

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE PERIOD PRECEDING	
	CURRENT YEAR QUARTER 30-SEPT-17 RM'000	YEAR CORRESPONDING QUARTER 30-SEPT-16 RM'000	CURRENT YEAR TO DATE 30-SEPT-17 RM'000	YEAR CORRESPONDING PERIOD 30-SEPT-16 RM'000
Continuing Operations				
Revenue	93,350	170,494	399,351	518,954
Operating expenses	(55,288)	(192,598)	(339,814)	(506,909)
Profit from operations	<u>38,062</u>	<u>(22,104)</u>	<u>59,537</u>	<u>12,045</u>
Interest income	3,201	2,274	8,833	5,799
Other (expenses)/income	(594)	2,124	588	3,198
Foreign exchange (loss)/gain	(3,663)	2,288	3,692	(3,533)
Gain on disposal of property, plant and equipment	-	105	1,288	153
Reversal/(Provision) of impairment losses on financial assets	(17,300)	648	(17,300)	(21,995)
Depreciation and amortization	(4,654)	(4,158)	(13,154)	(12,219)
ESOS expenses	(448)	-	(1,342)	-
Interest expense	(11,219)	(6,185)	(33,782)	(19,090)
Share of results of associates	(60,638)	(39,091)	(114,937)	(100,179)
Reversal of unrealised profit adjustment	759	(2,760)	2,277	2,024
Loss before tax	<u>(56,494)</u>	<u>(66,859)</u>	<u>(104,300)</u>	<u>(133,797)</u>
Income tax expense	(3,301)	(5)	(5,183)	(2,424)
Loss after tax	<u>(59,795)</u>	<u>(66,864)</u>	<u>(109,483)</u>	<u>(136,221)</u>
Other comprehensive (expenses)/income:				
Foreign currency translation differences	(571)	278	(1,379)	(831)
Total comprehensive expense	<u>(60,366)</u>	<u>(66,586)</u>	<u>(110,862)</u>	<u>(137,052)</u>
(Loss)/Profit attributable to:				
Owners of the Company	(59,079)	(67,592)	(110,092)	(137,603)
Non-controlling interest	(716)	728	609	1,382
	<u>(59,795)</u>	<u>(66,864)</u>	<u>(109,483)</u>	<u>(136,221)</u>
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(59,376)	(67,314)	(111,197)	(138,434)
Non-controlling interest	(990)	728	335	1,382
	<u>(60,366)</u>	<u>(66,586)</u>	<u>(110,862)</u>	<u>(137,052)</u>
Loss per share (sen) attributable to equity holders of the Company:				
Basic loss per share (sen)	<u>(10.82)</u>	<u>(12.52)</u>	<u>(20.17)</u>	<u>(25.48)</u>
Diluted loss per share (sen)	<u>(10.66)</u>	<u>(12.29)</u>	<u>(19.87)</u>	<u>(25.02)</u>

Note :

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

The Basic EPS for both current and corresponding periods have been calculated based on weighted average ordinary shares of 545,909,000 and 540,020,000 respectively. The Diluted EPS for both current and corresponding periods have been calculated based on adjusted weighted average of 554,070,000 and 550,028,000 respectively.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017
(The figures have not been audited)

	AS AT 30-SEPT-17 RM'000	AS AT 31-DEC-16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	117,087	113,172
Investment properties	49,068	49,116
Intangible assets	10,688	11,153
Investment in associates	459,456	561,810
Other investments	542	816
Deferred tax asset	405	493
	<u>637,246</u>	<u>736,560</u>
Current assets		
Inventories	38,887	41,718
Property development costs	51,619	39,235
Trade and other receivables	319,870	402,715
Other current assets	398,645	485,121
Tax recoverable	16,829	15,973
Cash and bank balances	384,555	328,120
	<u>1,210,405</u>	<u>1,312,882</u>
TOTAL ASSETS	<u>1,847,651</u>	<u>2,049,442</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	398,072	110,483
Reserves	280,328	616,822
Equity attributable to owners of the Company	<u>678,400</u>	<u>727,305</u>
Non-controlling interests	(18,167)	(18,181)
Total equity	<u>660,233</u>	<u>709,124</u>
Non-current liabilities		
Deferred tax liabilities	4,952	2,224
Loans and borrowings	410,835	424,596
Refundable deposits	2,242	2,039
	<u>418,029</u>	<u>428,859</u>
Current liabilities		
Trade and other payables	379,153	500,974
Amount due to contracts customers	32,041	17,945
Loans and borrowings	357,920	392,076
Tax liabilities	275	464
	<u>769,389</u>	<u>911,459</u>
Total liabilities	<u>1,187,418</u>	<u>1,340,318</u>
TOTAL EQUITY AND LIABILITIES	<u>1,847,651</u>	<u>2,049,442</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.15</u>	<u>1.35</u>

Note :

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

The Net Assets Per Share for both current and corresponding periods have been calculated based on 605,418,466 ordinary shares less treasury shares respectively.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

<-----Attributable to Equity Holders of the Company ----->

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Employees' share option reserve RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non - controlling interests RM'000	Total equity RM'000
At 1 January 2017	110,483	221,739	4,900	8,535	(34,688)	(13,955)	430,291	727,305	(18,181)	709,124
Foreign currency translation differences for foreign operations	-	-	-	-	-	(1,105)	-	(1,105)	(274)	(1,379)
Changes in equity interest in a subsidiary	-	-	-	-	-	-	-	-	(229)	(229)
Investment in subsidiaries written off	-	-	-	-	-	-	-	-	(92)	(92)
Share-based payment transactions	-	-	-	1,342	-	-	-	1,342	-	1,342
Proceeds from Private placement	60,950	-	-	-	-	-	-	60,950	-	60,950
(Loss)/Profit for the period	-	-	-	-	-	-	(110,092)	(110,092)	609	(109,483)
	60,950	-	-	1,342	-	(1,105)	(110,092)	(48,905)	14	(48,891)
Transition to no-par value regime[^]	226,639	(221,739)	(4,900)	-	-	-	-	-	-	-
At 30 September 2017	398,072	-	-	9,877	(34,688)	(15,060)	320,199	678,400	(18,167)	660,233
At 1 January 2016	110,483	221,739	4,900	8,609	(34,688)	(17,670)	812,548	1,105,921	(15,939)	1,089,982
Audit adjustments not taken up	-	-	-	-	-	246	(464)	(218)	(1)	(219)
Foreign currency translation differences for foreign operations	-	-	-	-	-	(831)	-	(831)	-	(831)
(Loss)/Profit for the period	-	-	-	-	-	-	(137,603)	(137,603)	1,382	(136,221)
	-	-	-	-	-	(585)	(138,067)	(138,652)	1,381	(137,271)
At 30 September 2016	110,483	221,739	4,900	8,609	(34,688)	(18,255)	674,481	967,269	(14,558)	952,711

[^] Pursuant to the transitional provisions set out in Section 618(2) of the Companies Act, 2016, the concept of nominal value in shares is abolished. Consequently, the share premium account and capital redemption reserves of a Company are no longer relevant. Instead, the amount standing in the share premium account and the capital redemption reserve are recognised as part of the Company's share capital. Notwithstanding this provision, a Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium accounts for the bonus issue pursuant to Section 618(4) of the Act.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

	9 MONTHS ENDED	
	30-SEPT-17	30-SEPT-16
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(104,300)	(133,797)
Adjustments for:		
Amortisation of intangible asset	465	465
Depreciation of investment property	742	739
Depreciation of property, plant and equipment	11,947	11,015
ESOS expenses	1,342	-
Gain on disposal of property, plant and equipment	(1,288)	(153)
Impairment of financial assets	17,300	21,995
Interest income	(8,833)	(5,799)
Interest expense	33,782	19,090
Investment in subsidiaries written off	(92)	-
Share of results of equity accounted associates	114,937	100,179
Reversal of unrealised profit adjustment	(2,277)	(2,024)
Unrealised (gain)/loss on foreign exchange	(2,089)	3,490
Operating profit before working capital changes	<u>61,636</u>	<u>15,200</u>
Changes in working capital:		
Inventories	2,831	(603)
Property development costs	(12,384)	36,106
Trade and other receivables	136,987	12,887
Trade and other payables	(107,835)	(6,995)
Cash generated from operations	<u>81,235</u>	<u>56,595</u>
Tax paid	(3,684)	(8,330)
Tax refunded	99	2,268
Net cash generated from operating activities	<u><u>77,650</u></u>	<u><u>50,533</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional expenditure in investment property	(682)	-
Addition in other investment	-	(90)
Advances from/(to) associates	313	(5,869)
Interest received	8,833	5,799
Net investment in associates	(10,306)	(3,000)
Purchase of additional shares in a subsidiary	(229)	-
Purchase of property, plant and equipment	(9,539)	(2,788)
Proceeds from disposal of property, plant and equipment	1,410	161
Change in pledged deposits	(212,456)	-
Net cash generated used in investing activities	<u><u>(222,656)</u></u>	<u><u>(5,787)</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 (CONT'D)

(The figures have not been audited)

	9 MONTHS ENDED	
	30-SEPT-17	30-SEPT-16
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(33,782)	(19,090)
Proceeds from loans and borrowings	223,700	99,410
Proceeds from Private Placement	60,950	-
Repayment of loans and borrowings	(261,106)	(114,547)
Repayment of finance lease liabilities	(777)	-
Net cash generated used in financing activities	<u>(11,015)</u>	<u>(34,227)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(156,021)	10,519
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD	318,252	70,176
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	<u>162,231</u>	<u>80,695</u>
Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise:		
Cash and bank balances	384,555	80,695
Less:		
Deposits pledged for banking facilities	(222,324)	-
	<u>162,231</u>	<u>80,695</u>

Note :

The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). The interim financial report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 December 2016. The explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

R.K.M Powergen Private Limited (“RKM”), a 26% associate incorporated in India with its financial year ended in March, has its last financial statements audited up to 31 March 2017. In accounting for the Group’s share of results in RKM for the period ended 30 September 2017, the Group relied on RKM’s unaudited management accounts for the period ended 30 September 2017 which included the depreciation charges of Units I & II of the Independent Power Plant (“IPP”) that had achieved Commercial Operation Date (“COD”) and the corresponding interest costs from borrowings taken to build Units I & II, which could no longer be capitalized after COD. RKM has commenced its power sales for Unit I in April 2017, whilst Unit II has yet to commence power sales during the period under review.

The significant accounting policies and methods adopted by the Group in the unaudited interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2016 excepts as follows:

On 1 January 2017, the Group adopted the following FRS and Amendments to FRS mandatory for annual financial periods beginning on or after 1 January 2017:

Amendments to FRS 12, *Disclosure of Interests in Other Entities*

(Annual Improvements to FRS Standards 2014-2016 Cycle)

Amendments to FRS 107, *Statements of Cash Flows - Disclosures Initiatives*

Amendments to FRS 112, *Income Taxes - Recognition of Deferred Tax for Unrealised Losses*

The adoption of the above standards will have no material impact on the financial statements of the Group.

Malaysian Financial Reporting Standards (MFRS) Framework

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”) Framework.

The MFRS Framework is to be applied by all Entities other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called ‘Transitioning Entities’).

On 2 September 2014, MASB announced that Transitioning Entities shall apply MFRS Framework for annual period beginning on or after 1 January 2017. However, on 8 September 2015, MASB announced that for all Transitioning Entities, the requirement to apply the MFRS Framework are effective for annual period beginning on or after 1 January 2018.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

1. BASIS OF PREPARATION (CONT'D)

Malaysian Financial Reporting Standards (MFRS) Framework (cont'd)

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group is currently assessing the impact of adoption of new MFRS Framework. The financial performance and financial position and the accounting policy as disclosed in the financial statements for the period ended 30 September 2017 could be different if prepared under the MFRS Framework.

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report on the financial statements for the year ended 31 December 2016 was not subject to any qualification.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group are generally subject to cyclical changes of the general Malaysian economy.

4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the current period.

5. CHANGES IN ESTIMATES

There were no changes in estimates of amount reported in previous financial year that have a material effect in the current quarter.

6. DEBTS AND EQUITY SECURITIES

On 29 September 2017, an additional allotment of 53,000,000 ordinary shares was listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking completion of the Private Placement.

As at 30 September 2017, 14,018,300 ordinary shares were still retained as treasury shares in the Company. There were no purchase of ordinary shares in the market during the current quarter ended 30 September 2017.

There were no new ordinary shares issued under the Employees' Share Option Scheme ("ESOS") for the current quarter ended 30 September 2017. As at 30 September 2017, a total of 4,102,000 new ordinary shares have been issued under the ESOS.

7. DIVIDEND PAID

There were no dividend paid during the period under review.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

8 SEGMENTAL INFORMATION

QUARTERLY RESULTS:

<u>Q3 2017</u>	Construction contracts RM'000	Property* RM'000	Power RM'000	Trading, Manufacturing and others* RM'000	Adjustments and eliminations RM'000	Total RM'000
REVENUE :						
External customers	71,035	2,509	3,032	16,774	-	93,350
Inter-segment	-	298	-	3,782	(4,080)	-
Total revenue	71,035	2,807	3,032	20,556	(4,080)	93,350

RESULTS :

**Included in the measure of segment
profit/(loss) are:**

Profit/(Loss) before tax	5,133	822	(58,115)	(3,725)	(609)	(56,494)
Interest income	1,390	14	879	921	(3)	3,201
Interest expenses	(6,035)	-	(552)	(4,635)	3	(11,219)
Depreciation and amortisation	(2,804)	(351)	(1,107)	(392)	-	(4,654)
Share of loss of associates	22	420	(61,080)	-	-	(60,638)
ESOS expenses	(448)	-	-	-	-	(448)
Income tax expenses	-	(207)	(2,728)	(366)	-	(3,301)
Profit/(Loss) after tax	5,133	615	(60,843)	(4,091)	(609)	(59,795)

Q3 2016

REVENUE :

External customers	134,243	3,470	2,752	30,029	-	170,494
Inter-segment	1,076	(576)	-	5,174	(5,674)	-
Total revenue	135,319	2,894	2,752	35,203	(5,674)	170,494

RESULTS :

**Included in the measure of segment
profit/(loss) are:**

(Loss)/Profit before tax	(29,651)	2,997	(37,225)	(1,048)	(1,932)	(66,859)
Interest income	351	655	1,303	57	(92)	2,274
Interest expenses	(5,703)	81	(655)	-	92	(6,185)
Depreciation and amortisation	(2,300)	(482)	(1,106)	(270)	-	(4,158)
Share of loss of associates	-	(210)	(38,881)	-	-	(39,091)
ESOS expenses	-	-	-	-	-	-
Income tax expenses	530	(954)	-	419	-	(5)
(Loss)/Profit after tax	(29,121)	2,043	(37,225)	(629)	(1,932)	(66,864)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

8 SEGMENTAL INFORMATION (CONT'D)

YEAR-TO-DATE RESULTS:

	Construction contracts RM'000	Property* RM'000	Power RM'000	Trading, Manufacturing and others* RM'000	Adjustments and eliminations RM'000	Total RM'000
9 MONTHS ENDED 30-SEPT-17						
REVENUE :						
External customers	321,572	14,792	8,913	54,074	-	399,351
Inter-segment	-	895	-	10,297	(11,192)	-
Total revenue	321,572	15,687	8,913	64,371	(11,192)	399,351
RESULTS :						
Included in the measure of segment profit/(loss) are:						
Profit/(Loss) before tax	8,505	4,555	(108,910)	(8,091)	(359)	(104,300)
Interest income	3,261	94	2,665	2,874	(61)	8,833
Interest expenses	(18,434)	-	(1,692)	(13,717)	61	(33,782)
Depreciation and amortisation	(7,883)	(1,047)	(3,321)	(903)	-	(13,154)
Share of loss of associates	(118)	(56)	(114,763)	-	-	(114,937)
ESOS expenses	(1,342)	-	-	-	-	(1,342)
Income tax expenses	-	(1,365)	(2,728)	(1,090)	-	(5,183)
Profit/(Loss) after tax	8,505	3,190	(111,638)	(9,181)	(359)	(109,483)
Assets :						
Investment in associates	3,897	9,300	446,259	-	-	459,456
Additions to non-current assets [^]	28,448	64,003	70,075	5,695	(2,066)	166,155
Segment assets	1,299,510	184,638	591,700	700,308	(928,505)	1,847,651
Segment liabilities :	862,965	40,215	152,129	273,041	(140,932)	1,187,418
9 MONTHS ENDED 30-SEPT-16						
REVENUE :						
External customers	426,213	17,599	9,177	65,965	-	518,954
Inter-segment	1,444	-	-	11,071	(12,515)	-
Total revenue	427,657	17,599	9,177	77,036	(12,515)	518,954
RESULTS :						
Included in the measure of segment profit/(loss) are:						
(Loss)/Profit before tax	(33,728)	9,674	(112,049)	282	2,024	(133,797)
Interest income	739	2,402	2,880	100	(322)	5,799
Interest expenses	(17,331)	(50)	(2,031)	-	322	(19,090)
Depreciation and amortisation	(7,248)	(1,025)	(3,320)	(626)	-	(12,219)
Share of loss of associates	-	(1,130)	(99,049)	-	-	(100,179)
ESOS expenses	-	-	-	-	-	-
Income tax expenses	-	(2,003)	-	(421)	-	(2,424)
(Loss)/Profit after tax	(33,728)	7,671	(112,049)	(139)	2,024	(136,221)
Assets :						
Investment in associates	-	9,493	583,692	-	-	593,185
Additions to non-current assets [^]	29,275	64,699	70,435	2,884	(2,066)	165,227
Segment assets	1,116,999	171,696	636,234	394,842	(416,728)	1,903,043
Segment liabilities :	820,892	32,693	50,720	14,171	31,856	950,332

* Rental income was previously reported under Trading, Manufacturing and others segment in Q3 2016, and now reclassified to Property segment in Q3 2017 retrospectively.

[^] Additions to non-current assets consist of property, plant and equipment and investment property.

The Group has no foreign operations which materially affected the profit of the Group other than share of results of RKM (a 26% owned associate incorporated in India) and PT Harmoni Energy Indonesia (a 46% owned associate incorporated in Indonesia).

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

9. RELATED PARTIES TRANSACTIONS

Below are the significant related party transactions, which have been established under negotiated terms and entered into in the normal course of business:

Associates	9 MONTHS ENDED 30-SEPT-17 RM'000	9 MONTHS ENDED 30-SEPT-16 RM'000
<i>PT Harmoni Energy Indonesia</i>		
Repayment of working capital advances	-	(2,223)
Interest income	<u>(1,867)</u>	<u>(2,293)</u>
<i>Musyati Mudajaya JV Sdn Bhd</i>		
Project management fee	(2,318)	-
Secondment fee	(178)	-
Corporate guarantee fee	<u>(264)</u>	<u>-</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of the property, plant and equipment is at cost less depreciation and impairment losses.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the current quarter.

12. CHANGES IN COMPOSITION OF THE GROUP

On 17 February 2017, Mudajaya Corporation Berhad ("MCB") completed the disposal of 10,000 ordinary shares in Mudajaya RE Sdn. Bhd. (formerly known as MJC Plantations Sdn. Bhd.)("MRE") to Mudajaya Energy Sdn Bhd ("MESB"), a wholly-owned subsidiary of the Company for a total consideration of RM10,000. Subsequently, MRE became a wholly-owned subsidiary of MESB.

On 20 February 2017, MCB completed the disposal of 10,000 ordinary shares in Sinar Kamiri Sdn. Bhd. (formerly known as MGB Enterprise Sdn. Bhd.)("SKSB") to MRE for a total consideration of RM10,000. Subsequently, SKSB became a wholly-owned subsidiary of MRE.

On 31 March 2017, MCB acquired 100% of the total issued and paid-up share capital in Mudajaya City Corporation Sdn. Bhd., Mudajaya Holdings Sdn. Bhd. and Mudajaya Industries Sdn Bhd for a consideration of RM2.00 each. As a result of the acquisitions, those companies became indirect wholly-owned subsidiaries of the Company.

On 10 July 2017, MJC Precast Sdn Bhd ("MJCP"), an indirect wholly-owned subsidiary of the Company acquired the remaining 300,000 ordinary shares in Mudajaya IBS Sdn Bhd ("Mudajaya IBS"), representing 30% equity interest in Mudajaya IBS for a total consideration of RM229,273.19. Upon completion of the acquisition, Mudajaya IBS became a wholly-owned subsidiary of MJCP.

On 29 July 2017, MIPP International Ltd, ("MIPP"), a 80% owned subsidiary of Mudajaya Corporation Berhad, which in turn is a wholly-owned subsidiary of the Company incorporated a limited company known as MIPP (B) Sdn Bhd ("MIPPB"). As a result of the incorporation, MIPPB became an indirect subsidiary of the Company.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

13. CONTINGENT LIABILITIES

There were no contingent liabilities as at the end of the current quarter.

14. REVIEW OF PERFORMANCE

QUARTERLY ANALYSIS:

	Individual Quarter			
	Current Year Quarter 30-SEPT-17	Preceding Year Corresponding Quarter 30-SEPT-16	Changes	
	RM'000	RM'000	RM'000	%
Revenue	93,350	170,494	(77,144)	(45)
Profit from operations	38,062	(22,104)	60,166	(272)
Loss before interest and tax	(45,275)	(60,674)	15,399	(25)
Loss before tax	(56,494)	(66,859)	10,365	(16)
Loss after tax	(59,795)	(66,864)	7,069	(11)
Loss attributable to owners of the Company	(59,079)	(67,592)	8,513	(13)

The Group reported revenue of RM93.4 million and loss before tax ("LBT") of RM56.5 million in the current quarter as compared to revenue of RM170.5 million and LBT of RM66.9 million in the corresponding quarter of 2016. Lower revenue was mainly due to the completion or near completion of certain construction projects whilst lower LBT was mainly attributable to higher profits derived from on-going construction projects in the current quarter.

The performance of the respective business segments is as follow:

Construction segment: This segment reported revenue and profit before tax ("PBT") of RM71.0 million and RM5.1 million respectively for the current quarter as compared to revenue of RM134.2 million and LBT of RM29.7 million for the previous year corresponding quarter. Lower revenue was mainly due to completion of MRT-V3 project and near completion of two of the Pengerang projects whilst current on-going construction projects continued to contribute positively to the Group's bottom line.

Property segment: This segment reported revenue and PBT of RM2.5 million and RM0.8 million respectively for current quarter as compared to revenue of RM3.5 million and PBT of RM3.0 million for the previous year's corresponding quarter. Lower revenue and PBT were mainly due to lower sales of properties in Batu Kawah New Township, Kuching.

Power segment: This segment reported revenue and LBT of RM3.0 million and RM58.1 million respectively for the current quarter as compared to revenue of RM2.7 million and LBT of RM37.2 million for the previous year's corresponding quarter. Higher LBT in the current quarter was mainly due to higher share of losses from associated company, RKM Powergen Pvt Ltd ("RKM"), as a result of additional interest costs recognised by RKM following the completion of its audit for the year ended 31 March 2017, and that power sale for Unit II had not commenced yet during the period under review.

Other segment: This segment comprises primarily the manufacturing, trading and investment divisions of the Group. This segment reported revenue and LBT of RM16.8 million and RM3.7 million respectively for current quarter as compared to revenue of RM30.0 million and LBT of RM1.0 million for the previous year's corresponding quarter. Lower revenue in the current quarter was mainly due to the completion of the MRT-V3 project and near completion of two of the Pengerang projects which affected the sales of construction materials to subcontractors. LBT reported in this segment was mainly attributable to financing cost on the Group's borrowings in the current quarter.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

14. REVIEW OF PERFORMANCE (CONT'D)

YEAR-TO-DATE ANALYSIS:

	Cumulative Period			
	Current Year To-date 30-SEPT-17	Preceding Year Corresponding Period 30-SEPT-16	Changes	
	RM'000	RM'000	RM'000	%
Revenue	399,351	518,954	(119,603)	(23)
Profit from operations	59,537	12,045	47,492	394
Loss before interest and tax	(70,518)	(114,707)	44,189	(39)
Loss before tax	(104,300)	(133,797)	29,497	(22)
Loss after tax	(109,483)	(136,221)	26,738	(20)
Loss attributable to owners of the Company	(110,092)	(137,603)	27,511	(20)

The Group reported revenue of RM399.4 million and LBT of RM104.3 million for the period ended 30 September 2017 as compared to revenue of RM519.0 million and LBT of RM133.8 million for the corresponding period of 2016. Lower revenue in the current period was mainly attributable to the completion or near completion of certain construction projects whilst lower LBT in the current period was mainly due to positive contribution from on-going construction projects.

The performance of the respective business segments is as follows:-

Construction segment : This segment reported revenue and PBT of RM321.6 million and RM8.5 million respectively for the period ended 30 September 2017 as compared to revenue of RM426.2 million and LBT of RM33.7 million for the corresponding period of 2016. Lower revenue was mainly due to the completion of two mega projects, namely Tanjung Bin IV and MRT-V3 in 2016. Improvement in PBT was attributable to current on-going construction projects which contributed positively to the Group's bottom line.

Property segment : This segment reported revenue and PBT of RM14.8 million and RM4.6 million respectively for the period ended 30 September 2017 as compared to revenue of RM17.6 million and PBT of RM9.7 million for the corresponding period of 2016. Lower revenue and PBT were mainly due to lower sales of properties in Batu Kawah New Township, Kuching.

Power segment : The segment reported revenue and LBT of RM8.9 million and RM108.9 million respectively for the period ended 30 September 2017 as compared to revenue of RM9.2 million and LBT of RM112.0 million for the corresponding period of 2016. Lower LBT in the current period was due to the impairment of assets in 2016 that was not repeated in the current year, offset by higher losses in associated company RKM attributed to additional interest costs recognised by RKM following the completion of its audit for the year ended 31 March 2017.

Others segment : This segment comprises primarily the manufacturing, trading and investment divisions of the Group. This segment reported revenue and LBT of RM54.1 million and RM8.1 million respectively for the period ended 30 September 2017 as compared to revenue of RM66.0 million and PBT of RM0.3 million for the previous year corresponding period. Lower revenue in current period was mainly due to the completion of the MRT-V3 project and near completion of two of the construction projects in Pengerang which affected the sales of construction materials to subcontractors. LBT reported in the current period was mainly attributable to financing cost on the Group's borrowings.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

15. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year Quarter 30-SEPT-17	Immediate Preceding Quarter 30-JUNE-17	Changes	
	RM'000	RM'000	RM'000	%
Revenue	93,350	149,008	(55,658)	(37)
Profit from operations	38,062	5,442	32,620	599
Loss before interest and tax	(45,275)	(11,483)	(33,792)	294
Loss before tax	(56,494)	(22,642)	(33,852)	150
Loss after tax	(59,795)	(23,552)	(36,243)	154
Loss attributable to owners of the Company	(59,079)	(24,254)	(34,825)	144

The Group reported revenue of RM93.4 and LBT of RM56.5 million in the current quarter as compared to revenue of RM149.0 and LBT of RM22.6 million in the preceding quarter. Lower revenue was mainly due to the near completion of two of the construction projects in Pengerang whilst higher LBT in the current quarter was attributable to higher losses from RKM, a 26% associate of the Group, as mentioned above.

16. PROSPECTS

The construction sector in Malaysia remains vibrant with an on-going stream of mega-infrastructure projects to be undertaken by the Government and the private sector. The Group is confident that it will benefit from some of the proposed projects. In addition, the Group's construction order book of RM2.7 billion as at the reporting date is expected to sustain its operations for the medium term.

The investment in the IPP in India via 26% associate RKM continues to pose a very challenging prospect to the Group. Despite limited control and influence, the Group's management continues to make strenuous efforts with RKM to ensure that all 4 units of the IPP development come on stream to enhance the value of assets, in addition to providing recurring income to the Group. As at to-date, RKM is supplying 350 Mega Watts ("MW") power to several power distribution companies in the State of Uttar Pradesh pursuant to the Power Purchase Agreement dated 15 March 2016.

In terms of new investment, the Group will continue to pursue investments both locally and overseas to build up its assets with recurring income streams to cushion against the cyclical nature of the construction business. It will also expand on its precast concrete manufacturing business to capitalize on the increasing demand from various mega-infrastructure projects.

17. VARIANCE ON PROFIT FORECAST

Not applicable.

18. INCOME TAX EXPENSE

	CURRENT QUARTER 30-SEPT-17 RM'000	9 MONTHS 30-SEPT-17 RM'000
Current income tax:		
- Malaysian income tax	<u>(3,301)</u>	<u>(5,183)</u>

The Group's effective tax rate for the period to date was higher than the Malaysian statutory tax rate of 24% mainly due to share of losses of associates.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

19. STATUS OF CORPORATE PROPOSALS

On 29 September 2017, an additional allotment of 53,000,000 ordinary shares was listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking completion of the Private Placement.

20. GROUP BORROWINGS AND DEBT SECURITIES

(i) Details of the Group's borrowings were as follows:

As at 30 September 2017			
Interest rate	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
<i>Revolving credits</i>	-	98,000	98,000
<i>Finance lease liabilities</i>	3,419	2,607	6,026
<i>Term loan denominated in USD (USD50 million)</i>	-	211,250	211,250
<i>Term loan denominated in RM</i>	33,916	6,063	39,979
	<u>37,335</u>	<u>317,920</u>	<u>355,255</u>
Unsecured			
<i>Revolving credits</i>	-	40,000	40,000
<i>Islamic Medium Term Notes ("IMTN")</i>	120,000	-	120,000
<i>Euro Medium Term Notes ("EMTN") denominated in USD (USD60 million)</i>	253,500	-	253,500
	<u>373,500</u>	<u>40,000</u>	<u>413,500</u>
Total Group's borrowings	<u>410,835</u>	<u>357,920</u>	<u>768,755</u>

As at 30 September 2016			
Interest rate	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
<i>Term loan denominated in RM</i>	40,926	1,516	42,442
Unsecured			
<i>Islamic Medium Term Notes ("IMTN")</i>	120,000	240,000	360,000
<i>Revolving credit</i>	-	120,000	120,000
<i>Bank overdrafts</i>	-	9,410	9,410
	<u>120,000</u>	<u>369,410</u>	<u>480,000</u>
Total Group's borrowings	<u>160,926</u>	<u>370,926</u>	<u>522,442</u>

(ii) Total borrowings increased from RM522.4 million as at 30 September 2016 to RM768.8 million as at 30 September 2017 mainly due to drawdown of term loan amounting to RM211.3 million for redemption of RM240 million IMTN and issuance of EMTN amounting to RM253.5 million for working capital and investment purposes.

(iii) Total repayment of borrowings during the period ended 30 September 2017 amounted to RM261.1 million with an estimated net interest savings of RM12.2 million per annum.

(iv) The weighted average interest rate of the Group's borrowings was 5.9% per annum.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

21. FINANCIAL RISK MANAGEMENT

The Group has exposure on credit risk from its receivables:

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers wish to trade on credit terms are subject to credit evaluation procedures and the exposure to credit risk is monitored on an ongoing basis.

Ageing analysis of trade receivables of the Group are as follows:

	AS AT 30-Sept-17 RM'000
Neither past due nor impaired	58,615
1 to 30 days past due but not impaired	5,088
31 to 60 days past due but not impaired	4,690
More than 60 days are past due but not impaired	162,177
	171,955
Trade receivables that are impaired	269
	<u>230,839</u>

Trade receivables are non-interest bearing and generally on 30 days to 90 days terms to third party and 30 days terms to related party.

Included in trade receivables (more than 60 days are past due but not impaired) is amount due from an associate of RM 156.7 million with subsequent collection of RM6.7 million.

22. CHANGES IN MATERIAL LITIGATION

There were no material litigation against the Group as at the reporting date.

23. DIVIDEND

There were no dividend declared during the period ended 30 September 2017.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

NOTES TO QUARTERLY REPORT

24. BASIC EARNINGS PER SHARE

The 'Basic loss per share' and 'Diluted loss per share' for the current period and the comparative period are calculated by dividing the loss for the period attributable to owners of the Company by the 'Weighted Average' and 'Adjusted Weighted Average' number of ordinary shares in issue during the period respectively, excluding treasury shares held by the Company.

	CURRENT QUARTER ENDED 30-SEPT-17	9 MONTHS ENDED 30-SEPT-17
(i) <u>Basic loss per share:-</u>		
(a) Loss for the period attributable to owners of the Company (RM'000)	<u>(59,079)</u>	<u>(110,092)</u>
(b) Weighted average number of ordinary shares ('000)	<u>545,909</u>	<u>545,909</u>
Basic loss per share (sen)	<u>(10.82)</u>	<u>(20.17)</u>
(ii) <u>Diluted loss per share:-</u>		
(a) Loss for the period attributable to owners of the Company (RM'000)	<u>(59,079)</u>	<u>(110,092)</u>
(b) Weighted average number of ordinary shares ('000)	<u>545,909</u>	<u>545,909</u>
Effect of dilution - ESOS ('000)	<u>8,161</u>	<u>8,161</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>554,070</u>	<u>554,070</u>
Diluted loss per share (sen)	<u>(10.66)</u>	<u>(19.87)</u>

25. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE

The breakdown of the retained earnings of the Group as at 30 September 2017 into realised and unrealised profits is presented as follow:-

	AS AT 30-SEPT-17 RM'000
Total retained earnings of the Group:-	
- Realised	886,894
- Unrealised	(2,458)
Share of result of associate:-	
- Realised	(262,596)
Less: Consolidated adjustments	<u>(301,641)</u>
Retained earnings as per consolidated financial statements	<u>320,199</u>