

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

RM'000	Note	3 MONTHS ENDED		3 MONTHS ENDED	
		31.3.2020 (unaudited)	31.3.2019 (unaudited)	31.3.2020 (unaudited)	31.3.2019 (unaudited)
Revenue		425,752	234,050	425,752	234,050
Expenses		(397,727)	(226,714)	(397,727)	(226,714)
Other operating income	13	7,861	11,546	7,861	11,546
Profit from operations		35,886	18,882	35,886	18,882
Finance costs		(12,595)	(12,406)	(12,595)	(12,406)
Share of results of associates		3,457	2,958	3,457	2,958
Share of results of joint ventures		120	(1,019)	120	(1,019)
Profit before tax		26,868	8,415	26,868	8,415
Income tax expense	15	(11,229)	(6,861)	(11,229)	(6,861)
Profit for the financial period		15,639	1,554	15,639	1,554
Other comprehensive income/(loss) for the financial period, net of tax					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		(1,162)	(58)	(1,162)	(58)
- share of associate's gain/(loss) on re-measurement of financial derivatives		332	(96)	332	(96)
Total comprehensive income for the financial period, net of tax		14,809	1,400	14,809	1,400
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company		15,645	4,135	15,645	4,135
Non-controlling interests		(6)	(2,581)	(6)	(2,581)
		15,639	1,554	15,639	1,554
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		14,806	3,981	14,806	3,981
Non-controlling interests		3	(2,581)	3	(2,581)
		14,809	1,400	14,809	25,731
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)	23	0.35	0.09	0.35	0.09

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(RM'000)	As at 31.3.2020 (unaudited)	As at 31.12.2019 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	598,659	600,431
Investment properties	1,427,802	1,419,633
Right-of-use	71,642	77,207
Inventories	1,696,544	1,686,165
Associates	461,277	467,541
Joint ventures	295,268	295,148
Long term loan and receivable	242,547	242,767
Intangible assets	223,977	224,259
Deferred tax assets	78,064	84,394
Amount due from joint ventures	79,322	79,086
	<u>5,175,102</u>	<u>5,176,631</u>
Current assets		
Inventories	901,231	963,153
Trade and other receivables	910,184	868,095
Amount due from associates and joint ventures	135,103	139,472
Contract assets	809,668	719,107
Tax recoverable	22,111	19,060
Financial assets at fair value through profit or loss	608	889
Deposits, cash and bank balances	510,277	516,945
	<u>3,289,182</u>	<u>3,226,721</u>
Assets held for sale	77,679	77,679
TOTAL ASSETS	<u>8,541,963</u>	<u>8,481,031</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

(RM'000)	As at 31.3.2020 (unaudited)	As at 31.12.2019 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,331,702	4,331,702
Retained earnings	476,361	460,716
Other reserves	(185)	(844)
	<u>4,807,878</u>	<u>4,791,574</u>
Non-controlling interests	31,904	31,901
Total equity	<u>4,839,782</u>	<u>4,823,475</u>
Non-current liabilities		
Deferred tax liabilities	77,117	76,953
Contract liabilities	140,258	140,258
Lease liabilities	53,480	58,118
Post-employment benefit obligations	20,884	20,673
Long term borrowings	1,003,229	1,003,314
Long term liabilities	372,930	367,918
Government grant	131,475	131,541
	<u>1,799,373</u>	<u>1,798,775</u>
Current liabilities		
Contract liabilities	35,941	37,628
Lease liabilities	20,314	20,979
Other liabilities and charges	17,714	18,016
Trade and other payables	903,995	952,868
Current tax liabilities	5,604	4,265
Short term borrowings	918,778	824,799
	<u>1,902,346</u>	<u>1,858,555</u>
Liabilities associated with assets held for sale	462	226
Total liabilities	<u>3,702,181</u>	<u>3,657,556</u>
TOTAL EQUITY AND LIABILITIES	<u>8,541,963</u>	<u>8,481,031</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>109.3</u>	<u>108.6</u>

The condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**C. CONSOLIDATED STATEMENTS OF CASH FLOWS**

(RM'000)	3 MONTHS ENDED	
	31.3.2020 (unaudited)	31.3.2019 (unaudited)
Operating activities		
Cash receipts from customers	263,253	304,883
Cash paid to suppliers and employees	(359,032)	(440,065)
Cash used in operations	(95,779)	(135,182)
Bank services charges paid	(394)	(2,314)
Taxes paid	(6,274)	(10,928)
	<u>(102,447)</u>	<u>(148,424)</u>
Investing activities		
Dividend received	14,153	15
Non-equity investments	(2,333)	1,945
Net cash generated from investing activities	<u>11,820</u>	<u>1,960</u>
Financing activities		
Proceeds from borrowings	147,822	124,555
Repayment of borrowings	(43,193)	(196,555)
Finance costs paid	(20,669)	(17,831)
(Pledge)/withdrawal of restricted cash	(16,647)	4,310
	<u>67,313</u>	<u>(85,521)</u>
Net decrease in cash and cash equivalent	(23,314)	(231,985)
Cash and cash equivalents at beginning of the financial period	300,926	469,815
Cash and cash equivalent at end of financial period	<u><u>277,612</u></u>	<u><u>237,830</u></u>

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

Bank balances and deposits	510,277	315,338
Less: Bank balances and deposits held as security value	(232,665)	(77,508)
	<u><u>277,612</u></u>	<u><u>237,830</u></u>

The condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANYY				Non-controlling Interests	Total Equity
	Share Capital	Other Reserves	Retained Earnings	Total		
As at 1 January 2020	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475
Comprehensive income/(loss)						
Profit/(loss) for the financial period	-	-	15,645	15,645	(6)	15,639
Other comprehensive income/(loss)						
Currency translation differences	-	(1,171)	-	(1,171)	9	(1,162)
Share of associate's gain on re-measurement of financial derivatives	-	332	-	332	-	332
Total comprehensive income/(loss)	-	(839)	15,645	14,806	3	14,809
Transactions with owners						
Share-based payment transaction	-	1,498	-	1,498	-	1,498
Total transactions with owners	-	1,498	-	1,498	-	1,498
As at 31 March 2020 (unaudited)	4,331,702	(185)	476,361	4,807,878	31,904	4,839,782

OTHER RESERVES

(RM'000)	OTHER RESERVES				Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	
As at 1 January 2020	1,334	(1,144)	5,382	(6,416)	(844)
Other comprehensive income/(loss)					
Currency translation differences	-	(1,171)	-	-	(1,171)
Share of associate's gain on re-measurement of financial derivatives	332	-	-	-	332
Total comprehensive income/(loss)	332	(1,171)	-	-	(839)
Transactions with owners					
Share-based payment transaction	-	-	1,498	-	1,498
	-	-	1,498	-	1,498
As at 31 March 2020 (unaudited)	1,666	(2,315)	6,880	(6,416)	(185)

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	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 gain 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)	-	-	-	-
Acquisition of additional equity interest in a subsidiary	-	-	(946)	(946)	196	(750)
Share-based payment transaction	-	13,709	-	13,709	-	13,709
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 (audited)	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 gain 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
Total transactions with owners	-	-	232	-	232
As at 31 December 2019 (audited)	1,334	(1,144)	5,382	(6,416)	(844)

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**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 2019.

There are a number of new standards and amendments to standards and interpretations effective for the current financial year beginning on 1 January 2020. None of these are expected to have any significant effect on the consolidated financial statements of the Group.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding annual financial statements was not subject to any qualification.

3. SEASONAL OR CYCLICAL FLUCTUATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial quarter under review.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

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

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

The Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2019 of 1.00 sen per ordinary share, amounting to RM44,120,462.69 on 20 May 2020.

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



UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 31.3.2020					
Total revenue	239,805	239,070	13,852	42,944	535,671
Inter-segment revenue	(3,393)	(64,238)	(1,200)	(41,088)	(109,919)
External revenue	236,412	174,832	12,652	1,856	425,752
Segment profit	20,554	12,566	2,380	529	36,029
Unallocated corporate expenses					(3,675)
Finance income					3,532
Finance costs					(12,595)
Share of results of associates and joint ventures	2,370	1,207	-	-	3,577
Profit before tax					26,868



UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 31.3.2019					
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/(loss)	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 2020**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

There was no material event subsequent to the end of the financial quarter ended 31 March 2020 that has not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

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

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(RM'000)	As at 31.3.2020	As at 31.12.2019
Performance guarantees extended to third parties *	1,049,200	1,077,514

* 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 issued a joint and several corporate guarantee 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. MRCBGK is a jointly controlled entity of the Company and equally owned by George Kent (Malaysia) Berhad 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.

13. OTHER OPERATING INCOME

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

14. PROFIT FROM OPERATIONS

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

(RM'000)	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
Depreciation of:				
- investment properties	(3,383)	(3,074)	(3,383)	(3,074)
- property, plant and equipment	(4,483)	(5,137)	(4,483)	(5,137)
Amortisation of:				
- order book	(673)	(735)	(673)	(735)
- right-of-use	(5,566)	(4,459)	(5,566)	(4,459)
- government grant	66	66	66	66
- patent	(297)	-	(297)	-

15. INCOME TAX EXPENSE

(RM'000)	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
In Malaysia				
Current tax	(4,380)	(8,050)	(4,380)	(8,050)
(Under)/over provision in prior years	(669)	553	(669)	553
Deferred tax	(5,349)	576	(5,349)	576
	<u>(10,398)</u>	<u>(6,921)</u>	<u>(10,398)</u>	<u>(6,921)</u>
Foreign				
Current tax	(44)	-	(44)	-
Deferred tax	(787)	60	(787)	60
	<u>(831)</u>	<u>60</u>	<u>(831)</u>	<u>60</u>
Income tax expense	<u>(11,229)</u>	<u>(6,861)</u>	<u>(11,229)</u>	<u>(6,861)</u>

The dividend income received from the Group's associate, MQ REIT is taxable. The computation of the effective tax rate of 34.0% for the financial quarter under review has been adjusted accordingly. The effective tax rate is higher than the statutory rate of taxation, mainly due to the non-recognition of deferred tax assets on certain subsidiaries' losses and 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 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****16. CORPORATE PROPOSALS**

- (a) On 27 May 2020, the Company announced a proposal to establish a dividend reinvestment plan that will provide the shareholders of the Company with an option to elect to reinvest in whole or in part, their cash dividend, which includes any interim, final, special or other types of cash dividend, in new ordinary shares of the Company ("Proposed DRP").

The Proposed DRP is pending approval.

- (b) On 12 June 2020, the Company made a lodgement to the Securities Commission Malaysia ("**SC**") for the establishment of the Proposed Islamic Medium Term Notes ("**Sukuk Murabahah**") Programme of up to RM5.0 billion in nominal value based on the shariah principle of murabahah (via a tawarruq arrangement) ("**Sukuk Murabahah Programme**") under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 28 April 2020 (as amended from time to time).

The Sukuk Murabahah Programme will have a perpetual programme tenure and has been assigned a preliminary rating of AA-_{IS} by Malaysian Rating Corporation Berhad.

Proceeds raised from the Sukuk Murabahah issuance shall be utilised by the Company and its subsidiary companies ("**MRCB Group**") for general working capital, capital expenditure and other general corporate purposes, which shall be Shariah compliant.

The Sukuk Murabahah Programme serves as a funding platform for MRCB Group to fund business growth and to meet future funding requirements, as and when required.

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 2020

E. NOTES TO THE INTERIM REPORT

17. GROUP BORROWINGS

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

	Long term	Long term	Short term	Short term	Total	Total
Denomination	RM	^AUD	RM	^AUD	RM	^AUD
As at 1st quarter of 2020 (RM'000)						
Secured	1,003,229	-	618,660	149,337	1,621,889	149,337
Unsecured	-	-	150,781	-	150,781	-
As at 1st quarter of 2019 (RM'000)						
Secured	716,567	63,394	474,518	-	1,191,085	63,394
Unsecured	-	-	165,157	-	165,157	-

^ AUD 56,556,971 @ 2.6506 with a weighted average interest rate of 3.95% per annum as at 31 March 2020 (31 March 2019: 5.23%).

The net increase of RM502.4 million in the Group's borrowings compared to 31 March 2019 was mainly a drawdown of project financing according to the progress of the Group's projects and working capital purposes.

As at 31 March 2020, the borrowings consist mainly of:

Secured term loans

- (a) Financing facility of RM361 million for the Group's working capital purposes;
- (b) Other project loans of RM1,410 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 purposes.

Other than the secured Australian Dollar long term loan of AUD56.5 million, the Group's other borrowings as at 31 March 2020 were denominated in Ringgit Malaysia. The weighted average interest rate as at 31 March 2020 was 5.18% per annum (31 March 2019: 5.82%).

The Group's Net Gearing as at 31 March 2020 was 0.29 times (31 March 2019: 0.23 times).

18. MATERIAL LITIGATION

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

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 / %)
	31.3.2020	31.3.2019		31.3.2020	31.3.2019	
Revenue	425,752	234,050	191,702 82%	425,752	234,050	191,702 82%
Operating profit	35,886	18,882	17,004 90%	35,886	18,882	17,004 90%
Profit before interest and tax	32,354	13,775	18,579 135%	32,354	13,775	18,579 135%
Profit before tax	26,868	8,415	18,453 219%	26,868	8,415	18,453 219%
Profit after tax	15,639	1,554	14,085 906%	15,639	1,554	14,085 906%
Total profit attributable to equity holders of the Company	15,645	4,135	11,510 278%	15,645	4,135	11,510 278%

In the first quarter ended 31 March 2020, the Group recorded revenue and profit before tax of RM425.7 million and RM26.9 million respectively, compared to revenue of RM234.1 million and profit before tax of RM8.4 million recorded in the preceding financial quarter ended 31 March 2019, despite slower progress billings as a result of the temporary halt in construction works during the COVID-19 Movement Control Order in the last 2 weeks of the quarter ended 31 March 2020.

The 82% increase in revenue in the first quarter of 2020 compared to the corresponding period in 2019 was mainly contributed by the Property Development & Investment Division, which recorded a 178% increase in revenue mainly on account of the commencement of revenue recognition from the Group's property development project in Melbourne, 1060 Carnegie upon the handover and settlement of purchased units following the completion of construction. The Engineering, Construction & Environment Division contributed 32% higher revenue compared to the corresponding period in 2019.

The higher revenue recognition during the period resulted in a 219% increase in profit before tax to RM26.9 million compared to the corresponding period in 2019. The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of RM1.2 million to the Group compared to RM0.5 million in the corresponding period in 2019 due to the re-timing of income recognition from the LRT 3 project, following the re-modelling of the project from a PDP to a fixed price turnkey project.

The Group's 27.94% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, contributed a combined profit after tax of RM3.9 million to the Group compared with RM5.7 million in the corresponding period in 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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*

(RM'000)	3 MONTHS ENDED		3 MONTHS ENDED	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
<u>Revenue</u>				
Property development & investment	236,412	85,107	236,412	85,107
Engineering, construction & environment	174,832	132,729	174,832	132,729
Facilities management & parking	12,652	13,139	12,652	13,139
Others	1,856	3,075	1,856	3,075
	<u>425,752</u>	<u>234,050</u>	<u>425,752</u>	<u>234,050</u>
<u>Profit/(Loss)</u>				
Property development & investment	20,554	3,002	20,554	3,002
Engineering, construction & environment	12,566	16,716	12,566	16,716
Facilities management & parking	2,380	(374)	2,380	(374)
Others	529	1,362	529	1,362
	<u>36,029</u>	<u>20,706</u>	<u>36,029</u>	<u>20,706</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 178% increase in revenue to RM236.4 million in the quarter ended 31 March 2020, compared to RM85.1 million recorded in the corresponding period in 2019. The increase was mainly due to the commencement of revenue recognition from the Group's property development project in Melbourne, 1060 Carnegie upon the handover and settlement of purchased units following its completion in December 2019. Other revenue contributions came from the sale of completed unsold inventory and on-going development projects, namely Sentral Suites in KL Sentral, the 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers in PJ Sentral Garden City. Sentral Suites, which had achieved a sales rate of 82% and construction progress of 34% as at 31 March 2020, saw a 3-fold increase in revenue to RM56.4 million compared to RM17.3 million in the corresponding period in 2019.

The Division recorded a 5-fold increase in operating profit to RM20.6 million in the financial period, compared to RM3 million recorded in the corresponding period in 2019.

The Group's investment holding in MQ REIT contributed income of RM3.9 million in the quarter ended 31 March 2020.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

The Engineering, Construction and Environment Division recorded a 32% increase in revenue to RM174.8 million in the quarter ended 31 March 2020, compared to RM132.7 million in the corresponding period in 2019. Despite the higher revenue, the Division contributed a lower operating profit of RM12.6 million for the quarter ended 31 March 2020 compared to RM16.7 million recorded in the corresponding period in 2019, due to the completion of a project in the corresponding period.

The bulk of the Division's revenue was contributed by the Damansara-Shah Alam Elevated Highway Package CB2, EPF Headquarters at Kwasa Sentral, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2, Mass Rapid Transit Line 2 Package V210 and construction works of the property development projects stated in (i) above.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed minimal profit after tax of RM1.2 million to the Group. This was mainly due to the deferment of income recognition following 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)	31/3/2020	31/12/2019	
Revenue	425,752	471,633	(45,881) / (10%)
Operating profit	35,886	26,754	9,132 / 34%
Profit before interest and tax	32,354	20,978	11,376 / 54%
Profit before tax	26,868	20,434	6,434 / 31%
Profit after tax	15,639	7,315	8,324 / 114%
Total profit attributable to equity holders of the Company	15,645	6,029	9,616 / 159%

The Group recorded revenue and profit before taxation of RM425.7 million in the quarter ended 31 March 2020, compared to revenue of RM471.6 million recorded in the preceding quarter ended 31 December 2019 on account of the seasonal festive period, as well as the halt in construction works during the Movement Control Order in the last 2 weeks of the quarter ended 31 March 2020.

Despite the lower revenue recorded in the quarter under review compared with the immediate preceding quarter, the Group managed to record a higher profit before tax of RM26.9 million, compared with RM20.4 million recorded in the immediate preceding quarter. This was mainly due to the commencement of revenue recognition from Group's property development project in Melbourne, 1060 Carnegie, upon the handover and settlement of purchased units following its construction completion.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**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 31 March 2020, the Group's Property Development & Investment Division sold RM36.3 million worth of properties in 2020. This refers to properties that have been sold to buyers, which will be progressively recognised as revenue in line with construction progress.

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% as at 31 March 2020. The Group's 1060 Carnegie project in Melbourne, which has been fully constructed and is in the process of settlement and the handover of units to purchasers, has achieved a sales rate of 88%.

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: RM290 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 Residences in 9 Seputeh. Of the Group's completed developments, as at 31 March 2020, Sentral Residences had achieved a sales rate of 98%, and VIVO Residences in 9 Seputeh had achieved a sales rate of 81%.

Revenue and operating profit in the Property Development & Investment Division will continue to be progressively recognised in line with construction progress in 2020 and beyond. Construction progress has been adversely impacted by the Government's unprecedented Movement Control Order (MCO) since 18 March 2020, when work at all the Group's construction sites halted, and a more pronounced impact of the MCO will be felt in the second quarter of 2020. Construction work however has now slowly resumed, albeit at a slower pace compared to before the MCO, due to social distancing and adherence to other health and safety conditions.

Sentral Suites, which had reached 34% construction progress as at 31 March 2020, is now targeted to reach 45% construction progress by the end of 2020, due to delays brought about by the MCO. The MyIPO office tower sold in PJ Sentral Garden City will continue to contribute revenue and operating profit until its construction completion later this year, while TRIA in 9 Seputeh, which had reached 25% construction progress at 31 March 2020, will only commence contributing more significant revenues in the very latter part of 2020 and beyond. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development which was fully constructed in December 2019, is expected to contribute further revenue and operating profit upon the handover and financial settlement of more units to purchasers; 59 units have achieved financial settlement out of a total of the 151 units sold to date.

The Division had total cumulative unbilled sales which are expected to deliver RM1,299 million in revenue to be booked over the construction period of its projects, approximately 92% of which are residential and 8% commercial projects. Sales of properties came to a halt during the MCO period, given the prohibition of physical property viewings and legal document stamping, and has now slowly resumed.

Overall, the Group believes the outlook for the economy and the property market will remain challenging for the foreseeable future and has embarked on austerity and cost cutting measures. The company's immediate priorities in 2020 are enhancing cashflow and monetising its inventory of unsold completed stock. The Group will continue to closely monitor conditions in the broader economy and property market, revising its strategies and financial targets accordingly, including reviewing its future launches if conditions dictate.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

21. PROSPECTS (cont'd)

(i) Property Development & Investment (continued)

With interests in 323 acres of urban land, the Group has a sustainable supply of future projects over the long term with a total GDV of RM32 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM' Mil)
Transport Oriented Developments	145.33	25,548
Commercial	67.52	770
Residential	93.96	5,803
International	1.00	290
Others	15.63	-
Grand Total	323.44	32,411

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

(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 RM2,518 million as at 31 March 2020, and is placing greater emphasis on seeking infrastructure projects. As at 31 March 2020, the external client order book stood at RM21.9 billion. This will ensure that the division has a steady pipeline of contracts to sustain its business over many years. These projects are also anticipated to form the backbone of the division's revenue and operating profit recognition moving forward through 2020 and beyond.

While revenues from the Division were adversely impacted by the halt in construction activity during the MCO in the Second Quarter, construction activity has now slowly resumed albeit at a slower pace compared to before the MCO, due to social distancing and adherence to other health and safety conditions.

The LRT3 project, which is currently 29% completed, should see profit recognition pick up in 2020, albeit at a slower pace due to the implementation of stricter standard operating procedures to prevent the spread of COVID-19.

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	1,008
Total	21,945

* 50% of joint venture's total contract value

As at 31 March 2020, the unbilled construction order book stood at RM20.7 billion.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**E. NOTES TO THE INTERIM REPORT (cont'd)****22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE**

Not applicable.

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	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
Net profit for the financial quarter attributable to the owners of the parent (RM'000)	15,645	4,135	15,645	4,135
Weighted average number of ordinary shares in issue ('000)	4,412,046	4,399,426	4,412,046	4,399,426
Basic EPS (sen)	<u>0.35</u>	<u>0.09</u>	<u>0.35</u>	<u>0.09</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 2020 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 2020**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 31.3.2020	As at 31.12.2019
Property development	168,492	99,913
Property investment	17,038	17,435
Engineering, construction & environment	192,691	192,813
Facilities management & parking	4,074	4,153
Others	181	32
	<u>382,476</u>	<u>314,346</u>
Trade receivables include retention sum for contract, under engineering, construction & environment	<u>135,268</u>	<u>131,912</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 2020 and 31 December 2019 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 2020

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
31.3.2020					
Not past due	2,873	-	-	-	2,873
Past due					
- less than three months	4,556	-	-	-	4,556
- between three to six months	1,588	-	-	-	1,588
- between six months and one year	1,343	-	-	-	1,343
- more than one year	10,753	(7,017)	-	-	3,736
	<u>21,113</u>	<u>(7,017)</u>	<u>-</u>	<u>-</u>	<u>14,096</u>
31.12.2019					
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
	<u>21,588</u>	<u>(7,041)</u>	<u>-</u>	<u>-</u>	<u>14,547</u>

The closing allowances for the Group's trade receivables of property investment and facilities management & parking segments as at 31 March 2020 reconcile to the opening loss allowances as follows:

(RM'000)	As at 31.3.2020	As at 31.12.2019
Opening loss allowance as at 1 January	7,041	5,615
Impairment loss recognised	-	1,599
Impairment loss reversed	(24)	(173)
As at 31 March / 31 December	<u>7,017</u>	<u>7,041</u>

Kuala Lumpur
26 June 2020

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary