 million), 1060 Carnegie in Melbourne (GDV: RM305 million) and Kalista Park Homes in Bukit Rahman Putra (GDV: RM101 million), as well as the remaining unsold units in the Sentral Residences, Q Sentral and VIVO in 9 Seputeh, which has historically achieved strong sales. The impending opening of the new link bridge connecting the Old Klang Road with the New Pantai Expressway, which will improve connectivity to the 9 Seputeh development, will help spur further sales within this development.

Revenues and operating profits in the Property Development & Investment division will continue to be progressively recognised in line with construction progress in 2018 from VIVO (9 Seputeh) and the 2 en-bloc office towers sold in PJ Sentral Garden City and Menara MRCB in Putrajaya. FY2018 will also see the launch of two new projects in the third quarter, namely TRIA Phase 2, which forms Parcel B of the 9 Seputeh development and Alstonia Hilltop Homes in Bukit Rahman Putra.

Operating profits from Sentral Suites are not anticipated to commence until late 2018 and will continue until its physical completion in 2021, while TRIA and Alstonia Hilltop Homes should commence contributing in 2019. In Melbourne, 1060 Carnegie will only contribute to revenue and operating profit upon physical and sales completion, anticipated in 2020.

Overall, the Group had total cumulative unbilled sales in its Property Development & Investment division which are expected to deliver RM1,597 million in revenue to be booked over the development lifespan of its projects, approximately 80% of which are residential and 20% commercial.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**21. PROSPECTS (cont'd)**

**(i) Property Development & Investment (cont'd)**

The Group is also working towards building a sustainable pipeline of future revenues and will continue to leverage on its land bank. The Group has interests in 393 acres of urban land, with a total GDV of RM57 billion, as shown in the following table:

<b>Developments</b>	<b>Land Size (Acres)</b>	<b>GDV (RM' mil)</b>
Transport Oriented Developments	228.36	46,520
Commercial	67.52	770
Residential	77.54	9,697
International	1.00	305
Others	18.97	-
<b>Grand Total</b>	<b>393.39</b>	<b>57,292</b>

The division also earns a relatively stable recurring income stream from its residual investment properties in KL Sentral CBD and Shah Alam and its 27.9% equity interest in MQ REIT.

**(ii) Engineering, Construction & Environment**

The Construction, Engineering & Environment division continues to actively tender for more contracting projects to replenish its order book. The division currently has open tenders valued at RM2,933 million, and is placing greater emphasis on seeking infrastructure and long-term fee-based management projects. As at 31 March 2018, external client order book stood at RM6.2 billion while unbilled order book stood at RM4.9 billion.

With a total contract value of approximately RM4.6 billion, these projects are still in the early phase of construction. As the pace of construction progress picks up, these projects are anticipated to form the backbone of the division's operating profit recognition moving forward through 2018 and beyond:

<b>Major Construction Projects</b>	<b>Contract Value (RM' Mil)</b>
Kwasa Utama C8	2,835
MRT2 V210 Package	604
PR1MA Projects	508
DASH - Package CB2	369
PDP LRT3	270
<b>Total</b>	<b>4,586</b>

The Group remains confident that its long-term prospects are positive given the sound strategies from both its Property Development & Investment and Engineering, Construction and Environment divisions. However, in the near term, the Engineering, Construction & Environment division is likely to contribute a larger share of revenues and profits. The completion of the de-gearing initiatives in the last quarter of 2017 has significantly strengthened the Group's balance sheet, and it is now well positioned to fund its growth and overcome future challenges.

**22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE**

Not applicable.

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**23. EARNINGS PER SHARE (EPS)**

**Basic EPS**

The basic EPS is calculated by dividing the net profit for the current financial period by the weighted average number of shares in issue during the current financial period.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2018	31.3.2017 (restated)	31.3.2018	31.3.2017 (restated)
Net profit for the financial period attributable to the owners of the parent (RM'000)	21,527	8,638	21,527	8,638
Weighted average number of ordinary shares in issue ('000)	4,390,057	2,145,927	4,390,057	2,145,927
Basic EPS (sen)	0.49	0.40	0.49	0.40

**Diluted Earnings Per Share**

The diluted earnings per share arising from the outstanding warrants was not computed as the market value of the issued ordinary shares of the Company as at 31 March 2018 was lower than the exercise prices of the warrants.

**24. TRADE RECEIVABLES**

As at 31 March 2018, the Group's trade receivables of RM110,344,307 (31 December 2017: RM33,109,680) was past due their contracted payment date, but not impaired, as they relate to a number of external parties where there is no expectation of default. The age analysis of these trade receivables is as follows:

	As at 31.3.2018	As at 31.12.2017
RM'000		
Less than three months	48,649	18,648
Between three to six months	3,244	2,313
Between six to months and one year	1,881	3,540
More than one year	8,002	8,609
	61,776	33,110

The movement of the provision for impairment of trade receivables during the financial period are as follows:

	As at 31.3.2018	As at 31.12.2017
RM'000		
As start of the financial period	7,131	11,472
Provision for impairment of receivables	622	1,082
Reversal of impairment	(1)	(1,597)
Written off	-	(3,349)
Disposal of a subsidiary	-	(477)
	7,752	7,131

The credit terms of the trade receivables range from 7 to 60 days. (2017: range from 7 to 60 days).

**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**E. NOTES TO THE INTERIM REPORT (cont'd)**

**25. PRIOR YEAR ADJUSTMENTS**

During the financial quarter under review, the Group made prior year adjustments in relation to:

- (1) MFRS 1 'First-time Adoption of MFRS';
- (2) MFRS 9 'Financial Instruments'; and
- (3) MFRS 15 'Revenue from contracts with customers'.

The financial effects arising from the Group's prior year adjustments are as follows:

RM'000	As previously reported	Prior year adjustments	As restated
<b>At 1 January 2017</b>			
<b>Consolidated statement of financial position</b>			
<b><u>Assets</u></b>			
Available for sale of financial assets	577	(577)	-
Deferred tax assets	96,588	(340)	96,248
Inventories	57,521	758,664	816,185
Property development costs	759,287	(759,287)	-
Trade and other receivables	1,334,888	(26)	1,334,862
Financial assets at fair value through profit or loss	2,255	577	2,832
<b><u>Liabilities</u></b>			
Retained earnings	344,311	26,852	371,163
Other reserves	65,080	(28,090)	36,990
Non-controlling interests	99,221	52	99,273
Deferred tax liabilities	80,368	197	80,565
<b>At 31 December 2017</b>			
<b>Consolidated statement of financial position</b>			
<b><u>Assets</u></b>			
Available for sale of financial assets	577	(577)	-
Deferred tax assets	116,603	1,060	117,663
Inventories	154,491	730,608	885,099
Property development costs	696,941	(696,941)	-
Trade and other receivables	3,045,275	(24,667)	3,020,608
Financial assets at fair value through profit or loss	1,645	577	2,222
<b><u>Liabilities</u></b>			
Retained earnings	457,849	21,190	479,039
Other reserves	56,819	(28,090)	28,729
Non-controlling interests	104,498	(5)	104,493
Trade and other liabilities	1,279,243	16,964	1,296,207



**UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****E. NOTES TO THE INTERIM REPORT (cont'd)****25. PRIOR YEAR ADJUSTMENTS (cont'd)**

The financial effects arising from the Group's prior year adjustments are as follows: (cont'd)

RM'000	As previously reported	Prior year adjustments	As restated
<b>Consolidated statements of comprehensive income</b>			
<b>Financial period ended 31 March 2017</b>			
Revenue	524,851	(5,011)	519,840
Expenses	(476,469)	2,725	(473,744)
Profit from operations	65,584	(2,286)	63,298
Profit before tax	29,265	(2,286)	26,979
Income tax expenses	(8,861)	444	(8,417)
Profit for the financial period	20,404	(1,842)	18,562
Total comprehensive income	20,779	(1,842)	18,937
Profit attributable to equity holders of the Company	10,462	(1,824)	8,638
Profit attributable to non-controlling interests	9,942	(18)	9,924
Total comprehensive income attributable to equity holders of the Company	10,837	(1,824)	9,013
Total comprehensive income attributable to non-controlling interests	9,942	(18)	9,924
Basic earnings per share (sen)	0.49	(0.09)	0.40

Certain comparative figures in the notes to the interim report above have been adjusted or extended to conform with changes in presentation and to comply with the additional disclosures requirements of the MFRS that are applicable for the financial period ended 31 March 2018.

Kuala Lumpur  
30 May 2018

By Order of the Board

Mohd Noor Rahim Yahaya  
Company Secretary