

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RM'000	Note	3 MONTHS ENDED		3 MONTHS ENDED	
		31.3.2019 (unaudited)	31.3.2018 (unaudited)	31.3.2019 (unaudited)	31.3.2018 (unaudited)
Revenue		234,050	427,596	234,050	427,596
Expenses		(226,714)	(419,329)	(226,714)	(419,329)
Other operating income	13	11,546	15,893	11,546	15,893
Profit from operations		18,882	24,160	18,882	24,160
Finance costs		(12,406)	(4,272)	(12,406)	(4,272)
Share of results of associates		2,958	2,807	2,958	2,807
Share of results of joint ventures		(1,019)	7,864	(1,019)	7,864
Profit before tax		8,415	30,559	8,415	30,559
Income tax expense	15	(6,861)	(4,933)	(6,861)	(4,933)
Profit for the financial period		1,554	25,626	1,554	25,626
Other comprehensive income for the financial period, net of tax					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		(58)	6	(58)	6
- share of associate's gain/(loss) on re-measurement of financial derivatives		(96)	99	(96)	99
Total comprehensive income for the financial period, net of tax		1,400	25,731	1,400	25,731
Profit for the financial year attributable to:					
Equity holders of the Company		4,135	21,527	4,135	21,527
Non-controlling interests		(2,581)	4,099	(2,581)	4,099
		1,554	25,626	1,554	25,626
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		3,981	21,632	3,981	21,632
Non-controlling interests		(2,581)	4,099	(2,581)	4,099
		1,400	25,731	1,400	25,731
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)					
		0.09	0.49	0.09	0.49

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(RM'000)	As at 31.3.2019 (unaudited)	As at 31.12.2018 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	661,551	665,361
Investment properties	1,313,892	1,313,971
Right-of-use	93,969	-
Inventories	1,640,326	1,660,923
Associates	539,207	547,712
Joint ventures	298,546	300,367
Long term loan and receivable	246,748	247,233
Intangible assets	225,664	226,700
Deferred tax assets	87,876	86,874
Amount due from joint venture	72,251	69,870
	<u>5,180,030</u>	<u>5,119,011</u>
Current assets		
Inventories	1,107,081	1,043,726
Trade and other receivables	742,390	776,015
Amount due from associates and joint ventures	150,003	130,765
Contract assets	745,282	702,296
Tax recoverable	17,379	17,817
Financial assets at fair value through profit or loss	1,215	950
Deposits, cash and bank balances	315,338	551,634
	<u>3,078,688</u>	<u>3,223,303</u>
TOTAL ASSETS	<u>8,258,718</u>	<u>8,342,314</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

(RM'000)	As at 31.3.2019 (unaudited)	As at 31.12.2018 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,321,345	4,318,225
Retained earnings	519,269	515,134
Other reserves	(2,217)	(910)
	<u>4,838,397</u>	<u>4,832,449</u>
Non-controlling interests	65,423	68,004
Total equity	<u>4,903,820</u>	<u>4,900,453</u>
Non-current liabilities		
Deferred tax liabilities	70,389	70,025
Contract liabilities	140,258	140,258
Lease liabilities	70,859	-
Post-employment benefit obligations	18,814	19,508
Long term borrowings	779,961	765,520
Long term liabilities	354,150	349,578
Government grant	131,739	131,805
	<u>1,566,170</u>	<u>1,476,694</u>
Current liabilities		
Contract liabilities	145,200	104,888
Other liabilities and charges	37,706	34,042
Trade and other payables	932,355	1,084,991
Lease liabilities	23,579	-
Current tax liabilities	10,213	15,392
Short term borrowings	639,675	725,854
	<u>1,788,728</u>	<u>1,965,167</u>
Total liabilities	<u>3,354,898</u>	<u>3,441,861</u>
TOTAL EQUITY AND LIABILITIES	<u><u>8,258,718</u></u>	<u><u>8,342,314</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>110.0</u>	<u>110.0</u>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

C. CONSOLIDATED STATEMENT OF CASH FLOWS

(RM'000)	3 MONTHS ENDED	
	31.3.2019 (unaudited)	31.3.2018 (unaudited)
Operating activities		
Cash receipts from customers	304,883	435,508
Cash paid to suppliers and employees	(440,065)	(584,637)
Cash used in operations	(135,182)	(149,129)
Bank services charges paid	(2,314)	(1,061)
Taxes paid	(10,928)	(8,980)
	<u>(148,424)</u>	<u>(159,170)</u>
Investing activities		
Net proceeds from divestment of equity investments	-	43,007
Dividend received	15	8
Non-equity investments	1,945	(25,540)
Net cash generated from investing activities	<u>1,960</u>	<u>17,475</u>
Financing activities		
Proceeds from borrowings	124,555	342,975
Repayment of borrowings	(196,555)	(132,438)
Redemption of redeemable preference shares	-	(97,937)
Finance costs paid	(17,831)	(29,272)
Withdrawal of restricted cash	4,310	72,747
	<u>(85,521)</u>	<u>156,075</u>
Net (decrease)/increase in cash and cash equivalent	(231,985)	14,380
Cash and cash equivalents at beginning of the financial period	<u>469,815</u>	<u>464,041</u>
Cash and cash equivalent at end of financial period	<u><u>237,830</u></u>	<u><u>478,421</u></u>

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

Bank balances and deposits	315,338	665,871
Less: Bank balances and deposits held as security value	(77,508)	(187,450)
	<u>237,830</u>	<u>478,421</u>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(RM'000)	<u>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</u>					
	<u>Share Capital</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>	<u>Non-controlling Interests</u>	<u>Total Equity</u>
As at 1 January 2019	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453
Comprehensive income						
Profit for the financial period	-	-	4,135	4,135	(2,581)	1,554
Other comprehensive loss						
Currency translation differences	-	(58)	-	(58)	-	(58)
Share of associate's loss on re-measurement of financial derivatives	-	(96)	-	(96)	-	(96)
Total comprehensive loss	-	(154)	-	(154)	-	(154)
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	3,120	(3,120)	-	-	-	-
Share-based payment transaction	-	1,967	-	1,967	-	1,967
Total transactions with owners	3,120	(1,153)	-	1,967	-	1,967
As at 31 March 2019 (unaudited)	4,321,345	(2,217)	519,269	4,838,397	65,423	4,903,820

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

(RM'000)	OTHER RESERVES				Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	
As at 1 January 2019	1,305	(949)	5,150	(6,416)	(910)
Other comprehensive loss					
Currency translation differences	-	(58)	-	-	(58)
Share of associate's gain on re- measurement of financial derivatives	(96)	-	-	-	(96)
Total comprehensive loss	(96)	(58)	-	-	(154)
Transactions with owners					
Issuance of ordinary shares					
- pursuant to Restricted Share Plan	-	-	(3,120)	-	(3,120)
Share-based payment transaction	-	-	1,967	-	1,967
	-	-	(1,153)	-	(1,153)
As at 31 March 2019 (unaudited)	1,209	(1,007)	3,997	(6,416)	(2,217)

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

(RM'000)	<u>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</u>					
	<u>Share Capital</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>	<u>Non-controlling Interests</u>	<u>Total Equity</u>
As at 1 January 2018	4,309,422	28,729	479,039	4,817,190	104,493	4,921,683
Comprehensive income						
Profit for the financial year	-	-	101,167	101,167	1,488	102,655
Other comprehensive income/(loss)						
Currency translation differences	-	(1,479)	-	(1,479)	-	(1,479)
Share of associate's gain on re-measurement of financial derivatives	-	66	-	66	-	66
Post-employment benefit obligations upon resignation of employee	-	(711)	711	-	-	-
Total comprehensive income/(loss)	-	(2,124)	101,878	99,754	1,488	101,242
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	8,794	(8,794)	-	-	-	-
- conversion of warrants A	9	-	-	9	-	9
Acquisition of additional equity interest in a subsidiary	-	-	(17,300)	(17,300)	-	(17,300)
Acquisition of a subsidiary	-	-	-	-	0	0
Dilution of equity of a subsidiary	-	-	-	-	2	2
Share-based payment transaction	-	9,634	-	9,634	-	9,634
Redemption of redeemable preference shares	-	-	-	-	(8,579)	(8,579)
Expiry of warrants A on 14 September 2018	-	(28,355)	28,355	-	-	-
Dividends paid for financial year ended						
- 31 December 2017	-	-	(76,838)	(76,838)	-	(76,838)
- 31 December 2018	-	-	-	-	(29,400)	(29,400)
Total transactions with owners	8,803	(27,515)	(65,783)	(84,495)	(37,977)	(122,472)
As at 31 December 2018 (audited)	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453

"0" denotes as amount less than RM1,000.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

(RM'000)	OTHER RESERVES					Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	
As at 1 January 2018	1,239	530	4,310	28,355	(5,705)	28,729
Other comprehensive income/(loss)						
Currency translation differences	-	(1,479)	-	-	-	(1,479)
Share of associate's gain on re-measurement of financial derivatives	66	-	-	-	-	66
Post-employment benefit obligations	-	-	-	-	(711)	(711)
Total comprehensive income/(loss)	66	(1,479)	-	-	(711)	(2,124)
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	-	-	(8,794)	-	-	(8,794)
Share-based payment transaction	-	-	9,634	-	-	9,634
Expiry of warrants A on 14 September 2018	-	-	-	(28,355)	-	(28,355)
	-	-	840	(28,355)	-	(27,515)
As at 31 December 2018 (audited)	1,305	(949)	5,150	-	(6,416)	(910)

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**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 2018.

A number of new standards and amendments to standards and interpretation are effective for the current financial year beginning on 1 January 2019. None of these are expected to have any significant effect on the consolidated financial statements of the Group except for MFRS 16 ‘Leases’ superseded Financial Reporting Standard (“FRS”) 117 ‘Leases’ and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on statement of financial position) or operating leases (off statement of financial position). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in FRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group applies the simplified transition approach and as such, not restatement of comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. Based on the assessment undertaken to-date, the adoption of this standard would impact on the Group’s financial position with the recognition of right-of-use assets and lease liabilities.

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.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE**

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

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

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

6. DEBT AND EQUITY SECURITIES

During the financial quarter under review, there were a total of 4,800,100 new ordinary shares issued by the Company arising from the allotment of ordinary shares to eligible executives and employees, pursuant to the terms of the Offer Letter of the Restricted Share Plan dated 12 December 2018, 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

There was no dividend declared or paid by the Company for the current financial quarter under review.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****8. SEGMENTAL REPORTING**

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
3 months ended 31.3.2019					
Total revenue	86,937	180,955	14,011	34,515	316,418
Inter-segment revenue	(1,830)	(48,226)	(872)	(31,440)	(82,368)
External revenue	85,107	132,729	13,139	3,075	234,050
Segment profit	3,002	16,716	(374)	1,362	20,706
Unallocated corporate expenses					(6,931)
Finance income					5,107
Finance costs					(12,406)
Share of results of associates and joint ventures	1,324	615	-	-	1,939
Profit before tax					8,415

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****8. SEGMENTAL REPORTING (cont'd)**

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
3 months ended 31.3.2018					
Total revenue	222,405	366,396	13,552	30,053	632,406
Inter-segment revenue	(1,965)	(175,323)	(540)	(26,982)	(204,810)
External revenue	220,440	191,073	13,012	3,071	427,596
Segment profit	24,147	16,004	165	(12,883)	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 2019**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 23 May 2019, the Company entered into a Share Purchase Agreement with CMY Capital Sdn Bhd for the disposal of its entire 30% equity interest in ONE IFC Sdn Bhd, represented by 3,000,000 ordinary shares and 72,000,000 redeemable convertible preference shares, all issued and fully paid, for a cash consideration of RM117,273,000.

The disposal was completed today and generated a net disposal gain of approximately RM54 million to the Group.

Other than the above, there was no other material event subsequent to the end of the financial quarter ended 31 March 2019 that have not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 23 January 2019, MRCB Australia Holding Company Pty Ltd, the Company's wholly owned subsidiary, incorporated a new subsidiary in Australia, namely MRCB Docklands Pty Ltd. The issued and paid up share capital of Docklands Pty Ltd is AUD2 comprising 2 ordinary shares.

(b) On 19 February 2019, MRCB Innovations Sdn Bhd, the Company's wholly owned subsidiary, incorporated a new wholly owned subsidiary in Hong Kong, namely MRCB Innovations (HK) Pte Limited.

The principal activity of MRCB Innovations (HK) Pte Limited is investment holding with an issued and paid up share capital of HKD2 comprising 2 ordinary shares.

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

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

	(RM'000)	As at 31.3.2019	As at 31.12.2018
1	Performance guarantees extended to third parties *	541,825	576,885
2	Disputed claims from sub-contractor arising from business transaction	-	4,371
	Total	541,825	581,265

* Included in the performance guarantees extended to third parties is an amount RM31.3 million that has been called on by third parties. The Group has instituted an injunction proceeding against the third parties. The performance guarantees which have been called upon have not been provided in the financial statements as the Board of Directors as advised by external experts, are of the opinion the third parties are not likely to succeed, and thus will not have a material effect on the financial position of the business of the Group.

There were no material contingent assets to be disclosed.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

13. OTHER OPERATING INCOME

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

14. PROFIT FROM OPERATIONS

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

(RM'000)	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Depreciation of:				
- investment properties	(3,074)	(1,039)	(3,074)	(1,039)
- property, plant and equipment	(5,137)	(3,715)	(5,137)	(3,715)
Amortisation of:				
- order book	(735)	(1,705)	(735)	(1,705)
- right-of-use	(4,459)	-	(4,459)	-
- government grant	66	-	66	-

15. INCOME TAX EXPENSE

(RM'000)	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
In Malaysia				
Current tax	(8,050)	(13,576)	(8,050)	(13,576)
Over provision in prior years	553	5,038	553	5,038
Deferred tax	576	3,605	576	3,605
	<u>(6,921)</u>	<u>(4,933)</u>	<u>(6,921)</u>	<u>(4,933)</u>
In Australia				
Deferred tax	60	-	60	-
	<u>60</u>	<u>-</u>	<u>60</u>	<u>-</u>
Income tax expense	<u>(6,861)</u>	<u>(4,933)</u>	<u>(6,861)</u>	<u>(4,933)</u>

The dividend income received from the Group's associate, MQ REIT is taxable. The computation of the effective tax rate of 39.2% for the current financial quarter had been adjusted accordingly. The effective tax rate is 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 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****16. CORPORATE PROPOSALS**

At the date of this report, the status of the utilisation of the proceeds raised from the renounceable rights issue 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*	85,779	Within 24 months
5	Estimated expenses in relation to the right issue	9,597*	9,597	Within 6 months
	Total	1,732,149	1,680,624	

* An unutilized amount of RM5.403 million being the excess from the estimated expenses in relation to the right issue has been adjusted and added to general working capital.

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 2019

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:

(RM'000)	Long term	Long term	Short term	Total	Total
	RM denomination	[^] Foreign denomination	RM denomination	[^] Foreign denomination	RM denomination
As at 1st quarter of 2019					
Secured	716,567	63,394	474,518	63,394	1,191,085
Unsecured	-	-	165,157		165,157
As at 1st quarter of 2018					
Secured	1,135,964	-	2,240,072	-	3,376,036
Unsecured	-	-	219,286	-	219,286

[^] AUD 22,242,922 @ 2.897 with a weighted average interest rate of 5.23% per annum as at 31 March 2019.

The net decrease of RM2.176 billion in the Group's borrowings was mainly due to full settlement of the Senior and Junior Sukuk of RM1,058 million and other Group's borrowings after the Settlement Sum was received from the Government of Malaysia and the proceeds from the disposal of Lands by Rukun Juang Sdn Bhd to the Group's associated company, Bukit Jalil Sentral Properties Sdn Bhd.

As at 31 March 2019, the borrowings consist mainly of:

Secured term loans

- (a) Fixed rate Islamic financing facility of RM149 million for the Group's working capital purposes;
- (b) Other project loans of RM1,106 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- (c) Short term borrowings of RM165 million to finance on-going construction projects and working capital purposes.

Other than the secured Australian Dollar long term loan of AUD22.2 million, the Group's other borrowings as at 31 March 2019 were denominated in Ringgit Malaysia. The weighted average interest rate as at 31 March 2019 was 5.82% per annum (31 March 2018: 5.43%).

The Group's Net Gearing as at 31 March 2019 was 0.23 times (31 March 2018: 0.58 times).

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	3 MONTHS ENDED		VARIANCE (Value / %)
	31.3.2019	31.3.2018		31.3.2019	31.3.2018	
Revenue	234,050	427,596	(193,546) (45%)	234,050	427,596	(193,546) (45%)
Operating profit	18,882	24,160	(5,278) (22%)	18,882	24,160	(5,278) (22%)
Profit before interest and tax	13,775	15,893	(2,117) (13%)	13,775	15,893	(2,117) (13%)
Profit before tax	8,415	30,559	(22,144) (72%)	8,415	30,559	(22,144) (72%)
Profit after tax	1,554	25,626	(24,072) (94%)	1,554	25,626	(24,072) (94%)
Total profit attributable to equity holders of the Company	4,135	21,527	(17,392) (81%)	4,135	21,527	(17,392) (81%)

For the first quarter ended 31 March 2019, the Group recorded revenue and profit before tax of RM234.1 million and RM8.4 million respectively, compared to RM427.6 million and RM30.6 million respectively recorded in the preceding financial quarter ended 31 March 2018.

The 45% decline in revenue in the first quarter of 2019 compared to the corresponding period in 2018 was mainly due to the lower revenue contribution from both the Property Development & Investment and Engineering, Construction & Environment Divisions.

Profit Before Tax fell 72%, impacted by the lower revenue recognised during the period as well as the deferment and re-timing of income recognition from the LRT 3 project. As a result, the Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of only RM0.5 million, compared with RM9.0 million in the corresponding period in 2018. This is considerably lower than previously budgeted due to the deferment of progress billings resulting from the re-modelling of the project from a PDP to a fixed price turnkey project by the Government.

The Group's 27.94% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, combined contributed a total of RM5.7 million profit after tax to the Group.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

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

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

(RM'000)	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2019	31.3.2018	31.12.2019	31.3.2018
<u>Revenue</u>				
Property development & investment	85,107	220,440	85,107	220,440
Engineering, construction & environment	132,729	191,073	132,729	191,073
Facilities management & parking	13,139	13,012	13,139	13,012
Others	3,075	3,071	3,075	3,071
	<u>234,050</u>	<u>427,596</u>	<u>234,050</u>	<u>427,596</u>
<u>Profit/(Loss)</u>				
Property development & investment	3,002	24,147	3,002	24,147
Engineering, construction & environment	16,716	16,004	16,716	16,004
Facilities management & parking	(374)	165	(374)	165
Others	1,362	(12,883)	1,362	(12,883)
	<u>20,706</u>	<u>27,433</u>	<u>20,706</u>	<u>27,433</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

The Property Development & Investment Division recorded a 61% decline in revenue to RM85.1 million for the quarter ended 31 March 2019, compared to the corresponding period in 2018. The decline was due to no revenue being recognised from the sale of completed unsold units, as well as most projects currently being in the early development phase. The main revenue contributors were the recently completed Kalista Park Homes in Bukit Rahman Putra as well as the on-going development projects Sentral Suites in KL Sentral, the 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers in PJ Sentral Garden City.

The Division recorded an operating profit of RM3.0 million during the period compared to RM24 million recorded in the corresponding period in 2018. The higher operating profit in the preceding corresponding quarter ended 31 March 2018 was mainly contributed by the projects stated above as well as the sale of completed units from Sentral Residences, Q Sentral office block and Easton Burwood in Melbourne.

The Group's investment holding in MQ REIT also continued to contribute recurring income of RM5.7 million for the current quarter ended 31 March 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**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 a 31% decline in revenue of RM132.7 million for the quarter ended 31 March 2019 compared to the corresponding period in 2018, the Engineering, Construction & Environment Division recorded a 4% higher operating profit of RM16.7 million.

The bulk of the Division's revenue was contributed by its on-going construction projects, namely the Mass Rapid Transit Line 2 Package V210, Damansara-Shah Alam Elevated Highway Package CB2, TNB HQ Campus, Larkin Indoor Stadium and construction works for most of the property development projects stated in (i) above, as well as several smaller civil engineering projects in the Klang Valley.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed lower profit after tax of RM0.5 million, compared with RM9.0 million in the corresponding period in 2018. This was considerably lower than previously budgeted due to the deferment of progress billings as a result of the re-modelling of the project from a PDP to a fixed price turnkey project by the Government.

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

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
(RM'000)	31/3/2019	31/12/2018	
Revenue	234,050	374,106	(140,056) / (37%)
Operating profit	18,882	19,146	(264) / (1%)
Profit before interest and tax	13,775	14,591	(816) / (6%)
Profit before tax	8,415	7,702	713 / 9%
Profit after tax	1,554	317	1,237 / 390%
Total profit attributable to equity holders of the Company	4,135	26,400	(22,265) / (84%)

The Group recorded revenue and profit before taxation of RM234.1 million and RM8.4 million respectively, in the quarter ended 31 March 2019, compared to revenue of RM374.1 million and profit before taxation of RM7.7 million recorded in the preceding quarter ended 31 December 2018.

The higher revenue in the immediate preceding quarter was mainly due to higher revenue recognition from the 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers in PJ Sentral Garden City. The Engineering, Construction & Environment Division also recognised higher revenue due to the construction completion of several commercial buildings in Johor.

Despite recording lower revenue, the Group recorded a slightly higher profit before tax of RM8.4 million compared to RM7.7 million recorded in the immediate preceding quarter.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**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

For the first quarter ended 31 March 2019, the Group's Property Development & Investment Division sold RM75.0 million worth of properties. This refers to properties that have been sold to buyers, which will be progressively recognised as revenue as the properties are constructed. These were mainly derived from Sentral Suites, which recorded RM52.4 million sales, followed by TRIA of 9 Seputeh, with RM10.9 million sales.

Of the Group's residential projects currently in development, 1060 Carnegie in Melbourne, Australia has achieved a take up rate of 81%, while Sentral Suites has achieved a take up rate of 74%, and Kalista Park Homes of 68%.

The Division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,534 million), 1060 Carnegie in Melbourne (GDV: RM275 million) and Kalista Park Homes in Bukit Rahman Putra (GDV: RM102 million), as well as the remaining unsold units in the Sentral Residences and VIVO in 9 Seputeh, which has historically achieved good sales. The opening of the new link bridge connecting the Old Klang Road with the New Pantai Expressway has improved connectivity considerably to the 9 Seputeh development and should 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 2019. Sentral Suites and the 2 office towers sold in PJ Sentral Garden City will continue to contribute revenue and operating profit until their physical completion, while TRIA should commence contributing this year. In Melbourne, 1060 Carnegie will only contribute to revenue and operating profit upon physical completion and the handover of units to purchasers, anticipated in 2020.

Overall, the Group had total cumulative unbilled sales in its Property Development & Investment Division which are expected to deliver RM1,626 million in revenue to be booked over the development lifespan of its projects, approximately 88% of which are residential and 12% commercial.

With interests in 282 acres of urban land, the Group has a sustainable supply of future projects with a total GDV of RM31 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM' Mil)
Transport Oriented Developments	149.87	24,463
Commercial	67.52	770
Residential	48.09	5,527
International	1.00	305
Others	15.63	-
Grand Total	282.11	31,065

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****21. PROSPECTS (cont'd)****(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 RM1,394 million, and is placing greater emphasis on seeking infrastructure projects. As at 31 March 2019, the external client order book stood at RM22.6 billion, which is amongst the highest in the industry. This will ensure that the division has a steady pipeline of contracts to sustain its business over many years.

Major Construction Projects	Contract Value (RM' Mil)
Bukit Jalil Sentral	10,957
LRT3 *	5,686
Kwasa Utama C8	3,135
MRT2 Package V210	614
DASH - Package CB2	400
PR1MA Brickfields	335
Others	1,497
Total	22,624

* 50% of joint venture's total contract value

As at 31 March 2019, the unbilled construction order book stood at RM21.4 billion.

The Group remains confident that its long-term prospects are positive.

22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

Not applicable.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**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 quarter.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Net profit for the financial quarter attributable to the owners of the parent (RM'000)	4,135	21,527	4,135	21,527
Weighted average number of ordinary shares in issue ('000)	4,399,426	4,390,057	4,399,426	4,390,057
Basic EPS (sen)	<u>0.09</u>	<u>0.49</u>	<u>0.09</u>	<u>0.49</u>

Diluted Earnings Per Share

Warrants B were not included in the calculation for the financial quarter under review because the fair value of the issued ordinary shares as at 31 March 2019 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****24. TRADE RECEIVABLES**Exposure to credit risk, credit quality and collateral

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

(RM'000)	As at 31.3.2019	As at 31.12.2018
Property development	63,961	98,191
Property investment	11,111	18,244
Engineering, construction & environment	215,552	249,072
Facilities management & parking	2,495	3,225
Others	1,014	508
	<u>294,133</u>	<u>369,240</u>
Trade receivable include retention sum for contract, under engineering, construction & environment	<u>114,892</u>	<u>114,601</u>

Impairment losses

Generally, the property units sold under the property development segment are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. The Group is also exposed to significant concentration of risk to a few customers under engineering, construction & environment segment, mainly consisting of Government-linked Companies of which the Group considers the risk of default as low.

In view of that, the Group has not recognised any impairment losses in respect of trade receivables arising from its property development and engineering, construction and environment segments.

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

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

The loss allowance as at 31 March 2019 and 31 December 2018 was determined as follows for trade receivables of property investment and facilities management & parking segments are reflected in the tables below.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****25. TRADE RECEIVABLES (cont'd)**

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

(RM'000)	Gross	Individual impairment	Expected loss rate	Collective impairment	Net
31.3.2019					
Not past due	3,617	-	-	-	3,617
Past due					
- less than three months	3,849	-	-	-	3,849
- between three to six months	996	-	-	-	996
- between six months and one year	1,256	-	-	-	1,256
- more than one year	10,066	(6,178)	-	-	3,888
	<u>19,784</u>	<u>(6,178)</u>	<u>-</u>	<u>-</u>	<u>13,606</u>
31.12.2018					
Not past due	4,208	-	-	-	4,208
Past due					
- less than three months	4,227	-	-	-	4,227
- between three to six months	1,043	-	-	-	1,043
- between six months and one year	1,516	(2)	-	-	1,514
- more than one year	10,475	(5,613)	-	-	4,858
	<u>21,469</u>	<u>(5,615)</u>	<u>-</u>	<u>-</u>	<u>15,850</u>

The closing allowances for the Group's trade receivables of property investment and facilities management & parking segments as at 31 March 2019 reconcile to the opening loss allowances as follows:

(RM'000)	As at 31.3.2019	As at 31.12.2018
Opening loss allowance as at 1 January	5,615	5,614
Impairment loss recognised	563	66
Impairment loss reversed	-	(65)
As at 31 March / 31 December	<u>6,178</u>	<u>5,615</u>

Kuala Lumpur
30 May 2019

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary