

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE PERIOD PRECEDING	
	CURRENT YEAR QUARTER 31-DEC-17 RM'000	YEAR CORRESPONDING QUARTER 31-DEC-16 RM'000	CURRENT YEAR TO DATE 31-DEC-17 RM'000	YEAR CORRESPONDING PERIOD 31-DEC-16 RM'000
Continuing Operations				
Revenue	148,265	240,178	547,616	759,132
Operating expenses	(134,716)	(237,241)	(474,530)	(744,150)
Profit from operations	<u>13,549</u>	<u>2,937</u>	<u>73,086</u>	<u>14,982</u>
Interest income	2,681	2,584	11,514	8,383
Other income/(expenses)	3,965	(75)	4,553	3,123
Foreign exchange gain	6,459	5,206	10,151	1,673
Gain on disposal of property, plant and equipment	139	24	1,427	177
Impairment losses on financial assets	(5,636)	(209,257)	(22,936)	(231,252)
Depreciation and amortization	(4,809)	(4,115)	(17,963)	(16,334)
ESOS expenses	(478)	(1,417)	(1,820)	(1,417)
Interest expense	(10,886)	(6,749)	(44,668)	(25,839)
Share of results of associates	(22,054)	(33,634)	(136,991)	(133,813)
Reversal of unrealised profit adjustment	756	759	3,033	2,783
Loss before tax	<u>(16,314)</u>	<u>(243,737)</u>	<u>(120,614)</u>	<u>(377,534)</u>
Income tax expense	7,968	(2,342)	2,785	(4,766)
Loss after tax	<u>(8,346)</u>	<u>(246,079)</u>	<u>(117,829)</u>	<u>(382,300)</u>
Other comprehensive (expenses)/income:				
Foreign currency translation differences	(435)	818	(1,814)	(13)
Total comprehensive expense	<u>(8,781)</u>	<u>(245,261)</u>	<u>(119,643)</u>	<u>(382,313)</u>
(Loss)/Profit attributable to:				
Owners of the Company	(11,279)	(246,145)	(121,371)	(383,748)
Non-controlling interest	2,933	66	3,542	1,448
	<u>(8,346)</u>	<u>(246,079)</u>	<u>(117,829)</u>	<u>(382,300)</u>
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(11,469)	(241,599)	(122,666)	(380,033)
Non-controlling interest	2,688	(3,662)	3,023	(2,280)
	<u>(8,781)</u>	<u>(245,261)</u>	<u>(119,643)</u>	<u>(382,313)</u>
Loss per share (sen)				
attributable to equity holders of the Company:				
Basic loss per share (sen)	<u>(2.02)</u>	<u>(45.58)</u>	<u>(21.76)</u>	<u>(71.06)</u>
Diluted loss per share (sen)	<u>(1.99)</u>	<u>(44.75)</u>	<u>(21.45)</u>	<u>(69.77)</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 2017.

The Basic EPS for both current and corresponding periods have been calculated based on weighted average ordinary shares of 557,687,000 and 540,020,000 respectively. The Diluted EPS for both current and corresponding periods have been calculated based on adjusted weighted average of 565,848,000 and 550,028,000 respectively.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017
(The figures have not been audited)

	AS AT 31-DEC-17 RM'000	AS AT 31-DEC-16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,543	113,172
Investment properties	48,869	49,116
Intangible assets	83,490	11,153
Investment in associates	428,857	561,810
Other investments	5,291	816
Deferred tax asset	8,233	493
	<u>626,283</u>	<u>736,560</u>
Current assets		
Inventories	45,257	41,718
Property development costs	55,625	39,235
Trade and other receivables	311,857	402,715
Other current assets	328,775	485,121
Tax recoverable	17,729	15,973
Cash and bank balances	456,095	328,120
	<u>1,215,338</u>	<u>1,312,882</u>
TOTAL ASSETS	<u>1,841,621</u>	<u>2,049,442</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	398,072	110,483
Reserves	269,254	616,822
Equity attributable to owners of the Company	<u>667,326</u>	<u>727,305</u>
Non-controlling interests	(15,432)	(18,181)
Total equity	<u>651,894</u>	<u>709,124</u>
Non-current liabilities		
Deferred tax liabilities	4,953	2,224
Loans and borrowings	397,859	424,596
Refundable deposits	2,219	2,039
	<u>405,031</u>	<u>428,859</u>
Current liabilities		
Trade and other payables	366,609	500,974
Amount due to contracts customers	63,383	17,945
Loans and borrowings	354,695	392,076
Tax liabilities	9	464
	<u>784,696</u>	<u>911,459</u>
Total liabilities	<u>1,189,727</u>	<u>1,340,318</u>
TOTAL EQUITY AND LIABILITIES	<u>1,841,621</u>	<u>2,049,442</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.13</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 2017.

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 FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	(1,295)	-	(1,295)	(519)	(1,814)
Share buyback	-	-	-	-	(539)	-	-	(539)	-	(539)
Changes in equity interest in a subsidiary	-	-	-	-	-	-	-	-	(229)	(229)
Investment in subsidiaries written off	-	-	-	-	-	1,477	(1,021)	456	(45)	411
Share-based payment transactions	-	-	-	1,820	-	-	-	1,820	-	1,820
ESOS forfeited	-	-	-	(781)	-	-	781	-	-	-
Proceeds from Private Placement	60,950	-	-	-	-	-	-	60,950	-	60,950
(Loss)/Profit for the year	-	-	-	-	-	-	(121,371)	(121,371)	3,542	(117,829)
	60,950	-	-	1,039	(539)	182	(121,611)	(59,979)	2,749	(57,230)
Transition to no-par value regime[^]	226,639	(221,739)	(4,900)	-	-	-	-	-	-	-
At 31 December 2017	398,072	-	-	9,574	(35,227)	(13,773)	308,680	667,326	(15,432)	651,894
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
Acquisition of subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	38	38
Foreign currency translation differences for foreign operations	-	-	-	-	-	3,715	-	3,715	(3,728)	(13)
Share-based payment transactions	-	-	-	(1,491)	-	-	1,491	-	-	-
Grand of equity-settled share options to employees	-	-	-	676	-	-	-	676	-	676
Modification of share-based payment transaction arising from extension of share options to employees	-	-	-	741	-	-	-	741	-	741
(Loss)/Profit for the year	-	-	-	-	-	-	(383,748)	(383,748)	1,448	(382,300)
	-	-	-	(74)	-	3,715	(382,257)	(378,616)	(2,242)	(380,858)
At 31 December 2016	110,483	221,739	4,900	8,535	(34,688)	(13,955)	430,291	727,305	(18,181)	709,124

[^] 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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	12 MONTHS ENDED	
	31-DEC-17	31-DEC-16
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(120,614)	(377,534)
Adjustments for:		
Amortisation of intangible asset	810	620
Depreciation of investment property	992	985
Depreciation of property, plant and equipment	16,161	14,729
ESOS expenses	1,820	1,417
Gain on disposal of property, plant and equipment	(1,427)	(177)
Impairment loss of investment in an associate	-	1,804
Impairment loss of other assets	17,300	200,877
Impairment loss of trade and other receivables	5,636	30,375
Interest income	(11,514)	(8,383)
Interest expense	44,668	25,839
Recognition of intangible assets	(3,664)	-
Share of results of equity accounted associates	136,991	133,813
Reversal of unrealised profit adjustment	(3,033)	(2,783)
Unrealised gain on foreign exchange	(8,937)	(1,720)
Operating profit before working capital changes	<u>75,189</u>	<u>19,862</u>
Changes in working capital:		
Inventories	(3,539)	(9,127)
Property development costs	(16,390)	(514)
Trade and other receivables	152,987	(119,333)
Trade and other payables	(88,305)	116,803
Cash generated from operations	<u>119,942</u>	<u>7,691</u>
Tax paid	(4,696)	(9,847)
Tax refunded	104	3,161
Net cash generated from operating activities	<u><u>115,350</u></u>	<u><u>1,005</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional expenditure in investment property	(683)	-
Net investment in associates	(1,005)	(4,501)
Addition in other investment	(4,749)	(274)
Repayment to associates	(321)	-
Interest received	11,514	8,383
Purchase of additional shares in a subsidiary	(229)	-
Purchase of property, plant and equipment	(13,735)	(3,167)
Proceeds from disposal of property, plant and equipment	1,660	191
Change in pledged deposits	(206,595)	(9,062)
Investment in subsidiaries written off	411	-
Net cash generated used in investing activities	<u><u>(213,732)</u></u>	<u><u>(8,430)</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (CONT'D)

(The figures have not been audited)

	12 MONTHS ENDED	
	31-DEC-17	31-DEC-16
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(44,668)	(25,839)
Proceeds from Private Placement	60,950	-
Net (repayment)/drawdown of loans and borrowings	(27,527)	261,247
Repayment of finance lease liabilities	(2,043)	(17)
Repayment from an associate	41,397	13,108
Share buyback	(539)	-
Net cash generated from financing activities	<u>27,570</u>	<u>248,499</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(70,812)	241,074
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		
	310,444	69,370
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
	<u>239,632</u>	<u>310,444</u>
Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise:		
Cash and bank balances	80,370	300,018
Deposits placed with financial institutions	375,725	28,102
	<u>456,095</u>	<u>328,120</u>
Less:		
Pledged deposits	(216,463)	(9,868)
Bank overdrafts	-	(7,808)
	<u>239,632</u>	<u>310,444</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 2017.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2017, the Group relied on RKM’s unaudited management accounts for the period ended 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 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.

Assessments on MFRS 15 & MFRS 9

The Group plans to apply MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* from the annual period beginning on 1 January 2018. Assessment on adoption of MFRS 15 & MFRS 9 on the financial statements of the Group for the year ended 31 December 2017 indicates immaterial financial impact to the Group.

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, 53,000,000 ordinary shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking completion of the Private Placement.

The Company bought back a total of 595,000 ordinary shares in the current quarter. As at 31 December 2017, 14,613,300 ordinary shares were still retained as treasury shares in the Company.

There were no new ordinary shares issued under the Employees' Share Option Scheme ("ESOS") for the current quarter ended 31 December 2017. As at 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 2017

NOTES TO QUARTERLY REPORT

8 SEGMENTAL INFORMATION

QUARTERLY 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
<u>Q4 2017</u>						
REVENUE :						
External customers	122,561	3,764	6,351	15,589	-	148,265
Inter-segment	-	571	-	5,345	(5,916)	-
Total revenue	122,561	4,335	6,351	20,934	(5,916)	148,265
RESULTS :						
Included in the measure of segment profit/(loss) are:						
Profit/(Loss) before tax	2,299	2,995	(17,179)	(3,712)	(717)	(16,314)
Interest income	714	12	942	1,013	-	2,681
Interest expenses	(5,947)	(32)	(530)	(4,377)	-	(10,886)
Depreciation and amortisation	(2,744)	(351)	(1,297)	(417)	-	(4,809)
Share of loss of associates	19	-	(22,073)	-	-	(22,054)
ESOS expenses	(478)	-	-	-	-	(478)
Income tax expenses	8,810	(583)	-	(259)	-	7,968
Profit/(Loss) after tax	11,109	2,412	(17,179)	(3,971)	(717)	(8,346)
<u>Q4 2016</u>						
REVENUE :						
External customers	202,676	12,747	1,909	22,846	-	240,178
Inter-segment	70	1,170	-	6,487	(7,727)	-
Total revenue	202,746	13,917	1,909	29,333	(7,727)	240,178
RESULTS :						
Included in the measure of segment profit/(loss) are:						
(Loss)/Profit before tax	(196,653)	2,788	(31,869)	(11,151)	(6,852)	(243,737)
Interest income	331	1,190	911	218	(66)	2,584
Interest expenses	(5,990)	(92)	(613)	(212)	158	(6,749)
Depreciation and amortisation	(2,375)	(349)	(1,108)	(283)	-	(4,115)
Share of loss of associates	(485)	887	(34,036)	-	-	(33,634)
ESOS expenses	(1,417)	-	-	-	-	(1,417)
Income tax expenses	(124)	(1,966)	-	(252)	-	(2,342)
(Loss)/Profit after tax	(196,777)	822	(31,869)	(11,403)	(6,852)	(246,079)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
<u>12 MONTHS ENDED 31-DEC-17</u>						
REVENUE :						
External customers	444,133	18,556	15,264	69,663	-	547,616
Inter-segment	-	1,466	-	15,642	(17,108)	-
Total revenue	444,133	20,022	15,264	85,305	(17,108)	547,616
RESULTS :						
Included in the measure of segment profit/(loss) are:						
Profit/(Loss) before tax	10,804	7,550	(126,089)	(11,803)	(1,076)	(120,614)
Interest income	3,975	106	3,607	3,887	(61)	11,514
Interest expenses	(24,381)	(32)	(2,222)	(18,094)	61	(44,668)
Depreciation and amortisation	(10,627)	(1,398)	(4,618)	(1,320)	-	(17,963)
Share of loss of associates	(99)	(56)	(136,836)	-	-	(136,991)
ESOS expenses	(1,820)	-	-	-	-	(1,820)
Income tax expenses	8,810	(1,948)	(2,728)	(1,349)	-	2,785
Profit/(Loss) after tax	19,614	5,602	(128,817)	(13,152)	(1,076)	(117,829)
Assets :						
Investment in associates	3,915	-	424,942	-	-	428,857
Additions to non-current assets [^]	11,662	698	5,268	7,086	-	24,714
Segment assets	1,738,394	242,101	191,391	718,699	(1,048,964)	1,841,621
Segment liabilities :	872,680	95,252	178,746	281,962	(238,913)	1,189,727
<u>12 MONTHS ENDED 31-DEC-16</u>						
REVENUE :						
External customers	628,889	30,346	11,086	88,811	-	759,132
Inter-segment	1,514	1,170	-	17,558	(20,242)	-
Total revenue	630,403	31,516	11,086	106,369	(20,242)	759,132
RESULTS :						
Included in the measure of segment profit/(loss) are:						
(Loss)/Profit before tax	(230,381)	12,462	(143,918)	(10,869)	(4,828)	(377,534)
Interest income	1,070	3,592	3,791	318	(388)	8,383
Interest expenses	(23,321)	(142)	(2,644)	(212)	480	(25,839)
Depreciation and amortisation	(9,623)	(1,374)	(4,428)	(909)	-	(16,334)
Share of loss of associates	(485)	(243)	(133,085)	-	-	(133,813)
ESOS expenses	(1,417)	-	-	-	-	(1,417)
Income tax expenses	(124)	(3,969)	-	(673)	-	(4,766)
(Loss)/Profit after tax	(230,505)	8,493	(143,918)	(11,542)	(4,828)	(382,300)
Assets :						
Investment in associates	4,015	10,380	547,415	-	-	561,810
Additions to non-current assets [^]	1,019	1,053	9	1,731	-	3,812
Segment assets	1,862,220	228,223	125,469	733,654	(900,124)	2,049,442
Segment liabilities :	1,001,473	88,355	111,403	359,980	(220,893)	1,340,318

* Rental income was previously reported under Trading, Manufacturing and others segment in Q4 2016, and now reclassified to Property segment in Q4 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 FOURTH QUARTER ENDED 31 DECEMBER 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	12 MONTHS	12 MONTHS
	ENDED	ENDED
	31-DEC-17	31-DEC-16
	RM'000	RM'000
<i>PT Harmoni Energy Indonesia</i>		
Interest income	2,469	2,389
Secondment fee	386	-
Repayment	-	(2,223)
<i>Musyati Mudajaya JV Sdn Bhd</i>		
Project management fee	1,117	-
Secondment fee	231	47
Corporate guarantee fee	353	52
Repayment	(986)	(4,105)

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

On 28 February 2018, Mudajaya Corporation Berhad ("MCB"), a wholly-owned subsidiary of the Company entered into a conditional Share Sale and Purchase Agreement for the proposed disposal of 7.07% equity interest in R.K.M Powergen Private Limited ("RKM"), comprising 140,000,000 ordinary shares to a third party for a total cash consideration of USD19.5 million (equivalent to approximately RM76.6 million based on the exchange rate of USD3.92: RM1.00)("the Disposal").

12. CHANGES IN COMPOSITION OF THE GROUP

On 17 February 2017, 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") 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 MCB, 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.

Mudajaya International Ltd ("MIL"), a wholly-owned subsidiary of MCB, had on 9 October 2017 received the notice of removal from Registrar of Companies of the Republic of Mauritius. The Notice confirmed that the name of MIL had been removed from the register of companies on 5 October 2017. As a result of the removal, MIL ceased to be an indirect wholly-owned subsidiary of the Company.

Electric Power International Ltd ("EPIL"), a 74% owned subsidiary MCB, had on 11 October 2017 received the notice of removal from Registrar of Companies of the Republic of Mauritius. The Notice confirmed that the name of EPIL had been removed from the register of companies on 19 May 2017. As a result of the removal, EPIL ceased to be an indirect subsidiary of the Company.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

NOTES TO QUARTERLY REPORT

12. CHANGES IN COMPOSITION OF THE GROUP (CONT'D)

Oracle International Co. Ltd ("Oracle"), a wholly owned subsidiary of Mudajaya Corporation Berhad had on 6 November 2017 received the notice of striking off from Registrar of International Business Companies under the Brunei Darussalam Monetary Authority. The Notice confirmed that the name of Oracle has been struck off from the register of companies on 24 October 2017. As a result of the striking off, Oracle has ceased to be an indirect wholly-owned subsidiary of the Company.

13. CONTINGENT LIABILITIES

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

14. REVIEW OF PERFORMANCE

QUARTERLY ANALYSIS:

	Individual Quarter			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31-DEC-17	31-DEC-16	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	148,265	240,178	(91,913)	(38)
Profit from operations	13,549	2,937	10,612	361
Loss before interest and tax	(5,428)	(236,988)	231,560	(98)
Loss before tax	(16,314)	(243,737)	227,423	(93)
Loss after tax	(8,346)	(246,079)	237,733	(97)
Loss attributable to owners of the Company	(11,279)	(246,145)	234,866	(95)

The Group reported revenue of RM148.3 million and loss before tax ("LBT") of RM16.3 million in current quarter as compared to revenue of RM240.2 million and LBT of RM243.7 million in the corresponding quarter of 2016. Lower revenue in current quarter was mainly due to completion or near completion of major ongoing construction projects whilst newly secured projects have just commenced construction works. Lower LBT reported in current quarter because of higher contribution from construction segment and the absence of impairment on receivables and other current assets relating to Tanjung Bin 4 project and Manjung 4 project recorded in the corresponding quarter of 2016.

The performance of the respective business segments is as follow:

Construction segment: This segment reported revenue and profit before tax ("PBT") of RM122.6 million and RM2.3 million respectively in current quarter as compared to revenue of RM202.7 million and LBT of RM196.7 million in the previous year corresponding quarter. Lower revenue was mainly due to completion of MRT-V3 project and two of the Pengerang projects. Improvement in PBT was attributable to current on-going construction projects which contributed positively to the Group's bottom line whilst LBT for 2016 was mainly due to the impairment of trade receivables and other current assets relating to Tanjung Bin 4 project and Manjung 4 project amounted to RM210.3 million.

Property segment: This segment reported revenue and PBT of RM3.8 million and RM3.0 million respectively in current quarter as compared to revenue of RM12.8 million and PBT of RM2.8 million in the previous year corresponding quarter. Lower revenue in current quarter was mainly due to lower sales of properties in Batu Kawah New Township, Kuching whilst increase in PBT in current quarter was mainly due to reversal of losses shared previously from Mayfair Ventures Sdn Bhd ("MVSB") upon disposal of its shareholdings which MVSB ceased to be an associate of the Company.

Power segment: This segment reported revenue and LBT of RM6.4 million and RM17.2 million respectively in current quarter as compared to revenue of RM1.9 million and LBT of RM31.9 million in the previous year corresponding quarter. Lower LBT in the current quarter was mainly due to lower share of losses from associated company, RKM Powergen Pvt Ltd with contribution from power sale generated from Unit I.

Other segment: This segment comprises primarily the manufacturing, trading and investment divisions of the Group. This segment reported revenue and LBT of RM15.6 million and RM3.7 million respectively in current quarter as compared to revenue of RM22.8 million and LBT of RM11.2 million in the previous year corresponding quarter. Lower revenue in current quarter was mainly due to the completion of the MRT-V3 project and completion of two of the Pengerang projects which affected the sales of construction materials to subcontractors. Lower LBT reported in this segment was mainly attributable to profit generated from manufacturing and trading activities offsetting the financing cost on the Group's borrowings in current quarter.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

NOTES TO QUARTERLY REPORT

14. REVIEW OF PERFORMANCE (CONT'D)

YEAR-TO-DATE ANALYSIS:

	Cumulative Period			
	Current Year To-date	Preceding Year Corresponding Period	Changes	
	31-DEC-17	31-DEC-16	RM'000	%
Revenue	547,616	759,132	(211,516)	(28)
Profit from operations	73,086	14,982	58,104	388
Loss before interest and tax	(75,946)	(351,695)	275,749	(78)
Loss before tax	(120,614)	(377,534)	256,920	(68)
Loss after tax	(117,829)	(382,300)	264,471	(69)
Loss attributable to owners of the Company	(121,371)	(383,748)	262,377	(68)

The Group reported revenue of RM547.6 million and LBT of RM120.6 million for the year ended 31 December 2017 as compared to revenue of RM759.1 million and LBT of RM377.5 million for 2016. Lower revenue in 2017 was mainly due to completion or near completion of major ongoing construction projects whilst newly secured projects have just commenced construction works. Lower LBT reported in 2017 because of higher contribution from construction segment and the absence of impairment on receivables and other current assets relating to Tanjung Bin 4 project and Manjung 4 project recorded in 2016.

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

Construction segment : This segment reported revenue and PBT of RM444.1 million and RM10.8 million respectively for the year ended 31 December 2017 as compared to revenue of RM628.9 million and LBT of RM230.4 million for 2016. Lower revenue in 2017 was mainly due to the completion of Tanjung Bin IV, MRT-V3 and two of the Pengerang projects. Improvement in PBT was attributable to current on-going construction projects which contributed positively to the Group's bottom line whilst LBT for 2016 was mainly due to the impairment of trade receivables and other current assets relating to Tanjung Bin 4 project and Manjung 4 project amounted to RM210.3 million.

Property segment : This segment reported revenue and PBT of RM18.6 million and RM7.6 million respectively for the year ended 31 December 2017 as compared to revenue of RM30.3 million and PBT of RM12.5 million for 2016. Lower revenue and PBT in 2017 was mainly due to lower sales of properties in Batu Kawah New Township, Kuching.

Power segment : The segment reported revenue and LBT of RM15.3 million and RM126.1 million respectively for the year ended 31 December 2017 as compared to revenue of RM11.1 million and LBT of RM143.9 million for 2016. Lower LBT in 2017 was mainly due to lower share of losses from associated company, RKM.

Others segment : This segment comprises primarily the manufacturing, trading and investment divisions of the Group. This segment reported revenue and LBT of RM69.7 million and RM11.8 million respectively for the year ended 31 December 2017 as compared to revenue of RM88.8 million and LBT of RM10.9 million for 2016. Lower revenue in current period was mainly due to completion of MRT-V3 project and completion of two of the construction projects in Pengerang which affected the sales of construction materials to subcontractors. LBT reported in 2017 was mainly attributable to financing cost on the Group's borrowings.



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NOTES TO QUARTERLY REPORT

15. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year Quarter 31-DEC-17	Immediate Preceding Quarter 30-SEPT-17	Changes	
	RM'000	RM'000	RM'000	%
Revenue	148,265	93,350	54,915	59
Profit from operations	13,549	38,062	(24,513)	(64)
Loss before interest and tax	(5,428)	(45,275)	39,847	(88)
Loss before tax	(16,314)	(56,494)	40,180	(71)
Loss after tax	(8,346)	(59,795)	51,449	(86)
Loss attributable to owners of the Company	(11,279)	(59,079)	47,800	(81)

The Group reported revenue of RM148.3 million and LBT of RM16.3 million in current quarter as compared to revenue of RM93.4 million and LBT of RM56.5 million in the preceding quarter. Improvement in both revenue and LBT was attributable to positive contribution from the on-going construction projects and lower share of losses from associated company, RKM.

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 RM2.6 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 up to 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. As mentioned in Note 11, the Group entered into a conditional Share Sale and Purchase Agreement for the proposed disposal of 7.07% equity interest in RKM. Upon completion of the Disposal, the Group's exposure in the investment will reduce accordingly.

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 31-DEC-17 RM'000	12 MONTHS 31-DEC-17 RM'000
Current income tax:		
- Malaysian income tax	<u>7,968</u>	<u>2,785</u>

The Group's effective tax rate for the period to date was lower than the Malaysian statutory tax rate of 24% mainly due to recognition of the deferred tax assets arising from unutilised tax losses based on foreseeable future chargeable income.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

NOTES TO QUARTERLY REPORT

19. STATUS OF CORPORATE PROPOSALS

On 29 September 2017, 53,000,000 ordinary shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking completion of the Private Placement. The cash proceeds of RM60.95 million arising from the Private Placement has been fully utilised for investment in Sinar Kamiri Sdn Bhd ("SKSB"), a wholly-owned indirect subsidiaries of the Company for the development of 49 MW Large Scale Solar Photovoltaic ("LSSPV") plant in Sungai Siput, Perak.

On 30 January 2018, SKSB successfully issued Green SRI Sukuk Wakalah raising RM245 million gross proceeds for development of 49 MW LSSPV plant in Sungai Siput, Perak.

20. GROUP BORROWINGS AND DEBT SECURITIES

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

As at 31 December 2017				
	Interest rate	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured				
<i>Revolving credits</i>	Floating	-	98,000	98,000
<i>Finance lease liabilities</i>	Fixed	1,533	7,349	8,882
<i>Term loan denominated in USD (USD50 million)</i>	Fixed	-	203,283	203,283
<i>Term loan denominated in RM</i>	Floating	32,386	6,063	38,449
		<u>33,919</u>	<u>314,695</u>	<u>348,614</u>
Unsecured				
<i>Revolving credits</i>	Floating	-	40,000	40,000
<i>Islamic Medium Term Notes ("IMTN")</i>	Fixed	120,000	-	120,000
<i>Euro Medium Term Notes ("EMTN") denominated in USD (USD60 million)</i>	Fixed	243,940	-	243,940
		<u>363,940</u>	<u>40,000</u>	<u>403,940</u>
Total Group's borrowings		<u>397,859</u>	<u>354,695</u>	<u>752,554</u>
				As at 31 December 2016
	Interest rate	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured				
<i>Revolving credit</i>	Floating	-	98,000	98,000
<i>Finance lease liabilities</i>	Fixed	423	205	628
<i>Bank overdrafts</i>	Fixed	-	3,738	3,738
<i>Term loan denominated in RM</i>	Floating	34,863	6,063	40,926
		<u>35,286</u>	<u>108,006</u>	<u>143,292</u>
Unsecured				
<i>Revolving credit</i>	Floating	-	40,000	40,000
<i>Bank overdrafts</i>	Fixed	-	4,070	4,070
<i>Islamic Medium Term Notes ("IMTN")</i>	Fixed	120,000	240,000	360,000
<i>Euro Medium Term Notes ("EMTN") denominated in USD (USD60 million)</i>	Fixed	269,310	-	269,310
		<u>389,310</u>	<u>284,070</u>	<u>673,380</u>
Total Group's borrowings		<u>424,596</u>	<u>392,076</u>	<u>816,672</u>

(ii) Total borrowings decreased from RM816.6 million as at 31 December 2016 to RM752.6 million as at 31 December 2017 mainly due to repayment of IMTN of RM240 million after offsetting the banking facilities drawdown during the financial year.

(iii) Total repayment of borrowings during the year ended 31 December 2017 amounted to RM268.7 million with an estimated net interest savings of RM12.5 million per annum.

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31-Dec-17 RM'000
Neither past due nor impaired	75,490
1 to 30 days past due but not impaired	44,427
31 to 60 days past due but not impaired	3,297
More than 60 days are past due but not impaired	146,088
	<u>193,812</u>
Trade receivables that are impaired	3,036
	<u>272,338</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 the amount due from an associate of RM 144.6 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 year ended 31 December 2017.

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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 31-DEC-17	12 MONTHS ENDED 31-DEC-17
(i) <u>Basic loss per share:-</u>		
(a) Loss for the period attributable to owners of the Company (RM'000)	<u>(11,279)</u>	<u>(121,371)</u>
(b) Weighted average number of ordinary shares ('000)	<u>557,687</u>	<u>557,687</u>
Basic loss per share (sen)	<u>(2.02)</u>	<u>(21.76)</u>
(ii) <u>Diluted loss per share:-</u>		
(a) Loss for the period attributable to owners of the Company (RM'000)	<u>(11,279)</u>	<u>(121,371)</u>
(b) Weighted average number of ordinary shares ('000)	<u>557,687</u>	<u>557,687</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>565,848</u>	<u>565,848</u>
Diluted loss per share (sen)	<u>(1.99)</u>	<u>(21.45)</u>