MRCB
MALAYSIAN RESOURCES CORPORATION BERHAD
Incorporated in Malaysia (7994-D)

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(RM'000)	Note	3 MONTHS ENDED 30.6.2018 (unaudited)	3 MONTHS ENDED 30.6.2017 (restated)	6 MONTHS ENDED 30.6.2018 (unaudited)	6 MONTHS ENDED 30.6.2017 (restated)
Revenue		405,249	725,271	832,845	1,245,111
Expenses		(362,314)	(675,146)	(781,643)	(1,148,890)
Other operating income	13	11,071	15,053	26,964	32,255
Profit from operations		54,006	65,178	78,166	128,476
Finance costs		(16,756)	(37,379)	(21,028)	(72,559)
Share of results of associates		2,734	4,216	5,541	1,780
Share of results of joint ventures		3,047	2,582	10,911	3,879
Profit before tax		43,031	34,597	73,590	61,576
Income tax expense	15	(10,762)	(7,874)	(15,695)	(16,291)
Profit for the financial period		32,269	26,723	57,895	45,285
Other comprehensive income for the financial period, net of tax:					
Items that may be reclassified subsequent to comprehensive income					
- currency translation differences		(594)	(77)	(588)	219
- share of associate's gain/(loss) on re-measurement of financial derivatives		(13)	(206)	86	(127)
Total comprehensive income for the financial period, net of tax		31,662	26,440	57,393	45,377
Profit for the financial period attributable to:					
Equity holders of the Company		33,448	24,047	54,975	32,685
Non-controlling interests		(1,179)	2,676	2,920	12,600
		32,269	26,723	57,895	45,285
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company		32,841	23,764	54,473	32,777
Non-controlling interests		(1,179)	2,676	2,920	12,600
		31,662	26,440	57,393	45,377
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)	23	0.76	1.10	1.25	1.51

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

B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(RM'000)	Note	As at 30.6.2018 (unaudited)	As at 31.12.2017 (restated)	As at 1.1.2017 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment		639,186	614,240	437,823
Investment properties		1,255,380	1,211,298	520,077
Inventories (see Note)		3,139,336	1,557,440	1,767,639
Service concession asset		-	-	1,176,347
Associates		278,864	285,608	289,320
Joint ventures		273,976	293,065	12,545
Long term loan and receivable		2,950	3,920	34,497
Amount due from joint venture		30,268	30,268	-
Intangible assets		220,638	225,633	252,868
Deferred tax assets		126,935	117,663	96,248
		5,967,533	4,339,135	4,587,364
Current assets				
Inventories		959,555	885,099	816,185
Trade and other receivables		1,989,810	3,020,608	1,334,862
Amount due from associates and joint ventures		154,031	134,380	19,981
Tax recoverable		24,708	15,973	22,217
Financial assets at fair value through profit or loss		1,764	2,222	2,832
Service concession asset		1,135,279	1,135,279	-
Other investment		-	54,110	-
Deposits, cash and bank balances		455,170	724,237	722,157
		4,720,317	5,971,908	2,918,234
TOTAL ASSETS		10,687,850	10,311,043	7,505,598

Note - the inventories include the land transferred to the Group from the Government of Malaysia, pursuant to a completed Privatization Project as stated in Note 16(b).

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

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

(RM'000)	Note	As at 30.6.2018 (unaudited)	As at 31.12.2017 (restated)	As at 1.1.2017 (restated)
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		4,313,731	4,309,422	2,144,039
Share premium		-	-	372,391
Retained earnings		534,014	479,039	371,163
Other reserves		27,963	28,729	36,990
		4,875,708	4,817,190	2,924,583
Non-controlling interests		84,135	104,493	99,273
Total equity		4,959,843	4,921,683	3,023,856
Non-current liabilities				
Senior and Junior Sukuk		-	-	1,058,477
Post-employment benefit obligations		19,498	18,626	14,935
Long term borrowings		1,310,542	891,248	1,072,304
Long term liabilities		340,924	332,259	2,915
Government grant		99,031	80,186	62,971
Deferred tax liabilities		64,525	62,278	80,565
		1,834,520	1,384,597	2,292,167
Current liabilities				
Redeemable preference shares		89,350	178,699	-
Trade and other payables		1,188,403	1,296,207	1,340,692
Current tax liabilities		34,692	39,250	42,552
Senior and Junior Sukuk		1,023,453	1,058,500	-
Short term borrowings		1,557,589	1,432,107	806,331
		3,893,487	4,004,763	2,189,575
Total liabilities		5,728,007	5,389,360	4,481,742
TOTAL EQUITY AND LIABILITIES		10,687,850	10,311,043	7,505,598
Net assets per share attributable to the equity holders of the Company (sen)		111.0	109.8	136.4

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 30 JUNE 2018

C. CONSOLIDATED STATEMENT OF CASH FLOWS

(RM'000)	6 MONTHS ENDED 30.6.2018 (unaudited)	30.6.2017 (unaudited)
Operating activities		
Cash receipts from customers	958,116	746,905
Cash paid to suppliers and employees	(1,221,304)	(1,472,672)
Cash used in operations	(263,188)	(725,767)
Bank services charges paid	(3,614)	(605)
Taxes paid	(19,932)	(28,646)
Net cash used in operating activities	(286,734)	(755,018)
Investing activities		
Net proceeds from divestment of equity investments	43,007	6,856
Dividend received	8	8,592
Lands acquisition	(333,034)	-
Non-equity investments	13,844	3,846
Net cash (used in)/generated from investing activities	(276,175)	19,294
Financing activities		
Proceeds from issue of shares capital	-	63,545
Dividend paid to an equity holder	(14,700)	-
Proceeds from borrowings	879,152	2,094,370
Repayment of borrowings	(375,934)	(915,347)
Proceed from Government grant	18,845	17,215
Redemption of redeemable preference shares	(97,937)	-
Finance costs paid	(115,585)	(89,816)
Repayment of advances to non-controlling interest	-	(30,540)
Withdrawal/(placements) of restricted cash	151,483	(481,243)
Net cash generated from financing activities	445,324	658,184
Net decrease in cash and cash equivalent	(117,585)	(77,540)
Cash and cash equivalents at beginning of the financial period	464,041	592,765
Cash and cash equivalent at end of financial period	346,456	515,225

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

Bank balances and deposits	455,170	1,125,860
Less: Bank balances and deposits held as security value	(108,714)	(610,635)
	346,456	515,225

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

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(RM'000)	Share Capital	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
As at 1 January 2018 (as previously stated)	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)
As at 1 January 2018 (restated)	4,309,422	28,729	479,039	4,817,190	104,493	4,921,683
Comprehensive income						
Profit for the financial period	-	-	54,975	54,975	2,920	57,895
Other comprehensive income/(loss)						
Currency translation differences	-	(588)	-	(588)	-	(588)
Share of associate's gain on re-measurement of financial derivatives	-	86	-	86	-	86
Total comprehensive income/(loss)	-	(502)	54,975	54,473	2,920	57,393
Transactions with owners						
Issuance of ordinary shares pursuant to Restricted Share Plan	4,309	(4,309)	-	-	-	-
Share-based payment transaction	-	4,045	-	4,045	-	4,045
Redemption of redeemable preference shares	-	-	-	-	(8,578)	(8,578)
Dividends paid for financial year ended						
- 31 December 2018	-	-	-	-	(14,700)	(14,700)
Total transactions with owners	4,309	(264)	-	4,045	(23,278)	(19,233)
As at 30 June 2018 (unaudited)	4,313,731	27,963	534,014	4,875,708	84,135	4,959,843

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD

Incorporated in Malaysia (7994-D)

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

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

	OTHER RESERVES						
(RM'000)	Other Reserves	Revaluation Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	Total
As at 1 January 2018 (as previously stated)	1,239	28,090	530	4,310	28,355	(5,705)	56,819
Prior year adjustments (Note 25)	-	(28,090)	-	-	-	-	(28,090)
As at 1 January 2018 (restated)	1,239	-	530	4,310	28,355	(5,705)	28,729
Other comprehensive income							
Currency translation differences	-	-	(588)	-	-	-	(588)
Share of associate's gain on re-measurement of financial derivatives	116	-	-	-	-	-	116
Total comprehensive income/(loss)	116	-	(588)	-	-	-	(472)
Transactions with owners							
Issuance of ordinary shares pursuant to Restricted Share Plan	-	-	-	(4,309)	-	-	(4,309)
Share-based payment transaction	-	-	-	4,045	-	-	4,045
	-	-	-	(264)	-	-	(264)
As at 30 June 2018 (unaudited)	1,355	-	(58)	4,046	28,355	(5,705)	27,993

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

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

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
(RM'000)	**Share Capital**	**Share Premium**	**Other Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
As at 1 January 2017 (as previously stated)	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)
As at 1 January 2017 (restated)	2,144,039	372,391	36,990	371,163	2,924,583	99,273	3,023,856
Comprehensive income							
Profit for the financial year (restated)	-	-	-	161,913	161,913	14,176	176,089
Other comprehensive income/(loss)							
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)
Total comprehensive income/(loss)	-	-	(2,609)	161,247	158,638	14,249	172,887
Transactions with owners							
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)
Total transactions with owners	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)	-	-	-	-	-
As at 31 December 2017 (restated)	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 30 JUNE 2018

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

	OTHER RESERVES						
(RM'000)	**Other Reserves**	**Revaluation Reserves**	**Currency Translation Reserves**	**Share Scheme Reserves**	**Warrants Reserves**	**Retirement Benefit Reserves**	**Total**
As at 1 January 2017 (as previously stated)	1,151	28,090	642	9,962	28,355	(3,120)	65,080
Prior year adjustments (Note 25)	-	(28,090)	-	-	-	-	(28,090)
As at 1 January 2017 (restated)	1,151	-	642	9,962	28,355	(3,120)	36,990
Other comprehensive income/(loss)							
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)
Total comprehensive income/(loss)	88	-	(112)	-	-	(2,585)	(2,609)
Transactions with owners							
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)
As at 31 December 2017 (restated)	1,239	-	530	4,310	28,355	(5,705)	28,729

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.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 has adopted the new IFRS-compliant framework, MFRS for the current financial year beginning 1 January 2018. In adopting the new framework, the Group has applied 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 O'R 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.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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

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 47th 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, amounting to RM76,838,535.44. The dividend was 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 30 JUNE 2018

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

8. SEGMENTAL REPORTING

(RM'000) 6 months ended 30.6.2018	Property Development & Investment	Engineering, Construction & Environment	Infrastructure & Concession	Facilities Management & Parking	Others	Total
Total revenue	417,589	741,557	1,430	27,239	83,995	1,271,810
Inter-segment revenue	(3,737)	(357,672)	-	(1,157)	(76,399)	(438,965)
External revenue	413,852	383,885	1,430	26,082	7,596	832,845
Segment profit	55,060	40,981	(2,999)	852	(8,749)	85,145
Unallocated corporate expenses						(21,475)
Finance income						14,496
Finance costs						(21,028)
Share of results of associates and joint ventures	2,113	14,339	-	-	-	16,452
Profit before tax						73,590

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

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

8. SEGMENTAL REPORTING (cont'd)

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Infrastructure & Concession	Facilities Management & Parking	Others	Total
6 months ended 30.6.2017 (restated)						
Total revenue	453,427	880,876	57,075	33,962	53,716	1,479,056
Inter-segment revenue	(3,238)	(181,985)	-	(4,363)	(44,359)	(233,945)
External revenue	450,189	698,891	57,075	29,599	9,357	1,245,111
Segment profit	77,938	15,283	29,008	10,836	519	133,584
Unallocated corporate expenses						(17,180)
Finance income						12,072
Finance costs						(72,559)
Share of results of associates and joint ventures	2,255	3,404	-	-	-	5,659
Profit before tax						61,576

Note

RM'000	Property Development & Investment		
	Malaysia	Australia	Total
Total revenue	313,866	139,561	453,427
Inter-segment revenue	(3,238)	-	(3,238)
External revenue	310,628	139,561	450,189
Segment profit	43,179	34,759	77,938

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 PERIOD

On 19 March 2018, Legasi Azam Sdn Bhd, a wholly owned subsidiary of MRCB Land Sdn Bhd, which in turn is a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Pertubuhan Keselamatan Social for the disposal of a parcel of freehold land measuring 1.866 acres held under Geran 34211, Lot No. 94, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan bearing the postal address No.16, Jalan Kia Peng, 50450 Kuala Lumpur ("Land") for cash a consideration of RM323 million excluding Goods and Services Tax ("Proposed Disposal").

The Proposed Disposal was completed on 3 July 2018 and generated a disposal net gain of approximately RM28 million to the Group.

There were no other material events subsequent to the end of the financial quarter ended 30 June 2018 that have not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

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 RM417.7 million as at 30 June 2018 (compared to RM309.7 million as at 31 December 2017). 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 PERIOD ENDED 30 JUNE 2018

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

14. PROFIT FROM OPERATIONS

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

	3 MONTHS ENDED		6 MONTHS ENDED	
RM'000	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Depreciation:				
- investment properties	(1,015)	(1,035)	(2,054)	(2,070)
- property, plant and equipment	(5,065)	(5,877)	(8,780)	(11,173)
Amortisation:				
- service concession assets	-	(12,029)	-	(20,525)
- order book	(2,752)	(837)	(4,457)	(1,576)
Gain on disposal of:				
- a subsidiary	-	3,845	-	3,845
- a joint venture	-	-	-	1,649

15. INCOME TAX EXPENSE

	3 MONTHS ENDED		6 MONTHS ENDED	
RM'000	30.6.2018	30.6.2017 (restated)	30.6.2018	30.6.2017 (restated)
Current tax:				
- Malaysia income tax	(14,331)	(17,430)	(27,907)	(30,904)
- over provision in prior years	149	3,680	5,187	3,580
Deferred tax	3,420	5,876	7,025	11,033
	(10,762)	(7,874)	(15,695)	(16,291)

The effective tax rate of 27.5% 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 30 JUNE 2018

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

16. CORPORATE PROPOSALS

(a) At the date of this report, the status of the utilisation of the proceeds raised from the renounceable rights issue which completed on 3 November 2017 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*	50,511	Within 24 months
5	Estimated expenses in relation to the right issue	9,597*	9,597	Within 6 months
	Total	1,732,149	1,640,261	

- 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 31 May 2017, the Company, Rukun Juang Sdn Bhd ("RJSB"), an 85% owned subsidiary of the Company, 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 the JV Co, for the purpose of jointly developing the three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands"), which were transferred by the Government of Malaysia via Syarikat Tanah dan Harta Sdn Bhd on 17 April 2018 to the JV Co as consideration of RJSB undertaking the Privatisation Project at the National Sport Complex in Bukit Jalil; 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 pending completion.

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

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:

	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
As at 2nd quarter of 2018			
Secured	1,310,542	2,375,078	3,685,620
Unsecured	-	205,964	205,964
As at 2nd quarter of 2017			
Secured	3,457,308	412,054	3,869,362
Unsecured	-	250,000	250,000

The net decrease of RM228 million in the Group's borrowings was mainly due to settlement of the Group's borrowings from the proceeds of the Company's right issue completed in November 2017 (Note 16(a)).

As at 30 June 2018, the borrowings consist mainly of:

Secured term loans

(a) The Senior and Junior Sukuk of RM1,023 million which were obtained for the purpose of financing the construction of the Eastern Dispersal Link ("EDL") toll road;

(b) Term loan of RM733 million to finance the subscription of ordinary shares in a subsidiary;

(c) Fixed rate Islamic financing facility of RM148 million for the Group's working capital purposes;

(d) Term loan totaling RM400 million to finance the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil; and

(e) Other project loans of RM1,383 million for the Group's on-going property development and construction projects.

Unsecured short term loans

(f) Short term borrowings of RM206 million to finance on-going construction projects and working capital purposes.

The Group's borrowings as at 30 June 2018 were denominated in Ringgit Malaysia. The weighted average interest rate as at 30 June 2018 was 5.64% per annum (30 June 2017: 5.62%).

The Group's Net Gearing as at 30 June 2018 was 0.69 times. Higher Net Gearing compared with the previous quarter ended 31 March 2018 of 0.58 times was mainly due to the drawn down of a new term loan for land acquisition purposes. The Net Gearing will be substantially reduced when the Group settles Bukit Jalil and EDL project loans upon completion of the corporate exercise stated in Note 16(b) above and finalisation of EDL termination agreement with the Government of Malaysia.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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.

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

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	6 MONTHS ENDED		VARIANCE (Value / %)
(RM'000)	30.6.2018	30.6.2017 (restated)		30.6.2018	30.6.2017 (restated)	
Revenue	405,249	725,271	(320,022) (44%)	832,845	1,245,111	(412,266) (33%)
Operating profit	54,006	65,178	(11,172) (17%)	78,166	128,476	(50,310) (39%)
Profit before interest and tax	47,777	60,048	(12,270) (20%)	63,670	116,405	(52,734) (45%)
Profit before tax	43,031	34,597	8,434 24%	73,590	61,576	12,014 20%
Profit after tax	32,269	26,723	5,546 21%	57,895	45,285	12,610 28%
Profit attributable to equity holders of the Company	34,448	24,047	9,401 39%	54,975	32,685	22,290 68%

In the first half of the financial period ended 30 June 2018, the Group recorded revenue and profit before tax of RM832.8 million and RM73.6 million respectively, compared to RM1.25 billion and RM61.6 million respectively recorded in the corresponding period ended 30 June 2017.

The higher revenue in 2017 was mainly due to the construction revenue derived from the regeneration and redevelopment of the National Sports Complex project which was completed in July 2017 as well as tolling revenue from the Eastern Dispersal Link ("EDL") toll road, which was discontinued on 1 January 2018.

The higher profit before tax recorded in both the individual quarter and cumulative quarter under review was mainly due to a much stronger performance from the Engineering, Construction and Environment division, as well as no operating losses being recorded from the cessation of EDL's toll collection and the reclassification of the concession asset to reflect the upcoming sale of EDL.

In the first half of the financial year, the Group's 50% owned LRT 3 Project Delivery Partner joint venture company contributed RM15.0 million profit after tax compared with RM3.7 million in the same period last year. Accordingly, the Group's 27.89% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, both contributed a total of RM9.5 million profit after tax to the Group.

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

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

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

	3 MONTHS ENDED		6 MONTHS ENDED	
RM'000	30.6.2018	30.6.2017 (restated)	30.6.2018	30.6.2017 (restated)
Revenue				
Property development & investment	193,412	212,651	413,852	450,189
Engineering, construction & environment	192,812	467,648	383,885	698,891
Infrastructure & concession	705	28,569	1,430	57,075
Facilities management & parking	13,070	12,725	26,082	29,599
Others	5,250	3,678	7,596	9,357
	405,249	725,271	832,845	1,245,111
Profit/(Loss)				
Property development & investment	30,913	30,085	55,060	77,938
Engineering, construction & environment	24,977	14,029	40,981	15,283
Infrastructure & concession	(1,697)	11,538	(2,999)	29,008
Facilities management & parking	687	7,087	852	10,836
Others	2,831	5,061	(8,749)	519
	57,711	67,800	85,145	133,584

* 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 the first half of the financial year, the Property Development & Investment division recorded a revenue of RM413.9 million which was mainly contributed by the Group's on-going property development projects, namely 9 Seputeh mixed residential development in Jalan Klang Lama, the office towers in PJ Sentral Garden City, Sentral Suites in KL Sentral and Kalista Park Homes in Bukit Rahman Putra. Revenue was also booked from the sale of completed units from Sentral Residences, Q Sentral office block and Easton Burwood in Melbourne.

The sale of a piece of development land in Penang in the first half of 2018 contributed a profit before tax of RM31.3 million to the division, while the Group's investment holding in MQ REIT also continued to contribute recurring income of RM9.5 million.

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

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

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

(ii) Engineering, Construction & Environment

Despite recording lower revenue of RM383.9 million in the first half of the current financial year, the Engineering, Construction & Environment division managed to record a higher operating profit of RM41.0 million compared to RM15.3 million recorded in the corresponding period ended 30 June 2017.

The division's revenue was mainly contributed by the Mass Rapid Transit 2 V210 Package project, the rehabilitation project at Sungai Pahang, construction works for most of the property development projects stated in (i) above, as well as several commercial buildings for clients in Johor.

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 operating profit of RM41.0 million recorded in the first half of the financial year ended 30 June 2018.

The Group's 50% owned LRT 3 Project Delivery Partner joint venture company contributed RM15.0 million profit after taxation to the Group compared to RM3.7 million in the same period last year, recognised under share of results of joint ventures.

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

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
RM'000	30/6/2018	31/3/2018	
Revenue	405,249	427,596	(22,347) / (5%)
Operating profit	54,006	24,160	29,846 / 124%
Profit before interest and tax	47,777	15,893	31,884 / 201%
Profit before tax	43,031	30,559	12,472 / 41%
Profit after tax	32,269	25,626	6,643 / 26%
Profit attributable to equity holders of the Company	33,448	21,527	11,921 / 55%

The Group recorded revenue and profit before taxation of RM405.2 million and RM43.0 million respectively, in the quarter ended 30 June 2018, compared to revenue of RM427.6 million and profit before taxation of RM30.6 million recorded in the immediate preceding quarter ended 31 March 2018.

The higher profit before tax recorded in the quarter compared to the immediate preceding quarter was mainly due to the sale of a piece of development land in Penang as well as higher profit contributed from the Engineering, Construction and Environment division of RM25.0 million, compared to the immediate preceding quarter of RM16.0 million.

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

As at 30 June 2018, the Group's Property Development & Investment division achieved sales of RM261 million from its residential developments. These were mainly derived from Sentral Suites, which recorded RM98 million sales, followed by TRIA Phase 1, which forms Parcel B of 9 Seputeh, with RM87 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%.

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 and VIVO in 9 Seputeh, which has historically achieved strong sales. The 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.

Revenue and operating profit 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 Alstonia Hilltop Homes in Bukit Rahman Putra, a 4-acre gated-and-guarded strata development (GDV: RM243 million), in the third quarter.

Operating profit from Sentral Suites will continue to contribute 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 completion, anticipated in 2020.

Overall, the Group had total cumulative unbilled sales in its Property Development & Investment division which are expected to deliver RM1,672 million in revenue to be booked over the development lifespan of its projects, approximately 80% of which are residential and 20% commercial.

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 361 acres of urban land, with a total GDV of RM53 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM' mil)
Transport Oriented Developments	226.01	45,082
Commercial	67.52	770
Residential	48.26	5,522
International	1.00	305
Others	15.63	-
Grand Total	**358.42**	**51,679**

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 RM2,761 million, and is placing greater emphasis on seeking infrastructure and long-term fee-based management projects. As at 30 June 2018, the external client order book stood at RM6.5 billion. The external client order book will however, increase by approximately RM11 billion when the Bukit Jalil corporate exercise stated in Note 16(b) is completed. This increase, as well as the division's existing external client order book, will ensure that the division has a steady pipeline of contracts to sustain its business over many years.

As at 30 June 2018, the unbilled order book stood at RM5.1 billion. It is worth noting that approximately RM4.6 billion of these projects are 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 the remainder of 2018 and beyond:

Major Construction Projects	Contract Value (RM' Mil)
Kwasa Utama C8	3,145
MRT2 V210 Package	604
DASH - Package CB2	369
PR1MA Brickfields	335
Kwasa Land – PDP Infra	112
Total	**4,565**

The Group remains confident that its long-term prospects are positive given the sound strategies put in place to enhance the sustainability of both its Property Development & Investment and Engineering, Construction and Environment divisions. The Group's balance sheet has been significantly strengthened and the Net Gearing will be substantially reduced when the Group settles its Bukit Jalil and EDL project loans upon completion of the corporate exercises stated in Note 16(b) and finalisation of the EDL termination agreement with the Government of Malaysia.

22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

Not applicable.

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		6 MONTHS ENDED	
	30.6.2018	30.6.2017 (restated)	30.6.2018	30.6.2017 (restated)
Net profit for the financial period attributable to the owners of the parent (RM'000)	33,448	24,047	54,975	32,685
Weighted average number of ordinary shares in issue ('000)	4,390,773	2,177,749	4,390,417	2,161,926
Basic EPS (sen)	0.76	1.10	1.25	1.51

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 30 June 2018 was lower than the exercise prices of the warrants.

24. TRADE RECEIVABLES

As at 30 June 2018, the Group's trade receivables of RM54,275,750 (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:

RM'000	As at 30.6.2018	As at 31.12.2017
Less than three months	26,681	18,648
Between three to six months	15,673	2,313
Between six to months and one year	4,253	3,540
More than one year	7,669	8,609
	54,276	33,110

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

RM'000	As at 30.6.2018	As at 31.12.2017
As start of the financial period	7,131	11,472
Provision for impairment of receivables	622	1,082
Reversal of impairment	(2)	(1,597)
Written off	-	(3,349)
Disposal of a subsidiary	-	(477)
	7,751	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 30 JUNE 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
At 1 January 2017			
Consolidated statement of financial position			
Assets			
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
Liabilities			
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
At 31 December 2017			
Consolidated statement of financial position			
Assets			
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
Liabilities			
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 30 JUNE 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
Consolidated statements of comprehensive income			
6 months ended 30 June 2017			
Revenue	1,281,373	(36,262)	1,245,111
Expenses	(1,183,284)	34,394	(1,148,890)
Profit from operations	130,344	(1,868)	128,476
Profit before tax	63,444	(1,868)	61,576
Income tax expenses	(16,978)	687	(16,291)
Profit for the financial period	46,466	(1,181)	45,285
Total comprehensive income	46,558	(1,181)	45,377
Profit attributable to equity holders of the Company	33,833	(1,148)	32,685
Profit attributable to non-controlling interests	12,633	(33)	12,600
Total comprehensive income attributable to equity holders of the Company	33,925	(1,148)	32,777
Total comprehensive income attributable to non-controlling interests	12,633	(33)	12,600
Basic earnings per share (sen)	1.56	(0.05)	1.51

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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
Consolidated statements of comprehensive income			
3 months ended 30 June 2017			
Revenue	756,522	(31,251)	725,271
Expenses	(706,815)	31,669	(675,146)
Profit from operations	64,760	418	65,178
Profit before tax	34,179	418	34,597
Income tax expenses	(8,117)	243	(7,874)
Profit for the financial period	26,062	661	26,723
Total comprehensive income	25,779	661	26,440
Profit attributable to equity holders of the Company	23,371	676	24,047
Profit attributable to non-controlling interests	2,691	(15)	2,676
Total comprehensive income attributable to equity holders of the Company	23,088	676	23,764
Total comprehensive income attributable to non-controlling interests	2,691	(15)	2,676
Basic earnings per share (sen)	1.07	0.03	1.10

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 30 June 2018.

Kuala Lumpur
30 August 2018

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary