A Explanatory Notes in compliance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of 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 2018.

A2. Changes in Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements for the financial year ended 31 December 2018, except for the following pronouncement due to the adoption of MFRS 16 "Leases".

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Leases – Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. Right-of-use asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 Property, Plant and Equipment whereas lease liability is accreted to reflect the interest and is reduced to reflect lease payments made.

Lessor accounting remains similar to the current standard which continues to be classified as a finance or operating lease.

The Group is in the process of assessing the impact arising from adoption of the MFRS 16.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not been applied by the Group:

Title	Effective Date
MFRS 3 Definition of a Business (Amendments to MFRS 3)	1 January 2020
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred
MFRS 101 Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 108 Definition of Material (Amendments to MFRS 108)	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021

A3. Qualification of Financial Statements

The auditors' report for the preceding audited financial statements was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any seasonal or cyclical factors.

A5. Nature and Amount of Unusual Items

There were no unusual items for the current quarter and financial year-to-date.

A6. Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts in the prior financial years that have a material effect in the current quarter and financial year-to-date.

A7. Issuance and Repayment of Debt and Equity Securities

During the current quarter, the Company increased its issued and paid up ordinary share capital by way of issuance of 262 ordinary shares of RM1.12 each pursuant to the exercise of warrants.

During the financial year-to-date, the Company sold a total of 2,651,000 ordinary shares that were held as treasury shares above in the open market. The details of the resale of treasury shares were as follows: -

Month	No. of Treasury Share Re-sold	Re-sale Price per Treasury Share (RM)			Total Consideration Received (RM)
		Lowest	Highest	Average	
Feb 2019	400,000	1.09	1.13	1.12	448,515.00
Feb 2019	200,000	1.10	1.14	1.14	227,247.60
Feb 2019	750,000	1.12	1.18	1.16	867,129.00
Feb 2019	250,000	1.12	1.18	1.18	294,026.50
Mar 2019	10,000	1.12	1.19	1.18	11,820.75
Mar 2019	240,000	1.14	1.24	1.19	284,606.11
Mar 2019	293,500	1.20	1.25	1.24	363,106.35
Mar 2019	206,700	1.21	1.26	1.25	257,477.91
Mar 2019	249,800	1.19	1.28	1.26	313,652.68
Mar 2019	51,000	1.28	1.38	1.36	69,404.66
Apr 2019	20,000	1.37	1.37	1.37	27,217.52
Apr 2019	1,179,000	1.37	1.41	1.39	1,634,516.82
Apr 2019	413,500	1.42	1.44	1.43	587,388.86
Apr 2019	2,400	1.44	1.44	1.44	3,412.56
Apr 2019	584,100	1.44	1.46	1.45	844,154.78
Apr 2019	600,000	1.46	1.48	1.47	878,930.64
Apr 2019	600,000	1.49	1.52	1.50	898,859.05
Total	**6,050,000**				**8,011,466.79**

As at the end of the current quarter and financial year-to-date, a total of 4,765,244 shares were held as treasury shares.

A8. Dividend Paid

There is no dividend payment in current quarter.

A9. Segmental Information

The Company and its subsidiaries are principally engaged in construction, property development and investment holding.

The Company has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

Other operating segments that do not constitute a reportable segment comprise investment holding.

6 months ended 30 June 2019	**Construction RM'000**	**Property Development RM'000**	**Other RM'000**	**Total RM'000**
Segment Revenue				
Total revenue	214,732	15,920	9,833	240,485
Inter segment revenue	(21,220)	97	(5,025)	(26,148)
Revenue from external customers	193,512	16,017	4,808	214,337
Interest income	667	16	184	867
Finance cost	(1,407)	-	(642)	(2,049)
Net finance expense	(740)	16	(458)	(1,182)
Segment profit/(loss) before taxation	**25,837**	**1,333**	**1,932**	**29,102**
Share of profit of an associate, net of tax	106	-	-	106
Share of profit of a joint venture, net of tax	-	-	226	226
Taxation	(7,328)	-	(80)	(7,408)
Other material non-cash item:				
- Depreciation	(4,583)	(35)	(612)	(5,230)
Additions to non-current assets other than financial instruments and deferred tax assets	94	8	11	113
Segment assets	**979,732**	**545,271**	**511,914**	**2,036,917**
Segment liabilities	**785,390**	**407,307**	**129,565**	**1,322,262**

A9. Segmental Information (Cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by segment:

6 months ended 30 June 2018	**Construction RM'000**	**Property Development RM'000**	**Other RM'000**	**Total RM'000**
Segment Revenue				
Total revenue	313,841	33,481	17,497	364,819
Inter segment revenue	(38,314)	-	(11,820)	(50,134)
Revenue from external customers	275,527	33,481	5,677	314,685
Interest income	343	1,828	1,163	3,334
Finance cost	(1,709)	(908)	(1,003)	(3,620)
Net finance expense	(1,366)	920	160	(286)
Segment profit/(loss) before taxation	**45,937**	**(820)**	**10,557**	**55,674**
Share of profit of an associate, net of tax	57	-	-	57
Share of profit of a joint venture, net of tax	-	-	632	632
Taxation	(11,581)	-	(1,652)	(13,233)
Other material non-cash item:				
- Depreciation	(5,433)	(110)	(1,096)	(6,639)
Additions to non-current assets other than financial instruments and deferred tax assets	6,631	-	20	6,651
Segment assets	**1,026,572**	**603,603**	**405,366**	**2,035,541**
Segment liabilities	**748,211**	**623,396**	**93,360**	**1,464,967**

A9. Segmental Information (Cont'd)

Reconciliations of reportable segment revenues and profit or loss to the corresponding amounts of the Group are as follows:

	As at 30 June 19 RM'000	As at 30 June18 RM'000
Revenue		
Total revenue for reportable segments	240,485	364,819
Elimination of inter-segmental revenues	(26,148)	(50,134)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	214,337	314,685
Profit for the financial period		
Total profit for reportable segments	29,102	55,674
Share of profit of an associate, net of tax	106	57
Share of profit of a joint venture, net of tax	226	632
Elimination of consolidation adjustments	86	(7,346)
Profit before tax	29,520	49,017
Tax expense	(7,408)	(13,233)
Profit for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income	22,112	35,784

	As at 30 June 19 RM'000	As at 30 June18 RM'000
Assets		
Total assets for reportable segments	2,036,917	2,035,541
Elimination of investment in subsidiaries and consolidation adjustments	(302,922)	(97,596)
Elimination on inter-segment balances	(294,409)	(629,883)
Total assets of the Group per consolidated statement of financial position	1,439,586	1,308,062
Liabilities		
Total liabilities for reportable segments	1,322,262	1,464,967
Elimination of consolidation adjustments	(1,743)	(4,859)
Elimination on inter-segment balances	(388,505)	(619,051)
Total liabilitiess of the Group per consolidated statement of financial position	932,014	841,057

A10. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment performed in the current quarter and financial year-to-date.

A11. Acquisition/Disposal of Property, Plant and Equipment

There was no material acquisition or disposal of property, plant and equipment during the current quarter and financial year-to-date.

A12. Material Subsequent Event

There were no material events subsequent to the end of the current quarter under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A13. Changes in the Composition of the Group

There were no changes to the composition of the Group for the current quarter.

A14. Capital Commitment

	As at 30 June 19 RM'000	As at 31 Dec 18 RM'000
Contracted but not provided for:		
- Freehold land held under development	2,375	21,250

A15. Contingent Liabilities

	As at 30 June 19 RM'000	As at 31 Dec 18 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	204,033	200,388

B Explanatory Notes in Compliance with listing Requirements of the Bursa Malaysia

B1. Review of Performance

Performance of current quarter against the preceding year corresponding quarter

Group

	Individual Period (2nd Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Period	Changes
	30/6/2019	30/6/2018		30/6/2019	30/6/2018	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	127,991	187,192	(31.63)	214,337	314,685	(31.89)
Profit Before Tax	16,757	27,039	(38.03)	29,520	49,017	(39.78)
Profit After Taxation	11,102	19,194	(42.16)	22,112	35,784	(38.21)

During the current quarter, the Group recorded revenue of RM128.0 million, a 31.6% decrease compared to the 2Q18 of RM187.2 million. The decrease in Group revenue is due to lower work progress achieved in the current quarter. The LRT3 project has resumed in this quarter and it is in the early stage as it was being reviewed by the Government in the previous quarters.

Our reported PAT stood at RM11.1 million or 2.15 sen per share in 2Q19 compared to RM19.2 million or 4.16 sen in 2Q18. The decline is due to the abovementioned lower work progress on LRT3 in the current quarter.

The Group operating expenses stood at RM10.1 million in 2Q19 as compared to RM10.6 million in 2Q18. This shows an improvement in the group efficiency, which is a reduction of operating expenses by RM0.5 million.

Construction segment:

The Group's construction division reported a lower revenue of RM132.4 million in 2Q19 compared to RM175.6 million in 2Q18. The decline in revenue is mainly due to the impact of LRT3 project. The current work progress is in the stage of catching up against the work program which was slowdown as it was being reviewed by the Government previously. Revenue for the current quarter was mainly contributed from the work progress for the Sungai Besi – Ulu Kelang (SUKE) Highway and Pusat Pentadbiran Sultan Ahmad Shah.

Consistent with the above explanation, the division contributed approximately RM12.4 million of PAT, a 23.0% decrease compared to RM15.3 million in 2Q18.

Property development segment:

In 2Q19, the property development division recorded lower revenue of RM2.5 million compared to the revenue of RM18.6 million in 2Q18. The decrease in revenue is mainly due to lower work progress on The Peak project as the project is near its completion stage.

B1. Review of Performance (Cont'd)

Property development segment: (Cont'd)

The property development division reported a loss after tax RM1.8 million compared to PAT of RM0.6 million in 2Q18. This decrease in PAT is mainly due to lower work progress on The Peak project. The Peak is currently free of encumbrance with a take-up rate of 28.3%. Currently, the rebranding exercise of The Peak has commenced and the relaunch of the RM473.1 million of unsold units is expected to begin in 3Q19. We are also introducing a rent-to-own scheme for The Peak called ***"Reside Before You Decide"*** – an ownership scheme whereby a buyer would be able to 'lock-in' their purchase price for 36 months and use the period to build-up their savings, and at the end of the 36-month period, total rentals that have been paid will go towards the reducing the actual loan sum to be applied. Aside from the "***Reside Before You Decide Package"***, we are introducing a "***Cashback Package"*** which allows for buyers to be entitled to cashback payments over a 36-month period.

B2. Material Changes in the Result for the Current Quarter Compared with the Results for the Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes
	30/06/2019	31/03/2019	
	RM'000	RM'000	(%)
Revenue	127,991	86,346	48.23
Profit After Taxation ('PAT')	11,102	11,010	0.84

The Group's revenue for the current quarter of RM128.0 million is 48.2% higher compared to the immediate preceding quarter of RM86.3 million. The Group's PAT increased by 0.8% as compared to the RM11.0 million in 1Q19.

The increase in revenue and PAT is due to higher work progress for construction division for current quarter is as compared to the 1Q19. This is mainly contributed by the ongoing construction projects i.e. SUKE and PPSAS.

The Group maintained its balance sheet with healthy cash balance of RM115.4 million in cash and bank balances, with its net gearing ratio being maintained low at 0.20x. With low gearing and healthy cash balances, the Group will be in a better position for future business expansion. Going forward, we continue to expect the balance sheet to further strengthen in FY 2019.

	FYE 2017	FYE 2018	FYE 2019
	RM'000	RM'000	RM'000
Cash and bank balances	136,391	130,534	115,445
Gearing (Times)			
- Gross	0.40	0.43	0.43
- Net	0.11	0.16	0.20

B3. Prospects

The transformation plan that completed in December 2017 has created a more resilient organization that has managed to efficiently cruise ahead in spite of the headwinds that the construction sector had faced. We remain committed to ensure that our core strength would be used to our advantage, enabling us to continue delivering value to our shareholders.

The Group places high importance on building a solid base for our operations to ensure that we would be able to quickly adapt to changes to business cycles within the sector. This include constant monitoring of the fundamentals of our business operations to ensure that projects continue to be efficiently-managed, including the monitoring of it cash flows, operating expenses and finance cost.

For example, our total operating cost recorded a 11% decline in 1H19 compared to 1H18, creating a more efficient Group. Going forward, we expect to further reduce our total operating cost in FYE 2019 compared to FYE 2018, thus creating a more efficient Group and resilient to any adverse sector changes.

The Group anticipates its FYE 2019 performance to be satisfactory compared to FYE 2018, propelled by its ongoing construction jobs and the expected turnaround of the property development division that will positively contribute to revenue, earnings and cash flow to the Group.

(a) Construction division

The Group believes that it would stand to benefit in a more transparent project tendering process given its strong technical capability, a good track record and a solid financial position. Additionally, we are now able to be more competitive in our future project tenders given our lean operating cost structure and low financing cost as a result of a low gearing.

As of 30 June 2019, The Group's outstanding construction orderbook stood at RM2.0 billion, which would provide earnings visibility up to the year 2021. In addition, we are eyeing to replenish our construction orderbook by RM1.5 billion this year, pending the government's finalisation of review and the rollout of key infrastructure jobs.

Works for our LRT3 package have recommenced since May 2019 and the intensity of site activities have been on the uptrend every month and has already in full-swing for bored piling and substructure works. Other activities like superstructure and stations are expected to be in full-swing by September and December 2019 respectively. Recall that in July 2018, the Government initiated a cost rationalisation exercise for LRT3 that is being led by the turnkey contractor, MRCB-George Kent Sdn Bhd (MRCBGK). The negotiation process between us and MRCBGK is progressing smoothly. In addition, we expect works for our PR1MA Gambang development to commence in FYE 2020.

The construction sector would have plenty of opportunities in the near to medium term, stemming from the revival of the East Coast Rail Line (ECRL) and Bandar Malaysia. Aside that, the positive progress of the Pan Borneo Highway Sabah would also bode well with the future outlook of the sector.

Presently, we have tendered for the Sabah portion of the Pan Borneo Highway. We believe our strong presence in Sabah would benefit the group. We have partnered with one of Sabah State's companies, Suria Capital Holdings Berhad to jointly bid for the Pan Borneo Highway Sabah.

B3. Prospects (Cont'd)

(a) Construction division (Cont'd)

Apart from the construction business, the Group already has exposure in the manufacturing of precast concrete products, in line with the Government's initiative to further promote its usage in construction. Our 49%-owned precast manufacturing plant in Tuaran, Sabah called Sedco Precast Sdn Bhd, which we own together with the Sabah Economic Development Corporation (SEDCO), has been receiving orders to supply precast components for the Pan Borneo Highway in Sabah (PBHS) and has the capacity to supply to other packages of PBHS as and when required. Our SEDCO Precast Sdn Bhd has been certified as a supplier for IBS products by CIDB Malaysia and has accredited one of the highest ISO certifications by SIRIM.

The Petronas Basecamp in Sipitang is part of the Group's strategy is to expand its recurring income base. In line with the strategy, we entered into a 5+5 rental agreement with Petronas to provide "base-camp" facilities to its employees in Sipitang, Sabah. The project was completed and handed over in March 2016, and generates a recurring revenue of RM2.84 million per quarter for the Group. Presently, the rental income received is being utilised to pare down the borrowings we took to build this facility. We expect to initiate a discussion on the extension of the rental agreement with Petronas in 1Q20.

(b) Property Development Division

We successfully revived our property development division on 26 April 2019 with the inaugural launch of E'Island Lake Haven and the relaunch of The Peak and Contours Melawati Heights.

As of 19 August 2019, the Group has received RM95 million worth of bookings for its developments, mainly from its E'Island Lake Haven in Puchong. We expect to begin progressively converting the bookings into sales from 3Q19 onwards. In addition, we have also recorded sales amounting to RM4.5 million for our Contours Melawati Heights development that was signed in 3Q19. Since the relaunch of The Peak, we have been receiving good enquiries including from potential bulk purchasers. We hope to register sales for The Peak by 2H19.

Barring any unforeseen circumstances, The Group expects the property development arm to be a significant contributor to cash flow from 2019 to 2022. The "cash-cow" of the Group will be driven by its current completed-unsold inventories, boosted further by future sales of The Peak that is free of borrowings and progress billings from E'Island Lake Haven. As at 30 June 2019, our unbilled sales stood at RM89.6 million, while our unsold property units valued at RM532.2 million, out of which RM41.3. million worth of properties have completed.

We have begun advertising The Peak in key print and digital media platforms. During the Home Ownership Campaign, we are offering an additional 5% rebate for buyers of The Peak. Prices for The Peak start from RM489,000 per unit or RM517psf. Currently, The Peak has 479 units up for sale with a total value of RM473.2 million. The Group aims to progressively monetise this development over the years 2019 – 2022. The net cash proceeds received from the sale of The Peak will be utilized for dividend payments and business expansion.

B3. Prospects (Cont'd)

(b) Property Development Division (Cont'd)

We obtained our advertising permit and developer's license (APDL) for our E'Island Lake Haven development in Puchong on 24 April 2019 from the Ministry of Housing and Local Development (KPKT) and the project was officially launched on the 26 April 2019. The RM501 million GDV development would house a total of 1,140 units of affordably-priced apartments with sizes starting from 881 square feet. Each apartment would be furnished with kitchen cabinets and wardrobes by Signature Kitchen, 4-air conditioners, and large electrical appliances. We are participating in the Home Ownership Campaign, and for a limited period, we are giving an additional 5% rebate, together with 2 years of free maintenance and RM15,000 worth of vouchers that can be used to furnish the apartments. During this promotional period, the units will be priced from RM268,000 per unit, with 70% of units being between RM330,000 to RM350,000 per unit. E'Island Lake Haven is also located a mere 10km away from Putrajaya Sentral, a multi-gateway railhub that would house the East Coast Rail Line (ECRL), the soon-to-be completed MRT Line 2 and the ongoing ERL (connecting KL Sentral to KLIA).

In FYE 2019, we are targeting property sales of RM250 million and introduce a RM300 million sales target for our property development division in FYE 2020.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate in any public document.

B5. Items included in the Statements of Comprehensive Income include:

	Current Quarter 6 months ended		Cumulative Quarter 6 months ended	
	30 June 19 RM'000	30 June 18 RM'000	30 June 19 RM'000	30 June 18 RM'000
Interest income	464	1,005	867	3,334
Other income	3,561	14	3,745	147
Interest expense (excluding interest capitalised)	(756)	(1,559)	(2,049)	(3,620)
Depreciation and amortisation	(2,184)	(3,355)	(5,230)	(6,639)
Provision for and write off of receivables	*	*	*	*
Provision for and write off of inventories	*	*	*	*
Property, plant and equipment written off	(23)	-	(23)	-
Gain on disposal of property, plant and equipment	-	-	-	288
Gain on disposal of investment property	*	*	*	*
Goodwill written off	*	*	*	*
Foreign exchange gain or loss	*	*	*	*
Gain or loss on derivatives	*	*	*	*
Exceptional items	*	*	*	*

* There were no such reportable items as required by Bursa Securities in the current quarter and cumulative quarter to date.

B6. Taxation

	Current Quarter 6 months ended		Cumulative Quarter 6 months ended	
	30 June 19 RM'000	30 June 18 RM'000	30 June 19 RM'000	30 June 18 RM'000
Current taxation				
- Current year	5,552	7,244	7,378	12,674
- Previous year	118	-	45	-
	5,671	7,244	7,424	12,674
Deferred taxation				
- Current year	(16)	601	(16)	(17)
- Prior years	-	-	-	576
	(16)	601	(16)	559
	5,655	7,845	7,408	13,233

The Group effective tax rate for the cumulative quarter is higher than the statutory rate mainly due to non-allowable expenses for tax deduction and non-recognition of deferred tax assets for loss making subsidiaries.

B7. Status of Corporate Proposals Announced

There are no corporate proposals announced by the Company but not completed as at 15 August 2019, being the latest practicable date, which is not earlier than 7 days from the date of issuance of this interim financial report.

B8. Group Borrowings and Debt Securities

As at 30 June 2019	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	27,574	10,760	38,333
- Hire purchase	2,972	1,513	4,486
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	173,975	173,975
	30,546	188,248	218,794

As at 30 June 2018	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	23,919	13,891	37,810
- Hire purchase	4,034	1,266	5,300
- Revolving credit	-	3,000	3,000
- Bank overdrafts	-	150,110	150,110
	27,953	168,267	196,220

B9. Material Litigation

Trusvest Sdn Bhd ("Trusvest") and Gabungan Strategik Sdn Bhd ("GSSB") have on 29 March 2018 and 17 May 2018 respectively, commenced proceedings against several entities and/or individuals in relation to the Provision of Accommodation on Base-Camp Concept Complete with Necessary Facilities for PCFSSB ("Project") in the High Court of Kota Kinabalu, Sabah as follows:

In respect of the Suit filed by Trusvest ("1st Suit") the Defendants are Seri Wilayah Engineering Sdn Bhd ("1st Defendant"), REMT Utama Sdn Bhd ("2nd Defendant"), Norahmad Bin Yussuff ("3rd Defendant"), Azhar Khan Bin Badil Zaman ("4th Defendant"), Gabungan Strategik Sdn Bhd ("5th Defendant and also a nominal defendant"), Syarikat Muhibah Perniagaan & Pembinaan Sdn Bhd ("6th Defendant and also a nominal defendant"), and Imaprima Sdn Bhd ("7th Defendant").

In respect of the Suit filed by Gabungan ("2nd Suit"), the Defendants are Imaprima Sdn Bhd ("1st Defendant"), Syarikat Muhibah Perniagaan & Pembinaan Sdn Bhd ("2nd Defendant and also named as nominal defendant"), Seri Wilayah Engineering Sdn Bhd ("3rd Defendant"), REMT Utama Sdn Bhd ("4th Defendant"), Norahmad Bin Yussuff ("5th Defendant"), Azhar Khan Bin Badil Zaman ("6th Defendant"), Shir Zaman Bin Fazul Rahman ("7th Defendant").

In the 1st Suit, Trusvest alleges that the Consortium (i.e. Seri Wilayah Engineering Sdn Bhd and REMT Utama Sdn Bhd) had breached the terms and conditions of the Trustvest Sub-Contract entered into between parties. Trusvest has also pleaded various causes of actions against the Defendants, including inducing breach of contract, breach of statutory and fiduciary duties, fraud, collusion, and conspiracy. The 2nd Suit is in relation to the same line of dispute as in the 1st Suit. Where the 1st Suit concerns dispute between the main contractors, the 2nd Suit concerns disputes on the lower part of the chain i.e. the sub-contractors.

On 5 July 2018, the High Court granted order in terms of Trusvest' Application for Interim Injunction pending full and final disposal of the matter.

On 16 January 2019, upon the consent of Trusvest and the 1st and 2nd Defendants in the 1st Suit, the High Court granted an order in terms of Trusvest' Mandatory Injunction Application and Discovery Application.

Both Suits will be heard together and are currently at pre-trial case management stage. No trial dates have been fixed at this juncture.

Saved as disclosed above, there is no other material litigation pending as at the date of this report.

B10. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 31 June 2019.

B11. Status of Memorandum of Understanding announced

Reference is made to the announcements dated 20 July 2017, 19 October 2017, 16 January 2018, 13 April 2018, 28 May 2018, 28 August 2018, 28 November 2018, 31 December 2018, 29 March 2019, 1 April 2019 and 1 July 2019 made by the Company pertaining to the MOU between the Company and Tera Capital.

The Company has worked closely with Tera Capital on the development components and products and finalized the Master Plan. The Board of Directors of the Company is pleased to update that the Development Plan has been submitted as scheduled to Dewan Bandaraya Kota Kinabalu (DBKK) on 14 December 2018. The Company has also completed the phase 1 site investigation (S.I.) works in April 2018. These marked further progress of milestones for the development of One Jesselton Waterfront.

The Company and Tera Capital have mutually agreed to further extend the MOU on the collaboration of One Jesselton Waterfront Premier Lifestyle Mall and 4-Star Hotel until 31 December 2019.

Phase 1 S.I. works has been completed in April 2018 and shown positive results. Suria has granted access to the current ticketing hall for the commencement of Phase 2 S.I. works on 27 March 2019. The Phase 2 S.I. work is located at the proposed highest tower, the 4 Star hotel and spa. Phase 2 S.I. works has been completed by early May and the full report has been completed on 15 June 2019. The compilation of Phase 1 & 2 S.I. report will be submitted to DBKK as part of the requirement for full development plan approval. These market further progress of milestones for development of One Jesselton Waterfront.

B12. Earnings Per Share

(a) Basic

The basic earnings per share are calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period under review.

	Current Quarter 6 months ended		Cumulative Quarter 6 months ended	
	30 June 19 RM'000	**30 June 18 RM'000**	**30 June 19 RM'000**	**30 June 18 RM'000**
Profit attributable to equity holders of the Company (RM'000)	10,541	19,097	21,797	35,570
Number of shares at the beginning of the year ('000)	477,579	458,904	477,579	458,904
Share resale	4,680	-	4,680	-
Dividend issue by shares	7,679	-	7,679	-
Weighted average number of ordinary shares ('000)	489,939	458,904	489,939	458,904
Basic earnings per share (sen)	**2.15**	**4.16**	**4.45**	**7.75**

B12. Earnings Per Share

(b) Diluted

Diluted earnings per share are calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Current Quarter 6 months ended		**Cumulative Quarter 6 months ended**	
	30 June 19 RM'000	**30 June 18 RM'000**	**30 June 19 RM'000**	**30 June 18 RM'000**
Profit attributable to equity holders of the Company (RM'000)	10,541	19,097	21,797	35,570
No of ordinary shares for basic earnings per share computation	489,939	573,380	489,939	573,380
Effect of dilution				
- on assumption that remaining warrants are exercised	119,395	- n/a -	119,395	- n/a -
Weighted average number of ordinary shares ('000)	609,334	573,380	609,334	573,380
Diluted earnings per share (sen)	**1.73**	**3.33**	**3.58**	**6.20**

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors.