

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RM'000	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30.6.2019 (unaudited)	30.6.2018 (unaudited)	30.6.2019 (unaudited)	30.6.2018 (unaudited)
Revenue		240,973	405,249	475,023	832,845
Expenses		(286,141)	(362,314)	(512,855)	(781,643)
Other operating income	13	66,275	11,071	77,821	26,964
Profit from operations		21,107	54,006	39,989	78,166
Finance costs		(12,555)	(16,756)	(24,961)	(21,028)
Share of results of associates		2,087	2,734	5,045	5,541
Share of results of joint ventures		(814)	3,047	(1,833)	10,911
Profit before tax		9,825	43,031	18,240	73,590
Income tax expense	15	(2,171)	(10,762)	(9,032)	(15,695)
Profit for the financial period		7,654	32,269	9,208	57,895
Other comprehensive income/(loss) for the financial period, net of tax					
Item that may be reclassified subsequent to profit or loss					
- currency translation differences		(32)	(594)	(90)	(588)
- share of associate's gain/(loss) on re-measurement of financial derivatives		(41)	(13)	(137)	86
Total comprehensive income for the financial period, net of tax		7,581	31,662	8,981	57,393
Profit/(loss) for the financial period attributable to:					
Equity holders of the Company		11,057	33,448	15,192	54,975
Non-controlling interests		(3,403)	(1,179)	(5,984)	2,920
		7,654	32,269	9,208	57,895
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		10,984	32,841	14,965	54,473
Non-controlling interests		(3,403)	(1,179)	(5,984)	2,920
		7,581	31,662	8,981	57,393
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)		0.25	0.76	0.34	1.25

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(RM'000)	As at 30.6.2019 (unaudited)	As at 31.12.2018 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	668,938	665,361
Investment properties	1,331,329	1,313,971
Right-of-use	88,203	-
Inventories	1,641,777	1,660,923
Associates	475,565	547,712
Joint ventures	297,802	300,367
Long term loan and receivable	246,263	247,233
Intangible assets	224,933	226,700
Deferred tax assets	105,014	86,874
Amount due from joint venture	73,107	69,870
	<u>5,152,931</u>	<u>5,119,011</u>
Current assets		
Inventories	1,219,828	1,043,726
Trade and other receivables	869,060	776,015
Amount due from associates and joint ventures	128,914	130,765
Contract assets	679,717	702,396
Tax recoverable	18,996	17,817
Financial assets at fair value through profit or loss	1,213	950
Deposits, cash and bank balances	271,398	551,634
	<u>3,189,126</u>	<u>3,223,303</u>
TOTAL ASSETS	<u>8,342,057</u>	<u>8,342,314</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

(RM'000)	As at 30.6.2019 (unaudited)	As at 31.12.2018 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,325,743	4,318,225
Retained earnings	530,326	515,134
Other reserves	1,069	(910)
	<u>4,857,138</u>	<u>4,832,449</u>
Non-controlling interests	48,300	68,004
Total equity	<u>4,905,438</u>	<u>4,900,453</u>
Non-current liabilities		
Deferred tax liabilities	71,438	70,025
Contract liabilities	140,258	140,258
Lease liabilities	67,602	-
Post-employment benefit obligations	20,268	19,508
Long term borrowings	824,484	765,520
Long term liabilities	358,721	349,578
Government grant	131,673	131,805
	<u>1,614,444</u>	<u>1,476,694</u>
Current liabilities		
Contract liabilities	146,153	104,888
Other liabilities and charges	11,162	34,042
Trade and other payables	964,816	1,084,991
Lease liabilities	21,521	-
Current tax liabilities	22,525	15,392
Short term borrowings	655,998	725,854
	<u>1,822,175</u>	<u>1,965,167</u>
Total liabilities	<u>3,436,619</u>	<u>3,441,861</u>
TOTAL EQUITY AND LIABILITIES	<u>8,342,057</u>	<u>8,342,314</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>110.3</u>	<u>110.0</u>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

C. CONSOLIDATED STATEMENT OF CASH FLOWS

(RM'000)	6 MONTHS ENDED	
	30.6.2019 (unaudited)	30.6.2018 (unaudited)
Operating activities		
Cash receipts from customers	633,344	958,116
Cash paid to suppliers and employees	(972,970)	(1,221,304)
Cash used in operations	(339,626)	(263,188)
Bank services charges paid	(3,762)	(3,614)
Taxes paid	(7,783)	(19,932)
Net cash used in operating activities	(351,171)	(286,734)
Investing activities		
Net proceeds from divestment of equity investments	121,755	43,007
Dividend received	7,365	8
Land acquisition	-	(333,034)
Non-equity investments	3,565	13,844
Net cash generated from/(used in) investing activities	132,685	(276,175)
Financing activities		
Dividend paid to an equity holder	(13,720)	(14,700)
Proceeds from borrowings	435,620	879,152
Repayment of borrowings	(443,833)	(375,934)
Proceed from Government grant	-	18,845
Redemption of redeemable preference shares	-	(97,937)
Finance costs paid	(39,817)	(115,585)
Withdrawal of restricted cash	1,131	151,483
Net cash (used in)/generated from financing activities	(60,619)	445,324
Net decrease in cash and cash equivalent	(279,105)	(117,585)
Cash and cash equivalents at beginning of the financial period	469,815	464,041
Cash and cash equivalent at end of the financial period	190,710	346,456

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

Bank balances and deposits	271,398	455,170
Less: Bank balances and deposits held as security value	(80,688)	(108,714)
	<u>190,710</u>	<u>346,456</u>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(RM'000)	<u>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</u>				<u>Non-controlling Interests</u>	<u>Total Equity</u>
	<u>Share Capital</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>		
As at 1 January 2019	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453
Comprehensive income						
Profit for the financial period	-	-	15,192	15,192	(5,984)	9,208
Other comprehensive loss						
Currency translation differences	-	(90)	-	(90)	-	(90)
Share of associate's loss on re-measurement of financial derivatives	-	(137)	-	(137)	-	(137)
Total comprehensive income/(loss)	<u>-</u>	<u>(227)</u>	<u>15,192</u>	<u>14,965</u>	<u>(5,984)</u>	<u>8,981</u>
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	7,518	(7,518)	-	-	-	-
Share-based payment transaction	-	9,724	-	9,724	-	9,724
Dividends paid for financial year ended - 31 December 2019	-	-	-	-	(13,720)	(13,720)
Total transactions with owners	<u>7,518</u>	<u>2,206</u>	<u>-</u>	<u>9,724</u>	<u>(13,720)</u>	<u>(3,996)</u>
As at 30 June 2019 (unaudited)	<u>4,325,743</u>	<u>1,069</u>	<u>530,326</u>	<u>4,857,138</u>	<u>48,300</u>	<u>4,905,438</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

(RM'000)	OTHER RESERVES				Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Retirement Benefit Reserves	
As at 1 January 2019	1,305	(949)	5,150	(6,416)	(910)
Other comprehensive loss					
Currency translation differences	-	(90)	-	-	(90)
Share of associate's loss on re-measurement of financial derivatives	(137)	-	-	-	(137)
Total other comprehensive loss	(137)	(90)	-	-	(227)
Transactions with owners					
Issuance of ordinary shares					
- pursuant to Restricted Share Plan	-	-	(7,518)	-	(7,518)
Share-based payment transaction	-	-	9,724	-	9,724
	-	-	(2,206)	-	(2,206)
As at 30 June 2019 (unaudited)	1,168	(1,039)	2,944	(6,416)	(3,343)

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

(RM'000)	<u>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</u>					Total Equity
	Share Capital	Other Reserves	Retained Earnings	Total	Non- controlling Interests	
As at 1 January 2018	4,309,422	28,729	479,039	4,817,190	104,493	4,921,683
Comprehensive income						
Profit for the financial year	-	-	101,167	101,167	1,488	102,655
Other comprehensive income/(loss)						
Currency translation differences	-	(1,479)	-	(1,479)	-	(1,479)
Share of associate's gain on re-measurement of financial derivatives	-	66	-	66	-	66
Post-employment benefit obligations upon resignation of employee	-	(711)	711	-	-	-
Total comprehensive income/(loss)	-	(2,124)	101,878	99,754	1,488	101,242
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	8,794	(8,794)	-	-	-	-
- conversion of warrants A	9	-	-	9	-	9
Acquisition of additional equity interest in a subsidiary	-	-	(17,300)	(17,300)	-	(17,300)
Acquisition of a subsidiary	-	-	-	-	0	0
Dilution of equity of a subsidiary	-	-	-	-	1	1
Share-based payment transaction	-	9,634	-	9,634	-	9,634
Redemption of redeemable preference shares	-	-	-	-	(8,578)	(8,578)
Expiry of warrants A on 14 September 2018	-	(28,355)	28,355	-	-	-
Dividends paid for financial year ended						
- 31 December 2017	-	-	(76,838)	(76,838)	-	(76,838)
- 31 December 2018	-	-	-	-	(29,400)	(29,400)
Total transactions with owners	8,803	(27,515)	(65,783)	(84,495)	(37,977)	(122,472)
As at 31 December 2018 (audited)	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453

"0" denotes as amount less than RM1,000.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

(RM'000)	OTHER RESERVES					Total
	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	
As at 1 January 2018	1,239	530	4,310	28,355	(5,705)	28,729
Other comprehensive income/(loss)						
Currency translation differences	-	(1,479)	-	-	-	(1,479)
Share of associate's gain on re-measurement of financial derivatives	66	-	-	-	-	66
Post-employment benefit obligations	-	-	-	-	(711)	(711)
Total other comprehensive income/(loss)	66	(1,479)	-	-	(711)	(2,124)
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	-	-	(8,794)	-	-	(8,794)
Share-based payment transaction	-	-	9,634	-	-	9,634
Expiry of warrants A on 14 September 2018	-	-	-	(28,355)	-	(28,355)
	-	-	840	(28,355)	-	(27,515)
As at 31 December 2018 (audited)	1,305	(949)	5,150	-	(6,416)	(910)

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT****1. BASIS OF PREPARATION**

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

A number of new standards and amendments to standards and interpretations are effective for the current financial year beginning on 1 January 2019. None of these are expected to have any significant effect on the consolidated financial statements of the Group except for MFRS 16 ‘Leases’ superseded Financial Reporting Standard (“FRS”) 117 ‘Leases’ and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of times in exchange for a consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on statement of financial position) or operating leases (off statement of financial position). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in the profit or loss.

For lessors, MFRS 16 retains most of the requirements in FRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has applied the standard from the mandatory adoption date of 1 January 2019. The Group applies the simplified transition approach and as such, not applied a restatement of comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. Based on the assessment undertaken to-date, the adoption of this standard will impact the Group’s financial position with the recognition of right-of-use assets and lease liabilities.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

3. SEASONAL OR CYCLICAL FLUCTUATIONS

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE**

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

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in estimates of amounts reported in the prior financial year that would have a material effect on the results of the financial quarter under review.

6. DEBT AND EQUITY SECURITIES

During the financial quarter under review, there were a total of 4,733,200 new ordinary shares issued by the Company arising from the allotment of ordinary shares to eligible executives and employees, pursuant to the terms of the Restricted Share Plan dated 12 December 2018 and 31 May 2019, in accordance with the By-Laws governing the Long-term Incentive Plan of the Company.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial quarter under review.

7. DIVIDENDS

During the Company's 48th Annual General Meeting held on 30 May 2019, the shareholders of the Company approved the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2018 of 1.75% or 1.75 sen per ordinary share, amounting to RM77,210,816.86. The dividend was paid on 23 August 2019.

There were no dividends declared or paid by the Company for the financial quarter under review.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****8. SEGMENTAL REPORTING**

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
6 months ended 30.6.2019					
Total revenue	160,183	390,622	27,614	108,987	687,406
Inter-segment revenue	(3,833)	(107,117)	(1,695)	(99,738)	(212,383)
External revenue	156,350	283,505	25,919	9,249	475,023
Segment profit	46,982	1,514	76	(976)	47,596
Unallocated corporate expenses					(16,813)
Finance income					9,206
Finance costs					(24,961)
Share of results of associates and joint ventures	2,019	1,193	-	-	3,212
Profit before tax					18,240

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

8. SEGMENTAL REPORTING (cont'd)

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Facilities Management & Parking	Others	Total
6 months ended 30.6.2018					
Total revenue	417,589	741,557	27,239	85,425	1,271,810
Inter-segment revenue	(3,737)	(357,672)	(1,157)	(76,399)	(438,965)
External revenue	413,852	383,885	26,082	9,026	832,845
Segment profit	55,060	40,981	852	(11,748)	85,145
Unallocated corporate expenses					(21,475)
Finance income					14,496
Finance costs					(21,028)
Share of results of associates and joint ventures	2,113	14,339	-	-	16,452
Profit before tax					73,590

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT**

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

10. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

On 2 August 2019, the Company's wholly owned subsidiary, KD District Cooling System Sdn Bhd entered into a Chilled Water Supply Agreement with Kwasa Utama Sdn Bhd, a wholly owned subsidiary of Employees Provident Fund Board, to supply chilled water to an office building located at Lot PT50853, Kwasa Damansara, Seksyen U4, 40160 Shah Alam for a period of 25 years at an estimated total consideration of RM149,540,885.

There were no material events subsequent to the end of the financial quarter ended 30 June 2019 that have not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

On 23 May 2019, the Company entered into a Share Purchase Agreement with CMY Capital Sdn Bhd for the disposal of its entire 30% equity interest in ONE IFC Sdn Bhd, represented by 3,000,000 ordinary shares and 72,000,000 redeemable convertible preference shares, all issued and fully paid, for a cash consideration of RM117,273,000.

The disposal was completed on the same day and generated a disposal gain after tax of RM55 million to the Group.

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

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

	(RM'000)	As at 30.6.2019	As at 31.12.2018
1	Performance guarantees extended to third parties *	561,613	576,885
2	Disputed claims from sub-contractor arising from business transaction	-	4,371
	Total	561,613	581,265

* Included in the performance guarantees extended to third parties is an amount of RM31.3 million that has been called on by third parties. The Group has instituted a injunction proceedings against the third parties. The performance guarantees which have been called upon have not been provided in the financial statements as the Board of Directors, as advised by external experts, are of the opinion the third parties are not likely to succeed, and thus these will not have a material effect on the financial position of the business of the Group.

There were no material contingent assets to be disclosed.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019
E. NOTES TO THE INTERIM REPORT (cont'd)
13. OTHER OPERATING INCOME

Included in other operating income was a disposal gain before tax of RM58 million arising from the disposal of the Group's entire 30% equity interest associate, ONE IFC Sdn Bhd as stated in Note 11 above.

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

14. PROFIT FROM OPERATIONS

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

(RM'000)	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
Depreciation of:				
- investment properties	(3,224)	(1,015)	(6,298)	(2,054)
- property, plant and equipment	(7,655)	(5,065)	(12,792)	(8,780)
Amortisation of:				
- order book	(350)	(2,752)	(1,085)	(4,457)
- right-of-use	(5,459)	-	(9,972)	-
- government grant	66	-	132	-

15. INCOME TAX EXPENSE

(RM'000)	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
In Malaysia				
Current tax	(546)	(14,331)	(8,596)	(27,907)
Real property gain tax	(4,257)	-	(4,257)	-
Over provision in prior years	(13,415)	149	(12,862)	5,187
Deferred tax	14,014	3,420	14,590	7,025
	<u>(4,204)</u>	<u>(10,762)</u>	<u>(11,125)</u>	<u>(15,695)</u>
In Australia				
Deferred tax	2,033	-	2,093	-
	<u>2,033</u>	<u>-</u>	<u>2,093</u>	<u>-</u>
Income tax expense	<u>(2,171)</u>	<u>(10,762)</u>	<u>(9,032)</u>	<u>(15,695)</u>

The dividend income received from the Group's associate, MQ REIT is taxable. The computation of the effective tax rate of 34.7% for the current financial period has been adjusted accordingly. The effective tax rate is higher than the statutory rate of taxation, mainly due to non-recognition of deferred tax assets on certain subsidiaries' losses and expenses being non-tax deductible.

The deferred tax was mainly due to the net impact from the reversal of deferred tax liabilities and some non-deductible temporary differences, as well as recognition of unabsorbed tax losses and deductible timing differences as deferred tax assets.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****16. CORPORATE PROPOSALS**

At the date of this report, the status of the utilisation of the proceeds raised from the renounceable rights issue on 3 November 2017 is as follows:

No.	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Timeframe For Utilisation
1	Advances to Rukun Juang Sdn Bhd to finance its privatization project in Bukit Jalil, Kuala Lumpur	793,689	793,689	Within 6 months
2	Repayment of borrowings	766,918	766,918	Within 6 months
3	Property development activities and/ or construction projects	33,042	33,042	Within 24 months
4	General working capital	128,903*	118,348	Within 24 months
5	Estimated expenses in relation to the right issue	9,597*	9,597	Within 6 months
	Total	1,732,149	1,721,594	

* An unutilized amount of RM5.403 million being the excess from the estimated expenses in relation to the right issue has been adjusted and added to general working capital.

Other than the above, there were no other corporate proposals announced that are yet to be completed at the date of this report.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

17. GROUP BORROWINGS

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

	Long term	Short term	Short term	Total	Total
(RM'000)	RM denomination	^Foreign denomination	RM denomination	^Foreign denomination	RM denomination
As at 2nd quarter of 2019					
Secured	824,484	104,848	379,044	104,848	1,203,528
Unsecured	-	-	172,106		172,106
As at 2nd quarter of 2018					
Secured	1,310,542	-	2,375,078	-	3,685,620
Unsecured	-	-	205,964	-	205,964

^ AUD 36,610,174 @ 2.8895 with a weighted average interest rate of 4.94% per annum as at 30 June 2019.

The net decrease of RM2.411 billion in the Group's borrowings was mainly due to full settlement of the Senior and Junior Sukuk of RM1,058 million and other Group borrowings after the Settlement Sum was received from the Government of Malaysia and the proceeds from the disposal of Lands by Rukun Juang Sdn Bhd to the Group's associated company, Bukit Jalil Sentral Properties Sdn Bhd.

As at 30 June 2019, the borrowings consist mainly of:

Secured term loans

- (a) Financing facility of RM149 million for the Group's working capital purposes;
- (b) Other project loans of RM1,163 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- (c) Short term borrowings of RM172 million to finance on-going construction projects and working capital.

Other than the secured Australian Dollar long term loan of AUD36.6 million, the Group's other borrowings as at 30 June 2019 were denominated in Ringgit Malaysia. The weighted average interest rate as at 30 June 2019 was 5.67% per annum (30 June 2018: 5.64%).

The Group's Net Gearing as at 30 June 2019 was 0.25 times (30 June 2018: 0.69 times).

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

18. MATERIAL LITIGATION

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

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	6 MONTHS ENDED		VARIANCE (Value / %)
	30.6.2019	30.6.2018		30.6.2019	30.6.2018	
Revenue	240,973	405,249	(164,276) (41%)	475,023	832,845	(357,822) (43%)
Operating profit	21,107	54,006	(32,899) (61%)	39,989	78,166	(38,177) (49%)
Profit before interest and tax	17,008	47,777	(30,769) (64%)	30,783	63,670	(32,887) (52%)
Profit before tax	9,825	43,031	(33,206) (77%)	18,240	73,590	(55,350) (75%)
Profit after tax	7,654	32,269	(24,615) (76%)	9,208	57,895	(48,687) (84%)
Total profit attributable to equity holders of the Company	11,057	34,448	(23,391) (68%)	15,192	54,975	(39,783) (72%)

For the first half of the financial year ended 30 June 2019, the Group recorded revenue and profit before tax of RM475.0 million and RM18.2 million respectively, compared to RM832.8 million and RM73.6 million respectively recorded in the preceding half year ended 30 June 2018.

The 43% decline in revenue in the first half year of 2019 compared to the corresponding period in 2018 was mainly due to the lower revenue contribution from both the Property Development & Investment and Engineering, Construction & Environment Divisions.

Profit Before Tax fell 75%, also impacted by the lower revenue recognised during the period as well as the deferment and re-timing of income recognition from the LRT 3 project. As a result, the Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of only RM1.01 million, compared with RM15.0 million in the corresponding period in 2018. This is considerably lower than previously budgeted due to the deferment of progress billings resulting from the re-modelling of the project from a PDP to a fixed price turnkey project by the Government.

The Group's 27.94% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, combined contributed a total of RM8.6 million profit after tax to the Group.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

Segmental Breakdown of Revenue & Profit/(Loss) - Note 8*

(RM'000)	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
<u>Revenue</u>				
Property development & investment	71,243	193,412	156,350	413,852
Engineering, construction & environment	150,776	192,812	283,505	383,885
Facilities management & parking	12,780	13,070	25,919	26,082
Others	6,174	5,955	9,249	9,026
	<u>240,973</u>	<u>405,249</u>	<u>475,023</u>	<u>832,845</u>
<u>Profit/(Loss)</u>				
Property development & investment	43,980	30,913	46,982	55,060
Engineering, construction & environment	(15,202)	24,977	1,514	40,981
Facilities management & parking	450	687	76	852
Others	(2,338)	1,134	(976)	(11,748)
	<u>26,890</u>	<u>57,711</u>	<u>47,596</u>	<u>85,145</u>

* Profit before unallocated corporate expenses, finance costs and income and share of associates & joint ventures results.

The revenue and profit of the Group was mainly attributable to the two core operating segments below:

(i) Property Development & Investment

In the first half of the financial year, the Property Development & Investment Division recorded a 62% decline in revenue to RM156.4 million, compared to the corresponding period in 2018. The decline was due to no revenue being recognised from the sale of completed unsold units which had yet to reach Sales and Purchase completion, as well as the Group's key high-rise residential development projects currently being in the early phase of construction (sub-structure, basement, carpark and podium levels) when revenue recognition is minimal. The main revenue contributors were on-going development projects, Sentral Suites in KL Sentral, the 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers in PJ Sentral Garden City as well as the completed Kalista Park Homes in Bukit Rahman Putra.

The Division recorded an operating profit of RM47.0 million during the period compared to RM55.1 million recorded in the corresponding period in 2018. The operating profit in the first half of 2019 was mainly contributed by the disposal gain stated in Note 11. Though the Division managed to record property sales, a lower profit was recognised as the property development projects were still at an early phase of construction, when both revenue and profit recognition is not significant.

The Group's investment holding in MQ REIT also continued to contribute recurring income of RM8.6 million in the financial period ended 30 June 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)****(ii) Engineering, Construction & Environment**

The division recorded revenue of RM283.5 million in the first half of the financial year, a 26% decline compared to the corresponding period in 2018. The bulk of the Division's revenue was contributed by its on-going construction projects, namely the Mass Rapid Transit Line 2 Package V210, Damansara-Shah Alam Elevated Highway Package CB2, TNB HQ Campus, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2, Larkin Indoor Stadium and construction works for most of the property development projects stated in (i) above, as well as several smaller civil engineering projects in the Klang Valley.

The lower revenue earned during the period compounded by the prudent expensing of certain costs while awaiting for the completion of the final accounts of completed projects and the results of legal proceedings relating to certain projects resulted in the Engineering, Construction & Environment Division recording a minimal operating profit of RM1.5 million in the financial period under review.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed lower profit after tax of RM1.01 million, compared with RM15.0 million in the corresponding period in 2018. This was considerably lower than previously budgeted due to the deferment of progress billings as a result of the re-modelling of the project from a PDP to a fixed price turnkey project by the Government.

20. FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
(RM'000)	30/6/2019	31/3/2019	
Revenue	240,973	234,050	6,923 / 3%
Operating profit	21,107	18,882	2,225 / 12%
Profit before interest and tax	17,008	13,775	3,233 / 23%
Profit before tax	9,825	8,415	1,410 / 17%
Profit after tax	7,654	1,554	6,100 / 393%
Total profit attributable to equity holders of the Company	11,057	4,135	6,922 / 167%

In the quarter ended 30 June 2019, the Group recorded revenue and a profit before taxation of RM241.0 million and RM9.8 million respectively, compared to revenue of RM234.0 million and profit before taxation of RM8.4 million recorded in the preceding quarter ended 31 March 2019.

The Group generated RM9.8 million profit before tax in the current quarter under review mainly due to the lower revenue earned during the period by the Engineering, Construction & Environment Division, compounded by the prudent expensing of certain costs while awaiting for the completion of the final accounts of completed projects and the results of legal proceedings relating to certain projects.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****21. PROSPECTS**

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

(i) Property Development & Investment

As at 30 June 2019, the Group's Property Development & Investment Division sold RM244.2 million worth of properties. This refers to properties that have been sold to buyers, which will be progressively recognised as revenue as the properties are constructed. These were mainly derived from Sentral Suites, which recorded RM64.3 million sales, followed by TRIA the second phase of 9 Seputeh, with RM130.3 million sales.

Of the Group's residential projects currently in development, 1060 Carnegie in Melbourne, Australia has achieved a take up rate of 80%, while Sentral Suites has achieved a take up rate of 76%, and Kalista Park Homes of 80%.

The Division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,534 million), 1060 Carnegie in Melbourne (GDV: RM275 million) and Kalista Park Homes in Bukit Rahman Putra (GDV: RM102 million), as well as the remaining unsold units in the Sentral Residences and VIVO in 9 Seputeh, which has historically achieved good sales. The opening of the new link bridge connecting the Old Klang Road with the New Pantai Expressway has improved connectivity considerably to the 9 Seputeh development and should help spur further sales within this development. As at 30 June 2019, Sentral Residences has achieved a take-up rate of 97%, and VIVO in 9 Seputeh has achieved a take-up rate of 83%.

Revenue and operating profit in the Property Development & Investment Division will continue to be progressively recognised in line with construction progress in 2019. Sentral Suites is targeted to be only 25% constructed by the end of 2019, and therefore are only expected to contribute more significant revenue and operating profits in 2020, when construction has progressed above the podium levels for all three towers. The two office towers sold in PJ Sentral Garden City will continue to contribute revenue and operating profit until their physical completion in 2020, while TRIA, the second phase of 9 Seputeh, should commence contributing after the end of this year. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development which has already attained 77% construction completion, will only contribute to revenue and operating profit upon 100% construction completion and subsequently the handover of units to purchasers, targeted in the first half of 2020.

Overall, the Group had total cumulative unbilled sales in its Property Development & Investment Division which are expected to deliver RM1,763 million in revenue to be booked over the development lifespan of its projects, approximately 90% of which are residential and 10% commercial projects.

With interests in 282 acres of urban land, the Group has a sustainable supply of future projects with a total GDV of RM31 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM' Mil)
Transport Oriented Developments	149.87	24,463
Commercial	67.52	770
Residential	48.09	5,527
International	1.00	305
Others	15.63	-
Grand Total	282.11	31,065

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****21. PROSPECTS (cont'd)****(ii) Engineering, Construction & Environment**

The Engineering, Construction & Environment Division continues to actively tender for more contracting projects to replenish its order book. The division currently has open tenders valued at RM1,569 million, and is placing greater emphasis on seeking infrastructure projects. As at 30 June 2019, the external client order book stood at RM22.6 billion, which is amongst the highest in the industry. This will ensure that the division has a steady pipeline of contracts to sustain its business over many years. As the pace of construction progress picks up, these projects are anticipated to form the backbone of the division's revenue and operating profit recognition moving forward through the remainder of 2019 and beyond. The LRT3 project, which is currently 18% completed, will see the pace of its profit recognition accelerate in line with construction completion by 2024.

Major Construction Projects	Contract Value (RM' Mil)
Bukit Jalil Sentral	10,957
LRT3 *	5,686
Kwasa Utama C8	3,135
MRT2 Package V210	614
DASH - Package CB2	400
PR1MA Brickfields	335
Others	1,485
Total	22,612

* 50% of joint venture's total contract value

As at 30 June 2019, the unbilled construction order book stood at RM21.2 billion.

The Group remains confident that its long-term prospects are positive.

22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

Not applicable.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****23. EARNINGS PER SHARE (EPS)****Basic EPS**

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
Net profit for the financial period attributable to the owners of the parent (RM'000)	11,057	33,448	15,192	54,975
Weighted average number of ordinary shares in issue ('000)	4,400,173	4,390,773	4,399,802	4,390,417
Basic EPS (sen)	0.25	0.76	0.34	1.25

Diluted Earnings Per Share

Warrants B were not included in the calculation for the financial period under review because the fair value of the issued ordinary shares as at 30 June 2019 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

24. TRADE RECEIVABLES

Exposure to credit risk, credit quality and collateral

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

(RM'000)	As at 30.6.2019	As at 31.12.2018
Property development	100,501	98,191
Property investment	12,166	18,244
Engineering, construction & environment	250,682	249,072
Facilities management & parking	2,676	3,225
Others	-	508
	<u>366,025</u>	<u>369,240</u>
Trade receivable include retention sum for contract, under engineering, construction & environment	<u>119,819</u>	<u>114,601</u>

Impairment losses

Generally, the property units sold under the property development segment are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. The Group is also exposed to significant concentration of risk to a few customers under engineering, construction & environment segment, mainly consisting of Government-linked Companies of which the Group considers the risk of default as low.

In view of that, the Group has not recognised any impairment losses in respect of trade receivables arising from its property development and engineering, construction and environment segments.

The Group applies MFRS 9 'Financial Instruments' simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables of property investment and facilities management & parking segments.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance as at 30 June 2019 and 31 December 2018 was determined as follows for trade receivables of property investment and facilities management & parking segments are reflected in the tables below.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019
E. NOTES TO THE INTERIM REPORT (cont'd)
24. TRADE RECEIVABLES (cont'd)

The ageing of trade receivables of the Group arising from property investment and facilities management and parking segments as at the end of the financial quarter under review were as follows:

(RM'000)	Gross	Individual Impairment	Expected Loss Rate %	Collective Impairment	Net
30.6.2019 - at cost					
Not past due	4,688	-	-	-	4,688
Past due					
- less than three months	4,347	-	-	-	4,347
- between three to six months	1,056	-	-	-	1,056
- between six months and one year	1,696	-	-	-	1,696
- more than one year	9,300	(6,197)	-	-	3,103
	21,087	(6,197)	-	-	14,890
31.12.2018 - at cost					
Not past due	4,208	-	-	-	4,208
Past due					
- less than three months	4,227	-	-	-	4,227
- between three to six months	1,043	-	-	-	1,043
- between six months and one year	1,516	(2)	-	-	1,514
- more than one year	10,475	(5,613)	-	-	4,862
	21,469	(5,615)	-	-	15,854

The exposure to Expected Loss Rate and Collective Impairment for the trade receivables of the Group arising from property investment and facilities management and parking segments as at the end of the financial quarter under review were Nil (3/12/2018: Nil).

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****24. TRADE RECEIVABLES (cont'd)**

The closing allowances for the Group's trade receivables of property investment and facilities management & parking segments as at 30 June 2019 reconcile to the opening loss allowances as follows:

(RM'000)	As at 30.6.2019	As at 31.12.2018
Opening loss allowance as at 1 January	5,615	5,614
Impairment loss recognised	582	66
Impairment loss reversed	-	(65)
As at 30 June / 31 December	<u>6,197</u>	<u>5,615</u>

Kuala Lumpur
26 August 2019

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary