

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(RM'000)	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31.12.2019 (unaudited)	31.12.2018 (audited)	31.12.2019 (unaudited)	31.12.2018 (audited)
Revenue		471,633	374,106	1,319,393	1,870,705
Expenses		(457,294)	(369,568)	(1,328,188)	(1,778,873)
Other operating income	13	12,415	14,608	100,779	49,657
Profit from operations		26,754	19,146	91,984	141,489
Finance costs		(6,986)	(7,241)	(45,599)	(43,975)
Share of results of associates		2,517	3,667	11,188	18,171
Share of results of joint ventures		(1,851)	(7,870)	(4,618)	7,302
Profit before tax		20,434	7,702	52,955	122,987
Income tax expense	15	(13,119)	(7,385)	(34,263)	(46,086)
Profit from continuing operations		7,315	317	18,692	76,901
Profit from discontinued operations		-	25,998	-	25,754
Profit for the financial year		7,315	26,315	18,692	102,655
Other comprehensive income/(loss) for the financial year, net of tax					
Item that may be reclassified subsequent to profit or loss					
- currency translation differences		207	(842)	(195)	(1,479)
- share of associate's gain/(loss) on re-measurement of financial derivatives		94	(4)	29	66
Total comprehensive income for the financial year, net of tax		7,616	25,469	18,526	101,242
Profit/(loss) the financial year attributable to:					
Equity holders of the Company		6,029	26,400	23,739	101,167
Non-controlling interests		1,286	(85)	(5,047)	1,488
		7,315	26,315	18,692	102,655
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		6,330	25,554	23,573	99,754
Non-controlling interests		1,286	(85)	(5,047)	1,488
		7,616	25,469	18,526	101,242
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)					
- from continuing operations	23	0.14	0.01	0.54	1.71
- from discontinued operations	23	-	0.59	-	0.59
		0.14	0.60	0.54	2.30

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 YEAR ENDED 31 DECEMBER 2019

B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(RM'000)	As at 31.12.2019 (unaudited)	As at 31.12.2018 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	600,431	665,361
Investment properties	1,419,633	1,313,971
Right-of-use	77,207	-
Inventories	1,686,165	1,660,923
Associates	467,541	547,712
Joint ventures	295,148	300,367
Long term loan and receivable	242,767	247,233
Intangible assets	224,259	226,700
Deferred tax assets	84,394	86,874
Amount due from joint venture	79,086	69,870
	<u>5,176,631</u>	<u>5,119,011</u>
Current assets		
Inventories	963,153	1,043,726
Trade and other receivables	873,074	776,015
Amount due from associates and joint ventures	139,475	130,765
Contract assets	738,111	702,396
Tax recoverable	19,060	17,817
Financial assets at fair value through profit or loss	889	950
Deposits, cash and bank balances	516,945	551,634
	<u>3,250,707</u>	<u>3,223,303</u>
Assets held for sale	77,679	-
TOTAL ASSETS	<u>8,505,017</u>	<u>8,342,314</u>

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(RM'000)	As at 31.12.2019 (unaudited)	As at 31.12.2018 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,331,702	4,318,225
Retained earnings	460,716	515,134
Other reserves	(844)	(910)
	<u>4,791,574</u>	<u>4,832,449</u>
Non-controlling interests	31,901	68,004
Total equity	<u>4,823,475</u>	<u>4,900,453</u>
Non-current liabilities		
Deferred tax liabilities	76,953	70,025
Contract liabilities	140,258	140,258
Lease liabilities	58,118	-
Post-employment benefit obligations	20,673	19,508
Long term borrowings	1,003,314	765,520
Long term liabilities	379,366	349,578
Government grant	131,541	131,805
	<u>1,810,223</u>	<u>1,476,694</u>
Current liabilities		
Contract liabilities	65,437	104,888
Other liabilities and charges	7,683	34,042
Trade and other payables	947,930	1,084,991
Lease liabilities	20,979	-
Current tax liabilities	4,265	15,392
Short term borrowings	824,799	725,854
	<u>1,871,093</u>	<u>1,965,167</u>
Liabilities associated with assets held for sale	226	-
Total liabilities	<u>3,681,542</u>	<u>3,441,861</u>
TOTAL EQUITY AND LIABILITIES	<u>8,505,017</u>	<u>8,342,314</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>108.6</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 YEAR ENDED 31 DECEMBER 2019

C. CONSOLIDATED STATEMENT OF CASH FLOWS

(RM'000)	12 MONTHS ENDED	
	31.12.2019 (unaudited)	31.12.2018 (unaudited)
Operating activities		
Cash receipts from customers	1,402,984	3,287,342
Cash paid to suppliers and employees	(1,757,079)	(2,041,584)
Cash (used in)/generated from operations	(354,095)	1,245,758
Bank services charges paid	(5,031)	(8,993)
Taxes refunded/(paid)	13,748	(70,040)
Net cash (used in)/generated from operating activities from continuing operations	(345,378)	1,166,725
Net cash used in operating activities from discontinued operations	-	(6,185)
	(345,378)	1,160,540
Investing activities		
Acquisition of equity investments	-	(17,300)
Net proceeds from divestment of equity investments	121,755	68,007
Dividend received	29,265	25,433
Land acquisition	-	(333,034)
Non-equity investments	6,966	(28,599)
Disposal of subsidiary	-	(100)
Net cash generated from/(used in) investing activities from continuing operations	157,986	(285,593)
Net cash generated from investing activities from discontinued operations	-	1,326,318
	157,986	1,040,725
Financing activities		
Proceed from issue of shares capital	-	9
Dividend paid to equity holders	(108,463)	(106,239)
Proceeds from borrowings	1,274,122	1,479,806
Repayment of borrowings	(936,033)	(2,315,570)
Proceed from Government grant	-	51,663
Redemption of redeemable preference shares	-	(185,777)
Finance costs paid	(76,923)	(148,039)
(Placement of)/withdrawal of restricted cash	(134,200)	128,120
Net cash generated from/(used in) financing activities from continuing operations	18,503	(1,096,027)
Net cash used in financing activities from discontinued operations	-	(1,099,464)
	18,503	(2,195,491)
Net (decrease)/increase in cash and cash equivalent	(168,889)	5,774
Cash and cash equivalents at beginning of the financial year	469,815	464,041
Cash and cash equivalent at end of the financial year	300,926	469,815

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

Bank balances and deposits	516,945	551,634
Less: Bank balances and deposits held as security value	(216,019)	(81,819)
	<u>300,926</u>	<u>469,815</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 YEAR ENDED 31 DECEMBER 2019

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 income/(loss)					
Currency translation differences	-	(195)	-	-	(195)
Share of associate's loss on re-measurement of financial derivatives	29	-	-	-	29
Total other comprehensive income/(loss)	29	(195)	-	-	(166)
Transactions with owners					
Issuance of ordinary shares					
- pursuant to Restricted Share Plan	-	-	(13,477)	-	(13,477)
Share-based payment transaction	-	-	13,709	-	13,709
	-	-	232	-	232
As at 31 December 2019 (unaudited)	1,334	(1,144)	5,382	(6,416)	(844)

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	Other Reserves	Retained Earnings	Total		
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	-	-	-	-	1	1
Share-based payment transaction	-	9,634	-	9,634	-	9,634
Redemption of redeemable preference shares	-	-	-	-	(8,578)	(8,578)
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 YEAR ENDED 31 DECEMBER 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 other 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)
Total transactions with owners	-	-	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 YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT****1. BASIS OF PREPARATION**

This unaudited quarterly financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2018.

A number of new standards and amendments to standards and interpretations are effective for the current financial year beginning on 1 January 2019. None of these have had 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 times in exchange for a 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 the 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 the mandatory adoption date of 1 January 2019. The Group applies the simplified transition approach and as such, not applied a 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 will impact 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 YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE 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

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

7. DIVIDENDS

The Directors approved and declared a first and final single tier dividend in respect of the financial year ended 31 December 2019 of 1.00 sen per ordinary share, totaling approximately RM44 million. The payment will be made on 20 May 2020.



MALAYSIAN RESOURCES CORPORATION BERHAD

Incorporated in Malaysia (196801000388 (7994-D))

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

E. NOTES TO THE REPORT (cont'd)

8. SEGMENTAL REPORTING

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

**MALAYSIAN RESOURCES CORPORATION BERHAD**

Incorporated in Malaysia (196801000388 (7994-D))

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

(RM'000) 12 months ended 31.12.2018	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Group	Discontinued operations	Total
Total revenue	1,050,343	1,401,263	56,430	265,533	2,773,569	-	2,773,569
Inter-segment revenue	(7,673)	(642,685)	(3,107)	(249,399)	(902,864)	-	(902,864)
External revenue	1,042,670	758,578	53,323	16,134	1,870,705	-	1,870,705
Segment profit/(loss)	97,848	56,228	6,390	(5,280)	155,186	110,214	265,400
Unallocated corporate expenses					(34,285)	-	(34,285)
Finance income					20,589	24,562	45,151
Finance costs					(43,976)	(59,161)	(103,137)
Share of results of associates and joint ventures	11,289	14,184	-	-	25,473	-	25,473
Profit before tax					122,987	75,615	198,602

Note: The discontinued operations represent infrastructure and concession segment.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT**

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

10. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

There were no material events subsequent to the end of the financial quarter ended 31 December 2019 that have not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

On 19 April 2018, MRCB Land Sdn Bhd ("MLSB"), the Company's wholly owned subsidiary, entered into a Share Sale Agreement with Rasma Contractors Sdn Bhd to acquire its entire 750,000 ordinary shares which represent 15% equity interest in Rukun Juang Sdn Bhd ("RJSB") for a cash consideration of RM750,000. RJSB is a subsidiary of MLSB.

The acquisition was completed on 15 November 2019. With this, RJSB became the Company's wholly owned subsidiary.

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

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

	(RM'000)	As at 31.12.2019	As at 31.12.2018
1	Performance guarantees extended to third parties *	1,077,514	576,885
2	Disputed claims from sub-contractor arising from business transaction	-	4,371
	Total	1,077,514	581,256

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

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

Company Guarantee

The Company and its joint venture partner, George Kent (Malaysia) Berhad ("GKMB"), issued proportionate corporate guarantees to guarantee the due performance and obligations of MRCB George Kent Sdn Bhd ("MRCBGK") in relation to the design and construction work of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia. MRCBGK is a jointly controlled entity of the Company and equally owned by GKMB and the Company.

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

There were no material contingent assets to be disclosed.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE 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 - CONTINUING OPERATIONS

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

(RM'000)	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Depreciation of:				
- investment properties	(3,086)	(4,189)	(12,533)	(6,243)
- property, plant and equipment	(5,213)	(10,504)	(23,795)	(19,284)
Amortisation of:				
- order book	(2,175)	(1,023)	(3,882)	(5,480)
- right-of-use	(5,497)	-	(20,967)	-
- government grant	66	-	264	-
- patent	(293)	-	(829)	-

15. INCOME TAX EXPENSE - CONTINUING OPERATIONS

(RM'000)	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
In Malaysia				
Current tax	(5,899)	(15,764)	(20,980)	(60,559)
Real property gain tax	-	-	(4,257)	-
Over/(under) provision in prior years	2,515	(1,624)	435	464
Deferred tax	(10,238)	7,548	(13,449)	8,737
	<u>(13,622)</u>	<u>(9,840)</u>	<u>(38,251)</u>	<u>(51,358)</u>
Foreign				
Current tax	(86)	220	(86)	(20)
Over provision in prior years	-	1,793	-	1,793
Deferred tax	589	442	4,074	3,499
	<u>503</u>	<u>2,455</u>	<u>3,988</u>	<u>5,272</u>
Income tax expense	<u>(13,119)</u>	<u>(7,385)</u>	<u>(34,263)</u>	<u>(46,086)</u>

The dividend income received from the Group's associate, MQ REIT is taxable. The computation of the effective tax rate of 50.9% for the current financial year has been adjusted accordingly. The effective tax rate is higher than the statutory rate of taxation, mainly due to non-recognition of deferred tax assets on certain subsidiaries' losses and 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 YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****16. CORPORATE PROPOSALS**

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

17. GROUP BORROWINGS

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

Denomination	Long term	Long term	Short term	Short term	Total	Total
	RM	^AUD	RM	^AUD	RM	^AUD
As at 4th quarter of 2019 (RM'000)						
Secured	1,003,314	-	517,252	156,829	1,520,566	156,829
Unsecured	-	-	150,718	-	150,718	-
As at 4th quarter of 2018 (RM'000)						
Secured	724,962	40,558	560,930	-	1,285,892	40,558
Unsecured	-	-	164,924	-	164,924	-

^ Australian Dollar ("AUD") 54,787,417 @ 2.8625 with a weighted average interest rate of 4.46% per annum as at 31 December 2019.

The net increase of RM337 million in the Group's borrowings was mainly due to the new drawdown of a loan for the Group working capital purposes.

As at 31 December 2019, the borrowings consisted mainly of:

Secured term loans

- (a) Financing facility of RM361 million for the Group's working capital purposes;
- (b) Other project loans of RM1,316 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- (c) Short term borrowings of RM151 million to finance on-going construction projects and working capital.

Other than the secured Australian Dollar long term loan of AUD54.8 million, the Group's other borrowings as at 31 December 2019 were denominated in Ringgit Malaysia. The weighted average interest rate as at 31 December 2019 was 5.38% per annum (31 December 2018: 5.72%).

The Group's Net Gearing as at 31 December 2019 was 0.27 times (31 December 2018: 0.19 times).

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
E. NOTES TO THE REPORT (cont'd)
18. MATERIAL LITIGATION

There was 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 - CONTINUING OPERATIONS

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	12 MONTHS ENDED		VARIANCE (Value / %)
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
Revenue	471,633	374,106	97,527 26%	1,319,393	1,870,705	(551,312) (29%)
Operating profit	26,754	19,146	7,608 40%	91,984	141,489	(49,505) (35%)
Profit before interest and tax	20,978	14,591	6,387 44%	72,394	120,901	(48,507) (40%)
Profit before tax	20,434	7,702	12,732 165%	52,955	122,987	(70,032) (57%)
Profit after tax	7,315	317	6,998 2,208%	18,692	76,901	(58,209) (76%)
Total profit attributable to equity holders of the Company	6,029	26,400	(20,371) (77%)	23,739	101,167	(77,428) (77%)

The Group recorded revenue and profit before tax of RM1.3 billion and RM53.0 million respectively for the financial year ended 31 December 2019, compared to RM1.9 billion and RM123.0 million respectively recorded in the preceding financial year ended 31 December 2018.

The lower revenue for the current financial year ended 31 December 2019 was due to the Group's significant high-rise residential development projects still being in the early phase of construction, when revenue recognition is very minimal. In addition, revenue from some completed residential units sold during the year was not recognised as they were still pending Sales and Purchase completion.

The higher revenue in 2018 was due to the sale of two pieces of freehold land in Jalan Kia Peng in Kuala Lumpur and Batu Feringgi Penang for a total cash consideration of RM387 million. The two land sales which resulted in total one-off pre-tax profit gains of RM66.8 million in 2018, compounded by the lower revenue recognised from the Group's significant high-rise residential development projects during the current financial year, as well as lower income recognition due to the re-timing of the LRT 3 project, resulted in a significant decline in profit before tax compared to the preceding financial year of 2018.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of only RM0.6 million, compared with RM14.6 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 RM15.9 million profit after tax to the Group.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
E. NOTES TO THE REPORT (cont'd)
19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE – CONTINUING OPERATIONS (cont'd)
Segmental Breakdown of Revenue & Profit/(Loss) - Note 8*

(RM'000)	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<u>Revenue</u>				
Property development & investment	195,323	159,739	566,692	1,042,670
Engineering, construction & environment	258,673	197,357	679,543	758,578
Facilities management & parking	14,259	13,590	53,639	53,323
Others	3,378	3,420	19,519	16,134
	<u>471,633</u>	<u>374,106</u>	<u>1,319,393</u>	<u>1,870,705</u>
<u>Profit/(Loss)</u>				
Property development & investment	6,973	8,992	76,800	97,848
Engineering, construction & environment	19,774	11,419	23,058	56,228
Facilities management & parking	2,318	768	5,965	6,390
Others	(2,612)	4,826	(3,725)	(5,280)
	<u>26,453</u>	<u>26,004</u>	<u>102,098</u>	<u>155,186</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 46% decline in revenue to RM566.7 million for the financial year ended 31 December 2019, compared to the preceding financial year of 2018 which saw the sale of two pieces of freehold lands for a total cash consideration of RM387 million. The decline was also due to the Group's significant high-rise residential development projects still being in the early phase of construction (sub-structure, basement, carpark and podium levels) when revenue recognition is very minimal, and revenue from some completed residential units sold during the financial year not yet recognised pending Sales and Purchase completion. The main revenue contributors were on-going development projects, Sentral Suites in KL Sentral, the 9 Seputeh mixed residential development in Jalan Klang Lama and the MyIPO office tower in PJ Sentral Garden City as well as the completed MBSB office tower in PJ Sentral Garden City, Sentral Residences and Kalista Park Homes in Bukit Rahman Putra.

Operating profits of RM76.8 million recorded for the financial year of 2019 were 21% lower compared to the RM97.8 million recorded in the corresponding financial year in 2018, largely due to the two land sales in 2018, which resulted in total one-off pre-tax profit gains of RM66.8 million.

The Group's investment holding in MQ REIT continued to contribute recurring income of RM15.9 million in the financial year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE – CONTINUING OPERATIONS (cont'd)****(ii) Engineering, Construction & Environment**

The division recorded revenue of RM679.5 million for the financial year ended 31 December 2019, a 10.4% decline compared to the preceding financial year of 2018. The bulk of the Division's revenue was contributed by the following construction projects: the Mass Rapid Transit Line 2 Package V210, Damansara-Shah Alam Elevated Highway Package CB2, EPF Headquarters at Kwasa Sentral, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2 and construction works of the property development projects stated in (i) above as well as several smaller civil engineering projects in the Klang Valley.

The division also earned revenue from several completed projects in 2019, namely TNB HQ Campus, Desa Desaru, Westin Desaru and the Jabi Serling Transmission line.

The lower revenue earned during the year, compounded by the prudent expensing of certain costs while awaiting for the completion of the final accounts of completed projects and the results of legal proceedings relating to certain projects, resulted in the Engineering, Construction & Environment Division recording an operating profit of RM23.1 million in the financial year under review.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed lower profit after tax of RM0.6 million, compared with RM14.6 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)	31/12/2019	30/9/2019	
Revenue	471,633	372,737	98,896 / 27%
Operating profit	26,754	25,241	1,513 / 6%
Profit before interest and tax	20,978	20,633	345 / 2%
Profit before tax	20,434	14,281	6,153 / 43%
Profit after tax	7,315	2,169	5,146 / 237%
Total profit attributable to equity holders of the Company	6,029	2,518	3,511 / 139%

In the quarter ended 31 December 2019, the Group recorded revenue and a profit before taxation of RM471.6 million and RM20.4 million respectively, compared to revenue of RM372.7 million and profit before taxation of RM14.3 million recorded in the preceding quarter ended 30 September 2019.

The higher profit before tax of RM20.4 million in the quarter under review was mainly due to the better performance from the Engineering, Construction & Environment Divisions, which contributed an operating profit of RM19.8 million compared to RM1.8 million in the immediate preceding quarter.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****21. PROSPECTS**

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

(i) Property Development & Investment

As at 31 December 2019, the Group's Property Development & Investment Division sold RM536.7 million worth of properties. This refers to properties that have been sold to buyers, which will be progressively recognised as revenue in line with construction progress. These sales were mainly derived from Sentral Suites and TRIA the second phase of 9 Seputeh, which achieved sales of RM160.7 million and RM130.2 million, respectively.

Of the Group's residential projects currently in development, Sentral Suites had achieved a sales rate of 82%, Kalista Park Homes 79% and TRIA in 9 Seputeh 40% at the end of 2019. The Group's 1060 Carnegie project in Melbourne, which has been fully constructed now, had achieved a sales rate of 86%.

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: RM300 million) and Kalista Park Homes in Bukit Rahman Putra (GDV: RM102 million), as well as the remaining completed unsold units in Sentral Residences and VIVO in 9 Seputeh. Of the Group's completed developments, as at 31 December 2019, Sentral Residences had achieved a sales rate of 97%, and VIVO in 9 Seputeh had achieved a sales rate of 78%.

Revenue and operating profit in the Property Development & Investment Division will continue to be progressively recognised in line with construction progress in 2020. Sentral Suites, which had reached 29% construction completion at the end of 2019, is expected to progress above the podium levels for all three towers of the development and is targeted to reach 50% construction completion by the end of 2020. The MyIPO office tower sold in PJ Sentral Garden City will continue to contribute revenue and operating profit until its physical completion in 2020, while TRIA in 9 Seputeh, which had reached 21% construction completion at the end of 2019, should also commence contributing more significant revenues in 2020 and is expected to reach 40% construction completion by the end of the year. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development which was completed in December 2019, is expected to contribute to revenue and operating profit upon the handover of units to purchasers and financial settlement targeted in the first half of 2020.

Overall, the Group had total cumulative unbilled sales in its Property Development & Investment Division which are expected to deliver RM1,636 million in revenue to be booked over the construction timescale of its projects, approximately 95% of which are residential and 5% commercial projects.

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 remaining 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 YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****21. PROSPECTS (cont'd)****(ii) Engineering, Construction & Environment**

The Engineering, Construction & Environment Division continues to actively tender for more contracting projects to replenish its order book. The division had open tenders valued at RM1,447 million as at the end of 2019, and is placing greater emphasis on seeking infrastructure projects. As at 31 December 2019, the external client order book stood at RM21.8 billion. This will ensure that the division has a steady pipeline of contracts to sustain its business over many years. As the pace of construction progress picks up, these projects are anticipated to form the backbone of the division's revenue and operating profit recognition moving forward through 2020 and beyond. The LRT3 project, which is currently 24% completed, will see the pace of its profit recognition accelerate in line with construction progress.

Major Construction Projects	Contract Value (RM' Mil)
Bukit Jalil Sentral	10,957
LRT3 *	5,686
Kwasa Utama C8	3,135
MRT2 Package V210	483
DASH - Package CB2	341
PR1MA Brickfields	335
Others	838
Total	21,775

* 50% of joint venture's total contract value

As at 31 December 2019, the unbilled construction order book stood at RM20.7 billion.

The Group's long-term prospects are positive.

22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

Not applicable.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****23. EARNINGS PER SHARE (EPS)****Basic EPS**

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit for the financial year attributable to the owners of the parent (RM'000)				
- from continuing operations	6,029	402	23,739	75,413
- from discontinued operations	-	25,998	-	25,754
	<u>6,029</u>	<u>26,400</u>	<u>23,739</u>	<u>101,167</u>
Weighted average number of ordinary shares in issue ('000)	4,412,046	4,395,050	4,405,901	4,391,814
Basic EPS (sen)				
- from continuing operations	0.14	0.01	0.54	1.71
- from discontinued operations	-	0.59	-	0.59
	<u>0.14</u>	<u>0.60</u>	<u>0.54</u>	<u>2.30</u>

Diluted Earnings Per Share

Warrants B were not included in the calculation for the financial year under review because the fair value of the issued ordinary shares as at 31 December 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 YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****24. TRADE RECEIVABLES**Exposure to credit risk, credit quality and collateral

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

(RM'000)	As at 31.12.2019	As at 31.12.2018
Property development	99,913	98,191
Property investment	17,435	18,244
Engineering, construction & environment	192,813	249,072
Facilities management & parking	4,154	3,225
Others	32	508
	<u>314,347</u>	<u>369,240</u>
Trade receivable include retention sum for contract, under engineering, construction & environment	<u>131,944</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 December 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 YEAR ENDED 31 DECEMBER 2019
E. NOTES TO THE REPORT (cont'd)
24. TRADE RECEIVABLES (cont'd)
Impairment losses (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
31.12.2019 - at cost					
Not past due	1,814	-	-	-	1,814
Past due					
- less than three months	3,966	-	-	-	3,966
- between three to six months	1,157	-	-	-	1,157
- between six months and one year	2,105	(2)	-	-	2,103
- more than one year	12,546	(7,039)	-	-	5,507
	21,588	(7,041)	-	-	14,547
31.12.2018 - at cost					
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)	-	-	4,862
	21,469	(5,615)	-	-	15,854

The exposure to Expected Loss Rate and Collective Impairment for the 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 Nil (31/12/2018: Nil).

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**E. NOTES TO THE REPORT (cont'd)****24. TRADE RECEIVABLES (cont'd)**Impairment losses (cont'd)

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

(RM'000)	As at 31.12.2019	As at 31.12.2018
Opening loss allowance as at 1 January	5,615	5,614
Impairment loss recognised	1,599	66
Impairment loss reversed	(173)	(65)
As at 31 December	<u>7,041</u>	<u>5,615</u>

Kuala Lumpur
26 February 2020

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary