

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(RM'000)	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30.9.2019 (unaudited)	30.9.2018 (unaudited)	30.9.2019 (unaudited)	30.9.2018 (unaudited)
Revenue		372,737	663,754	847,760	1,496,599
Expenses		(358,039)	(631,330)	(870,894)	(1,412,973)
Other operating income	13	10,543	9,910	88,364	36,874
Profit from operations		25,241	42,334	65,230	120,500
Finance costs		(13,652)	(15,073)	(38,613)	(36,101)
Share of results of associates		3,626	8,963	8,671	14,504
Share of results of joint ventures		(934)	4,261	(2,767)	15,172
Profit before tax		14,281	40,485	32,521	114,075
Income tax expense	15	(12,112)	(22,040)	(21,144)	(37,735)
Profit for the financial period		2,169	18,445	11,377	76,340
Other comprehensive income/(loss) for the financial period, net of tax					
Item that may be reclassified subsequent to profit or loss					
- currency translation differences		(312)	(49)	(402)	(637)
- share of associate's gain/(loss) on re-measurement of financial derivatives		72	(16)	(65)	70
Total comprehensive income for the financial period, net of tax		1,929	18,380	10,910	75,773
Profit/(loss) the financial period attributable to:					
Equity holders of the Company		2,518	19,792	17,710	74,767
Non-controlling interests		(349)	(1,347)	(6,333)	1,573
		2,169	18,445	11,377	76,340
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		2,278	19,727	17,243	74,200
Non-controlling interests		(349)	(1,347)	(6,333)	1,573
		1,929	18,380	10,910	75,773
Basic earnings per share attributable to the ordinary equity holders of the Company (sen)	23	0.06	0.45	0.40	1.70

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 SEPTEMBER 2019**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(RM'000)	As at 30.9.2019 (unaudited)	As at 31.12.2018 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	666,722	665,361
Investment properties	1,422,042	1,313,971
Right-of-use	82,705	-
Inventories	1,645,074	1,660,923
Associates	469,030	547,712
Joint ventures	296,940	300,367
Long term loan and receivable	245,778	247,233
Intangible assets	226,937	226,700
Deferred tax assets	88,728	86,874
Amount due from joint venture	73,579	69,870
	<u>5,217,535</u>	<u>5,119,011</u>
Current assets		
Inventories	1,075,701	1,043,726
Trade and other receivables	817,673	776,015
Amount due from associates and joint ventures	128,893	130,765
Contract assets	728,087	702,396
Tax recoverable	18,967	17,817
Financial assets at fair value through profit or loss	1,178	950
Deposits, cash and bank balances	435,301	551,634
	<u>3,205,800</u>	<u>3,223,303</u>
TOTAL ASSETS	<u>8,423,335</u>	<u>8,342,314</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

(RM'000)	As at 30.9.2019 (unaudited)	As at 31.12.2018 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	4,331,702	4,318,225
Retained earnings	455,633	515,134
Other reserves	(3,137)	(910)
	<u>4,784,198</u>	<u>4,832,449</u>
Non-controlling interests	30,419	68,004
Total equity	<u>4,814,617</u>	<u>4,900,453</u>
Non-current liabilities		
Deferred tax liabilities	71,678	70,025
Contract liabilities	140,258	140,258
Lease liabilities	61,926	-
Post-employment benefit obligations	20,545	19,508
Long term borrowings	1,020,088	765,520
Long term liabilities	363,287	349,578
Government grant	131,607	131,805
	<u>1,809,389</u>	<u>1,476,694</u>
Current liabilities		
Contract liabilities	84,595	104,888
Other liabilities and charges	13,848	34,042
Trade and other payables	964,596	1,084,991
Lease liabilities	22,184	-
Current tax liabilities	8,793	15,392
Short term borrowings	705,313	725,854
	<u>1,799,329</u>	<u>1,965,167</u>
Total liabilities	<u>3,608,718</u>	<u>3,441,861</u>
TOTAL EQUITY AND LIABILITIES	<u><u>8,423,335</u></u>	<u><u>8,342,314</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>108.4</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 SEPTEMBER 2019

C. CONSOLIDATED STATEMENT OF CASH FLOWS

(RM'000)	9 MONTHS ENDED	
	30.9.2019 (unaudited)	30.9.2018 (unaudited)
Operating activities		
Cash receipts from customers	928,977	1,608,426
Cash paid to suppliers and employees	(1,284,966)	(1,651,431)
Cash used in operations	(355,989)	(43,005)
Bank services charges paid	(3,948)	(6,410)
Taxes refunded/(paid)	18,125	(42,370)
Net cash used in operating activities	(341,812)	(91,784)
Investing activities		
Acquisition of equity investments	-	(17,300)
Net proceeds from divestment of equity investments	121,755	43,007
Dividend received	29,252	8
Land acquisition	-	(333,034)
Non-equity investments	4,612	(843)
Net cash generated from/(used in) investing activities	155,619	(308,162)
Financing activities		
Proceed from issue of shares capital	-	9
Dividend paid to an equity holder	(108,463)	(91,539)
Proceeds from borrowings	770,354	970,519
Repayment of borrowings	(535,234)	(603,164)
Proceed from Government grant	-	18,845
Redemption of redeemable preference shares	-	(185,777)
Finance costs paid	(56,797)	(151,397)
(Placement of)/withdrawal of restricted cash	(22,367)	176,311
Net cash generated from financing activities	47,493	133,807
Net decrease in cash and cash equivalent	(138,700)	(266,139)
Cash and cash equivalents at beginning of the financial period	469,815	464,041
Cash and cash equivalent at end of the financial period	331,115	197,902

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

Bank balances and deposits	435,301	281,787
Less: Bank balances and deposits held as security value	(104,186)	(83,885)
	<u>331,115</u>	<u>197,902</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 SEPTEMBER 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	-	-	17,710	17,710	(6,333)	11,377
Other comprehensive loss						
Currency translation differences	-	(402)	-	(402)	-	(402)
Share of associate's loss on re-measurement of financial derivatives	-	(65)	-	(65)	-	(65)
Total comprehensive income/(loss)	-	(467)	17,710	17,243	(6,333)	10,910
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan	13,477	(13,477)	-	-	-	-
Share-based payment transaction	-	11,717	-	11,717	-	11,717
Dividends paid for financial year ended						
- 31 December 2018	-	-	(77,211)	(77,211)	-	(77,211)
- 31 December 2019	-	-	-	-	(31,252)	(31,252)
Total transactions with owners	13,477	(1,760)	(77,211)	(65,494)	(31,252)	(96,746)
As at 30 September 2019 (unaudited)	4,331,702	(3,137)	455,633	4,784,198	30,419	4,814,617

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	(402)	-	-	(402)
Share of associate's loss on re-measurement of financial derivatives	(65)	-	-	-	(65)
Total other comprehensive loss	(65)	(402)	-	-	(467)
Transactions with owners					
Issuance of ordinary shares					
- pursuant to Restricted Share Plan	-	-	(13,477)	-	(13,477)
Share-based payment transaction	-	-	11,717	-	11,717
	-	-	(1,760)	-	(1,760)
As at 30 September 2019 (unaudited)	1,240	(1,351)	3,390	(6,416)	(3,137)

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 SEPTEMBER 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)
Total transactions with owners	-	-	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 SEPTEMBER 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 SEPTEMBER 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 7,460,100 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 20 December 2017 and 12 December 2018, 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

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

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
9 months ended 30.9.2019					
Total revenue	481,362	637,572	41,946	203,023	1,363,903
Inter-segment revenue	(109,993)	(216,702)	(2,566)	(186,882)	(516,143)
External revenue	371,369	420,870	39,380	16,141	847,760
Segment profit/(loss)	69,827	3,284	3,647	(1,113)	75,645
Unallocated corporate expenses					(24,228)
Finance income					13,813
Finance costs					(38,613)
Share of results of associates and joint ventures	4,436	1,468	-	-	5,904
Profit before tax					32,521

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
9 months ended 30.9.2018					
Total revenue	888,611	1,057,589	41,995	134,698	2,122,893
Inter-segment revenue	(5,680)	(496,368)	(2,262)	(121,984)	(626,294)
External revenue	882,931	561,221	39,733	12,714	1,496,599
Segment profit/(loss)	88,856	44,810	5,622	(13,774)	125,514
Unallocated corporate expenses					(22,871)
Finance income					17,857
Finance costs					(36,101)
Share of results of associates and joint ventures	9,696	19,980	-	-	29,676
Profit before tax					<u>114,075</u>

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

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

11. CHANGES IN THE COMPOSITION OF THE GROUP

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

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

	(RM'000)	As at 30.9.2019	As at 31.12.2018
1	Performance guarantees extended to third parties *	564,975	576,885
2	Disputed claims from sub-contractor arising from business transaction	-	4,371
	Total	564,975	581,256

* 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 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.

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad's Listing Requirements, the financial assistance provided by the Company is as follow:

Company Guarantee

The Company and its joint venture partner, George Kent (Malaysia) Berhad ("GKMB"), issued proportionate corporate guarantees to guarantee the due performance and obligations of MRCB George Kent Sdn Bhd ("MRCBGK") in relation to the design and construction work of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia. MRCBGK is a jointly controlled entity of the Company and equally owned by GKMB and the Company.

The directors are of the opinion that the transaction above has been entered into in the normal course of business.

There were no material contingent assets to be disclosed.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

13. OTHER OPERATING INCOME

There were no 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		9 MONTHS ENDED	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
Depreciation of:				
- investment properties	(3,149)	(1,048)	(9,447)	(3,102)
- property, plant and equipment	(5,790)	(4,286)	(18,582)	(13,066)
Amortisation of:				
- order book	(622)	(1,002)	(1,707)	(5,459)
- right-of-use	(5,498)	-	(15,470)	-
- government grant	66	-	198	-
- patent	(536)	-	(536)	-

15. INCOME TAX EXPENSE

(RM'000)	3 MONTHS ENDED		9 MONTHS ENDED	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
In Malaysia				
Current tax	(6,485)	(17,232)	(15,081)	(45,139)
Real property gain tax	-	-	(4,257)	-
Over/(under) provision in prior years	10,782	(2,030)	(2,080)	3,157
Deferred tax	(17,801)	(2,778)	(3,211)	4,247
	<u>(13,504)</u>	<u>(22,040)</u>	<u>(24,629)</u>	<u>(37,735)</u>
In Australia				
Deferred tax	1,392	-	3,485	-
	<u>1,392</u>	<u>-</u>	<u>3,485</u>	<u>-</u>
Income tax expense	<u>(12,112)</u>	<u>(22,040)</u>	<u>(21,144)</u>	<u>(37,735)</u>

The dividend income received from the Group's associate, MQ REIT is taxable. The computation of the effective tax rate of 44.5% 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 SEPTEMBER 2019**E. NOTES TO THE INTERIM REPORT (cont'd)****16. CORPORATE PROPOSALS**

At the date of this report, the full 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*	128,903	Within 24 months
5	Estimated expenses in relation to the right issue	9,597*	9,597	Within 6 months
	Total	1,732,149	1,732,149	

* 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 SEPTEMBER 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:

(RM'000)	Long term	Short term	Short term	Total	Total
	RM denomination	^Foreign denomination	RM denomination	^Foreign denomination	RM denomination
As at 3rd quarter of 2019					
Secured	1,020,088	137,983	412,828	137,983	1,432,916
Unsecured	-	-	154,502		154,502
As at 3rd quarter of 2018					
Secured	909,120	-	2,646,489	-	3,555,609
Unsecured	-	-	203,257	-	203,257

^ AUD 48,826,025 @ 2.826 with a weighted average interest rate of 4.66% per annum as at 30 September 2019.

The net decrease of RM2.033 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 pertaining to the Eastern Dispersal Link ("EDL") Expressway Concession Termination 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 September 2019, the borrowings consist mainly of:

Secured term loans

- (a) Financing facility of RM311 million for the Group's working capital purposes;
- (b) Other project loans of RM1,260 million for the Group's on-going property development and construction projects.

Unsecured short term loans

- (c) Short term borrowings of RM154 million to finance on-going construction projects and working capital.

Other than the secured Australian Dollar long term loan of AUD48.8 million, the Group's other borrowings as at 30 September 2019 were denominated in Ringgit Malaysia. The weighted average interest rate as at 30 September 2019 was 5.461% per annum (30 September 2018: 5.73%).

The Group's Net Gearing as at 30 September 2019 was 0.27 times (30 September 2018: 0.71 times).

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 / %)	9 MONTHS ENDED		VARIANCE (Value / %)
	30.9.2019	30.9.2018		30.9.2019	30.9.2018	
Revenue	372,737	663,754	(291,017) (44%)	847,760	1,496,599	(648,839) (43%)
Operating profit	25,241	42,334	(17,093) (40%)	65,230	120,500	(55,270) (46%)
Profit before interest and tax	20,633	38,973	(18,340) (47%)	51,416	102,643	(51,227) (50%)
Profit before tax	14,281	40,485	(26,204) (65%)	32,521	114,075	(81,554) (71%)
Profit after tax	2,169	18,445	(16,276) (88%)	11,377	76,340	(64,963) (85%)
Total profit attributable to equity holders of the Company	2,518	19,792	(17,274) (87%)	17,710	74,767	(57,057) (76%)

In the 9 months ended 30 September 2019, the Group recorded revenue and profit before tax of RM847.8 million and RM32.5 million respectively, compared to RM1.5 billion and RM114.1 million respectively recorded in the corresponding period ended 30 September 2018.

The higher revenue in 2018 was due to the sale of two pieces of freehold land in Jalan Kia Peng in Kuala Lumpur and Batu Feringgi Penang for a total cash consideration of RM387 million. The lower revenue in the 9 months ended 30 September 2019 was also due to the Group's significant high-rise residential development projects still being in the early phase of construction, when revenue recognition is very minimal. In addition, revenue from a significant number of completed residential units sold during the period was not recognised as they were still pending Sales and Purchase completion.

The two land sales which resulted in total one-off pre-tax profit gains of RM66.8 million in 2018, compounded by the lower revenue recognised from the Group's significant high-rise residential development projects during the current financial period, as well as lower income recognition due to the re-timing of the LRT 3 project, resulted in a significant decline in profit before tax compared to the corresponding period in 2018.

The Group's 50%-owned LRT 3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of only RM1.24 million, compared with RM20.7 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 RM12.4 million profit after tax to the Group.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

19. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)

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

(RM'000)	3 MONTHS ENDED		9 MONTHS ENDED	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
<u>Revenue</u>				
Property development & investment	215,019	469,079	371,369	882,931
Engineering, construction & environment	137,365	177,336	420,870	561,221
Facilities management & parking	13,461	13,651	39,380	39,733
Others	6,892	3,688	16,141	12,714
	<u>372,737</u>	<u>663,754</u>	<u>847,760</u>	<u>1,496,599</u>
<u>Profit/(Loss)</u>				
Property development & investment	22,845	33,796	69,827	88,856
Engineering, construction & environment	1,770	3,829	3,284	44,810
Facilities management & parking	3,571	4,770	3,647	5,622
Others	(137)	(2,026)	(1,113)	(13,774)
	<u>28,049</u>	<u>40,369</u>	<u>75,645</u>	<u>125,514</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 9 months ended 30 September 2019, the Property Development & Investment Division recorded a 58% decline in revenue to RM371.4 million, compared to the corresponding period in 2018 which saw the sale of two pieces of freehold lands for a total cash consideration of RM387 million. The decline was also due to the Group's significant high-rise residential development projects still being in the early phase of construction (sub-structure, basement, carpark and podium levels) when revenue recognition is very minimal, and revenue from a significant number of completed residential units sold during the period not yet recognised pending Sales and Purchase completion. 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 Sentral Residences and Kalista Park Homes in Bukit Rahman Putra.

Operating profits of RM66.5 million in the first 9 months of 2019 were 21% lower compared to the RM88.9 million recorded in the corresponding period in 2018, largely due to the two land sales in 2018, which resulted in total one-off pre-tax profit gains of RM66.8 million and the lower revenue recognised in the period under review.

The Group's investment holding in MQ REIT also continued to contribute recurring income of RM12.4 million in the financial period ended 30 September 2019.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 RM420.9 million in the 9 months ended 30 September 2019, a 25% 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 an operating profit of RM3.3 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 RM1.24 million, compared with RM20.7 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)	30/9/2019	30/6/2019	
Revenue	372,737	240,973	131,764 / 55%
Operating profit	25,241	21,107	4,134 / 20%
Profit before interest and tax	20,633	17,008	3,625 / 21%
Profit before tax	14,281	9,825	4,456 / 45%
Profit after tax	2,169	7,654	(5,485) / (72%)
Total profit attributable to equity holders of the Company	2,518	11,057	(8,539) / (77%)

In the quarter ended 30 September 2019, the Group recorded revenue and a profit before taxation of RM372.7 million and RM14.3 million respectively, compared to revenue of RM241.0 million and profit before taxation of RM9.8 million recorded in the preceding quarter ended 30 June 2019.

The higher profit before tax of RM14.3 million in the quarter under review was mainly due to the better performance from the Engineering, Construction & Environment Divisions, which contributed an operating profit of RM1.8 million compared to a loss of RM15.2 million in the immediate preceding quarter.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2019, the Group's Property Development & Investment Division sold RM398.1 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 RM90.3 million sales, followed by TRIA the second phase of 9 Seputeh, with RM125.1 million sales.

Of the Group's residential projects currently in development, 1060 Carnegie in Melbourne, Australia has achieved a sales rate of 82%, while Sentral Suites has achieved a sales rate of 77%, and Kalista Park Homes 80%.

The Division will continue to focus its marketing efforts on its residential development projects, namely Sentral Suites in KL Sentral (GDV: RM1,528 million), 1060 Carnegie in Melbourne (GDV: RM300 million) and Kalista Park Homes in Bukit Rahman Putra (GDV: RM101 million), as well as the remaining completed unsold units in 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 September 2019, Sentral Residences has achieved a sales rate of 95%, and VIVO in 9 Seputeh has achieved a sales rate of 77%.

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 will only be expected to contribute more significant revenue and operating profits in 2020, when construction has progressed above the podium levels for all three towers of the development. 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 more significant revenues after the end of this year, when construction progress will be more advanced. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development which has already attained 92% construction completion, will only contribute to revenue and operating profit upon 100% construction completion and subsequently the handover of units to purchasers and financial settlement 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 RM1,679 million in revenue to be booked over the construction timescale of its projects, approximately 92% of which are residential and 8% 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 SEPTEMBER 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 RM1,215 million, and is placing greater emphasis on seeking infrastructure projects. As at 30 September 2019, the external client order book stood at RM22.3 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 23% 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	483
DASH - Package CB2	341
PR1MA Brickfields	335
Others	1,386
Total	22,323

* 50% of joint venture's total contract value

As at 30 September 2019, the unbilled construction order book stood at RM20.9 billion.

The Group's long-term prospects are positive.

22. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

Not applicable.

UNAUDITED REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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		9 MONTHS ENDED	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
Net profit for the financial period attributable to the owners of the parent (RM'000)	2,518	19,792	17,710	74,767
Weighted average number of ordinary shares in issue ('000)	4,411,755	4,391,328	4,403,830	4,390,724
Basic EPS (sen)	0.06	0.45	0.40	1.70

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 September 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 SEPTEMBER 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 30.9.2019	As at 31.12.2018
Property development	97,375	98,191
Property investment	26,277	18,244
Engineering, construction & environment	262,188	249,072
Facilities management & parking	3,166	3,225
Others	-	508
	<u>389,006</u>	<u>369,240</u>
Trade receivable include retention sum for contract, under engineering, construction & environment	<u>132,004</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 September 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 SEPTEMBER 2019

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

24. TRADE RECEIVABLES (cont'd)

Impairment losses (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
30.9.2019 - at cost					
Not past due	4,045	-	-	-	4,045
Past due					
- less than three months	16,544	-	-	-	16,544
- between three to six months	2,451	-	-	-	2,451
- between six months and one year	1,167	-	-	-	1,167
- more than one year	10,938	(6,699)	-	-	4,239
	35,145	(6,699)	-	-	28,446
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 (31/12/2018: Nil).

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

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

(RM'000)	As at 30.9.2019	As at 31.12.2018
Opening loss allowance as at 1 January	5,615	5,614
Impairment loss recognised	1,084	66
Impairment loss reversed	-	(65)
As at 30 September / 31 December	<u>6,699</u>	<u>5,615</u>

Kuala Lumpur
21 November 2019

By Order of the Board
Mohd Noor Rahim Yahaya
Company Secretary