

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(RM'000)	Note	3 MONTHS ENDED		12 MONTHS ENDED	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
Revenue		408,161	1,031,650	2,823,651	2,408,072
Expenses		(374,568)	(950,658)	(2,614,717)	(2,172,390)
Other operating income	13	89,296	192,009	129,486	300,208
Profit from operations		122,889	273,001	338,420	535,890
Finance costs		(2,116)	(42,837)	(116,115)	(175,922)
Share of results of associates		3,188	7,184	9,252	26,348
Share of results of joint ventures		7,611	1,272	15,776	6,313
Profit before tax		131,572	238,620	247,333	392,629
Income tax expense	14	(26,734)	(29,628)	(65,525)	(73,532)
Profit for the financial year		104,838	208,992	181,808	319,097
Other comprehensive income for the financial year, net of tax:					
Items that may be reclassified subsequent to comprehensive income					
- currency translation differences		(289)	24	(112)	6
- share of associate's gain/(loss) on re-measurement of financial derivatives		231	920	88	(1,017)
Item that may not be reclassified subsequent to comprehensive income					
- actuarial loss on post-employment benefit obligations		(3,178)	-	(3,178)	-
Total comprehensive income for the financial year, net of tax		101,602	209,936	178,606	318,086
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company		105,653	188,080	167,575	267,360
Non-controlling interests		(815)	20,912	14,233	51,737
		104,838	208,992	181,808	319,097
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		102,344	189,024	164,300	266,349
Non-controlling interests		(742)	20,912	14,306	51,737
		101,602	209,936	178,606	318,086
Basic & diluted earnings per share attributable to the ordinary equity holders of the Company (sen)					
	22	4.82	8.92	6.56	13.80

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(RM'000)	Note	As at 31.12.2017 (unaudited)	As at 31.12.2016 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		614,240	437,823
Investment properties		1,211,298	520,077
Land held for property development		1,557,440	1,767,639
Service concession asset		-	1,176,347
Associates		285,608	289,320
Joint ventures		293,065	12,545
Long term receivable		34,188	34,497
Available for sale financial assets		577	577
Intangible assets		225,633	252,868
Deferred tax assets		116,603	96,588
		<u>4,338,652</u>	<u>4,588,281</u>
Current assets			
Inventories		154,492	57,521
Properties development costs		696,941	759,287
Trade and other receivables (see Note)		3,045,275	1,334,888
Amount due from associates and joint ventures		134,380	19,981
Tax recoverable		15,973	22,217
Financial assets at fair value through profit or loss		1,645	2,255
Service concession asset		1,135,279	-
Other investment		54,110	-
Deposits, cash and bank balances		724,237	722,157
		<u>5,962,332</u>	<u>2,918,306</u>
TOTAL ASSETS		<u>10,300,984</u>	<u>7,506,587</u>

Note - the increase was mainly due to the trade receivable for a completed privatisation project as stated in Note 15(b).

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

(RM'000)	Note	As at 31.12.2017 (unaudited)	As at 31.12.2016 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		4,309,422	2,144,039
Share premium		-	372,391
Retained earnings		457,849	344,311
Other reserves		56,819	65,080
		4,824,090	2,925,821
Non-controlling interests		104,498	99,221
Total equity		4,928,588	3,025,042
Non-current liabilities			
Senior and Junior Sukuk		-	1,058,477
Long term borrowings		891,248	1,072,304
Long term liabilities		350,885	17,850
Government grant		80,186	62,971
Deferred tax liabilities		62,278	80,368
		1,384,597	2,291,970
Current liabilities			
Trade and other payables		1,279,243	1,340,692
Current tax liabilities		39,250	42,552
Senior and Junior Sukuk		1,058,500	-
Short term borrowings		1,432,107	808,331
Preference shares		178,699	-
		3,987,799	2,189,675
Total liabilities		5,372,396	4,481,545
TOTAL EQUITY AND LIABILITIES		10,300,984	7,506,587
Net assets per share attributable to the equity holders of the Company (sen)			
		110.0	136.5

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

C. CONSOLIDATED STATEMENT OF CASH FLOWS

(RM'000)	Note	12 MONTHS ENDED	
		31.12.2017 (unaudited)	31.12.2016 (unaudited)
Operating activities			
Cash receipts from customers		1,776,383	2,269,684
Cash paid to suppliers and employees		(2,593,363)	(2,307,487)
Cash used in operations		(816,980)	(37,803)
Bank services charges paid		(4,787)	(13,921)
Taxes paid		(66,932)	(89,538)
Net cash used in operating activities		(888,699)	(141,262)
Investing activities			
Acquisition of equity investments		(989,016)	(119,405)
Net proceeds from divestment of equity investments		12,731	18,769
Dividend received		26,883	29,010
Proceeds from sale of investment property		-	727,168
Non-equity investments		(277,751)	(12,616)
Acquisition of a subsidiary		179,111	-
Disposal of subsidiaries		(8,931)	-
Net cash (used in)/generated from investing activities		(1,056,973)	642,926
Financing activities			
Proceeds from issue of shares capital		1,798,079	401,921
Dividend paid to equity holders		(70,096)	(76,640)
Proceeds from borrowings		3,315,560	633,683
Repayment of borrowings		(2,863,672)	(1,094,903)
Proceed from Government grant		17,215	29,947
Interest paid		(215,128)	(195,023)
Repayment of advances to non-controlling interest		(34,206)	-
(Placement)/withdrawal of restricted cash		(130,804)	52,887
Net cash generated from/(used in) financing activities		1,816,948	(248,128)
Net decrease in cash and cash equivalent		(128,724)	253,536
Cash and cash equivalents at beginning of the financial year		592,765	339,229
Cash and cash equivalent at end of financial year		464,041	592,765

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

Bank balances and deposits	724,237	722,157
Less: Bank balances and deposits held as security value	(260,196)	(129,392)
	<u>464,041</u>	<u>592,765</u>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total		
As at 1 January 2017	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042
Comprehensive income							
- Profit for the financial year	-	-	-	167,575	167,575	14,233	181,808
Other comprehensive Income/(loss)							
- Currency translation differences	-	-	(112)	-	(112)	-	(112)
- Share of associate's gain on re-measurement of financial derivatives	-	-	88	-	88	-	88
- Post-employment benefit obligations	-	-	666	(666)	-	-	-
- Actuarial gain/(loss) on post-employment benefit obligations	-	-	(3,251)	-	(3,251)	73	(3,178)
Total comprehensive income	-	-	(2,609)	166,909	164,300	14,306	178,606
Transactions with owners							
Issuance of ordinary shares	1,724,339	-	-	-	1,724,339	-	1,724,339
Acquisition of equity interest in a subsidiary	-	-	-	-	-	771	771
Employees' share option scheme							
- options granted	-	-	187	-	187	-	187
- options exercised	68,613	40	(3,222)	-	65,431	-	65,431
- options lapsed	-	-	(6,926)	6,926	-	-	-
Share-based payment transaction	-	-	4,309	-	4,309	-	4,309
Dividends paid for financial year ended							
- 31 December 2016	-	-	-	(60,297)	(60,297)	-	(60,297)
- 31 December 2017	-	-	-	-	-	(9,800)	(9,800)
Total transactions with owners	1,792,952	40	(5,652)	(53,371)	1,733,969	(9,029)	1,724,940
Transition to no par value regime *	372,431	(372,431)	-	-	-	-	-
As at 31 December 2017 (unaudited)	4,309,422	-	56,819	457,849	4,824,090	104,498	4,928,588

* The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,431,093.31 for the purposes as set out in Section 618(3) of the Act. There is no impact on ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

(RM'000)	OTHER RESERVES						Total
	Revaluation Reserves	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	
As at 1 January 2017	28,090	1,151	642	9,962	28,355	(3,120)	65,080
Other comprehensive income/(loss)							
- Currency translation differences	-	-	(112)	-	-	-	(112)
- Share of associate's gain on re-measurement of financial derivatives	-	88	-	-	-	-	88
- Post-employment benefit obligations	-	-	-	-	-	666	666
- Actuarial loss on post-employment benefit obligations	-	-	-	-	-	(3,251)	(3,251)
Total comprehensive income/(loss)	-	88	(112)	-	-	(2,585)	(2,609)
Transactions with owners							
Employees' share option scheme							
- options granted	-	-	-	187	-	-	187
- options exercised	-	-	-	(3,222)	-	-	(3,222)
- options lapsed	-	-	-	(6,926)	-	-	(6,926)
Share-based payment transaction	-	-	-	4,309	-	-	4,309
	-	-	-	(5,652)	-	-	(5,652)
As at 31 December 2017 (unaudited)	28,090	1,239	530	4,310	28,355	(5,705)	56,819

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

(RM'000)	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				Total	Non-controlling interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Earnings			
As at 1 January 2016	1,786,591	327,950	62,453	83,153	2,260,147	52,824	2,312,771
Comprehensive income							
- Profit for the financial year	-	-	-	267,360	267,360	51,737	319,097
Other comprehensive income/(loss)							
- Currency translation differences	-	-	6	-	6	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,017)	-	(1,017)	-	(1,017)
- Post-employment benefit obligations	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(1,269)	267,618	266,349	51,737	318,086
Transactions with owners							
Issuance of:							
- ordinary shares	357,318	44,385	-	-	401,703	-	401,703
Acquisition of additional equity interest in subsidiaries	-	-	-	(7,106)	(7,106)	23	(7,083)
Employees' share option scheme							
- options granted	-	-	4,559	-	4,559	-	4,559
- options exercised	130	56	(17)	-	169	-	169
- options lapsed	-	-	(648)	648	-	-	-
Dividends paid for financial year ended 31 December 2016	-	-	-	-	-	(5,163)	(5,163)
Total transactions with owners	357,448	44,441	3,896	(6,460)	399,325	(5,140)	394,185
As at 31 December 2016 (audited)	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

(RM'000)	OTHER RESERVES						Total
	Revaluation Reserves	Other Reserves	Currency Translation Reserves	Share Scheme Reserves	Warrants Reserves	Retirement Benefit Reserves	
As at 1 January 2016	28,090	2,168	636	6,066	28,355	(2,862)	62,453
Other comprehensive income/(loss)							
- Currency translation differences	-	-	6	-	-	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	(1,017)	-	-	-	-	(1,017)
- Post-employment benefit obligations	-	-	-	-	-	(258)	(258)
Total comprehensive income/(loss)	-	(1,017)	6	-	-	(258)	(1,269)
Transactions with owners							
Employees' share option scheme							
- options granted	-	-	-	4,559	-	-	4,559
- options exercised	-	-	-	(17)	-	-	(17)
- options lapsed	-	-	-	(646)	-	-	(646)
	-	-	-	3,896	-	-	3,896
As at 31 December 2016 (audited)	28,090	1,151	642	9,962	28,355	(3,120)	65,080

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT****1. BASIS OF PREPARATION**

This financial report has been prepared in accordance with FRS134, Interim Financial Reporting and 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 2016.

The accounting policies and methods of computation adopted for the financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2016.

There were no new/revised accounting standards, amendments to standards and interpretations that came into effect during the financial period that significantly impacted the Group.

The Group includes transitioning entities and have elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for the financial year ending 31 December 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time Adoption of MFRS".

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.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

On 22 December 2017, the Secretary General, Ministry of Works Malaysia, representative of Government of Malaysia ("GoM"), issued a letter to MRCB Lingkaran Selatan Sdn Bhd ("MLSSB"), the wholly owned subsidiary of the Company, to inform that the concession period for the Eastern Dispersal Link ("EDL") Expressway shall end on 31 December 2017, after which the Expressway shall be taken over by the Government. For this purpose, a mutual termination agreement and its terms and conditions will be discussed and agreed mutually between the GoM and MLSSB.

Subsequent thereto, a Federal Roads (Private Management) (Collection of Tolls) (EDL) (Revocation) Order 2017 was issued by the GoM on 28 December 2017 to revoke the previous order that allow MLSSB to collect toll. This order came into operation on 1 January 2018.

As at the date of this report, the mutual termination agreement with the GoM has not been finalised. Redemption of the Senior and Junior Sukuk shall be effected after finalisation of the mutual termination agreement and receipt of the settlement sum from the GoM.

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

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****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 2,194,152,770 new ordinary shares issued by the Company for cash by virtue of the followings;

- (a) 2,192,593,285 shares allotted upon completion of the renounceable right issue as stated in Note 15(a);
- (b) exercise of 1,558,985 options pursuant to the Company's Employees' Share Option Scheme at exercise price of RM1.00 per share as part of the Company's long term plan to incentivise and retain employees; and
- (c) conversion of 500 warrants B at RM1.25 per warrant.

There were 438,518,657 warrants B issued pursuant to the completion of the renounceable right issue as stated in (a) above.

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

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2017 of 1.75% or 1.75 sen per ordinary share, totaling approximately RM76.8 million which is subject to the approval of the members of the Company at the forthcoming Annual General Meeting.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****8. SEGMENTAL REPORTING**

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Infrastructure & Utilities	Facilities Management & Parking	Others	Total
12 months ended 31.12.2017						
Total revenue	866,487	2,304,365	114,944	61,074	235,481	3,582,351
Inter-segment revenue	(7,792)	(530,478)	-	(5,319)	(215,111)	(758,700)
External revenue	858,695	1,773,887	114,944	55,755	20,370	2,823,651
Segment profit	175,951	92,691	55,210	11,435	2,139	337,426
Unallocated corporate expenses						(24,555)
Finance income						25,549
Finance costs						(116,115)
Share of results of associates and joint ventures	9,694	15,334	-	-	-	25,028
Profit before tax						247,333

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

NOTES TO THE REPORT (cont'd)

8. SEGMENTAL REPORTING (cont'd)

(RM'000)	Property Development & Investment	Engineering, Construction & Environment	Infrastructure & Utilities	Facilities Management & Parking	Others	Total
12 months ended 31.12.2016						
Total revenue	1,343,973	1,367,307	112,400	95,680	381,330	3,300,690
Inter-segment revenue	(13,601)	(509,396)	-	(24,373)	(345,248)	(892,618)
External revenue	1,330,372	857,911	112,400	71,307	36,082	2,408,072
Segment profit	464,646	11,582	58,540	15,827	6,876	557,471
Unallocated corporate expenses						(45,047)
Finance income						23,466
Finance costs						(175,922)
Share of results of associates and joint ventures	18,926	13,323	412	-	-	32,661
Profit before tax						392,629

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE 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 YEAR

There were no material events subsequent to the end of the financial quarter ended 31 December 2017 that have not been reflected in this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) The Company had on 11 December 2017 incorporated three (3) new subsidiaries as below and as at the date of this report, the subsidiaries have not commenced operation.

- (i) Iris Nova Sdn Bhd;
- (ii) Geometrik Dinamik Sdn Bhd; and
- (iii) Inovasi Kristal Sdn Bhd

- (b) On 14 August 2014, the Company entered into a shareholders' agreement with Kwasa Land Sdn Bhd and Kwasa Sentral Sdn Bhd ("KSSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing a 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("Subscription"). KSSB is a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("MX-1 Land") identified to be the town centre of the proposed Kwasa Damansara Township.

The Subscription was approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, amongst others, allow the Parties to mutually agree on a suitable date to be the unconditional date (which was to be a date falling within six (6) months after the date of fulfilment of the conditions precedent).

On 11 November 2016, the Company announced that all the conditions precedent as set out in the shareholders' agreement and supplemental shareholders' agreement had been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The balance subscription payment to be paid upon the unconditional date was agreed to be RM737.9 million as the MX-1 Land size was 64.3 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, the Parties mutually agreed a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by the Parties.

The Subscription was completed and the shareholders' agreements became unconditional on 20 December 2017. With this, KSSB became the Group 70% equity owned subsidiary.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****11. CHANGES IN THE COMPOSITION OF THE GROUP (cont'd)**

- (c) The Company had on 26 December 2017 entered into a Share Sale Agreement ("SSA") with TH Properties Sdn Bhd ("THP") or the disposal of 200,000 ordinary shares in 59 INC Sdn Bhd ("59 INC"), representing the Company's 40% equity interest in 59 INC for a total cash consideration of RM100,138,792. The Company had simultaneously entered into a Subscription and Shareholders' Agreement ("SASA") with THP and 59 INC, whereby THP has agreed to subscribe for 500,000 new ordinary shares in 59 INC. THP and the Company will hold 70% and 30% equity interest respectively in 59 INC.

The SSA & SASA were completed on the same day and generated a total gain of RM60.8 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

The Group's contingent liabilities, which comprise trade and performance guarantees, amounted to RM301.1 million as at 31 December 2017 (compared to RM282.1 million as at 31 December 2016). There are no material contingent assets to be disclosed.

13. OTHER OPERATING INCOME

There were no items of an unusual nature in the other operating income in the financial quarter under review except for the capital gain of RM60.8 million stated in Note 11(c) above.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

E. NOTES TO THE REPORT (cont'd)

14. INCOME TAX EXPENSE

RM'000	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Current tax:				
- Malaysia income tax	(24,280)	(48,986)	(83,081)	(90,092)
- foreign tax	(3,420)	-	(3,420)	-
- (under)/over provision in prior years	(309)	(467)	2,560	(8,248)
Deferred tax	1,275	19,825	18,416	24,808
	<u>(26,734)</u>	<u>(29,628)</u>	<u>(65,525)</u>	<u>(73,532)</u>

The effective tax rate of 26.9% for the current financial year is higher than the statutory rate of taxation, mainly due to certain 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.

15. CORPORATE PROPOSALS

- (a) On 3 November 2017, the Company completed its renounceable rights issue of up to 2,853,777,024 new ordinary shares in the Company ("MRCB Shares") at an issue price of RM0.79 per Right Share, together with up to 570,755,405 free detachable warrants ("Right Warrants"), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held by the entitled shareholders as at 5.00 p.m. on 4 October 2017 and one (1) Rights Warrant for every five (5) Rights Shares subscribed for.

2,192,593,285 MRCB Shares together with 438,518,657 Right Warrants were issued pursuant to the right issue and the total proceeds raised was RM1.732 billion.

At the date of this report, the status of utilisation of the proceeds are as follows:

No.	Purpose	Proposed Utilization (RM'000)	Actual Utilization (RM'000)	Timeframe For Utilization
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	699,918	Within 6 months
3	Property development activities and/ or construction projects	33,042	33,042	Within 24 months
4	General working capital	123,500	28,793	Within 24 months
5	Estimated expenses in relation to the right issue	15,000	9,570	Within 6 months
	Total	1,732,149	1,565,012	

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****15. CORPORATE PROPOSALS (cont'd)**

- (b) On 21 April 2017, Rukun Juang Sdn Bhd ("RJSB"), an 85% equity interest owned subsidiary of the Company, entered into a second supplementary agreement to the Privatisation Agreement with the Government of Malaysia, represented by the Ministry of Youth and Sport and Syarikat Tanah dan Harta Sdn Bhd to reduce the Contract Sum from RM1,631,880,000 to RM1,343,257,764.32. The Privatization Agreement is related to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil ("Privatisation Project"). The Government will cause the Federal Lands Commissioner to transfer three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands") as consideration for RJSB undertaking the Privatisation Project. The Contract Sum is reduced to be commensurate with the reduction in the size of the Lands, as well as revised works packages under Project 1 and Project 2 respectively.

Project 1 was completed at the end of July 2017, whilst the construction commencement date for Project 2 shall be on a date to be mutually agreed by the Government and RJSB.

On 9 February 2018, the parties entered into a third supplemental agreement to the Privatization Agreement to vary the calculation of Land Bond to be submitted to the Government, in order to expedite the transfer of the Lands to RJSB and/or its nominee(s).

The transfer of the leasehold lands is still pending at the date of this report.

- (c) On 31 May 2017, the Company, RJSB, Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly owned subsidiary of the Employees Provident Fund Board, and the Company's 85% owned subsidiary Bukit Jalil Sentral Property Sdn Bhd ("JV Co") entered into a subscription and shareholders' agreement which entailed the following:-

- (i) RJSB and TWSB will co-invest in a special purpose company, nameiy Bukit Jalil Sentral Property Sdn Bhd, for the purpose of jointly developing the Lands; and
- (ii) the proposed disposal by RJSB of the Lands to JV Co for an aggregate consideration of up to RM1,426,163,112

(collectively referred to as the "Proposed Joint Venture").

The Proposed Joint Venture is expected to be implemented by the 2nd quarter of 2018.

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 YEAR ENDED 31 DECEMBER 2017

E. NOTES TO THE REPORT (cont'd)

16. GROUP BORROWINGS

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

Denomination ('000)	Long term		Short term		Total borrowings	
	Foreign [^]	RM	Foreign [^]	RM	Foreign [^]	RM
As at 4Q ended 2017						
Secured	-	891,248	-	2,243,172	-	3,134,420
Unsecured	-	-	-	247,435	-	247,435
As at 4Q ended 2016						
Secured	-	2,130,781	95,257	461,074	95,257	2,591,855
Unsecured	-	-	-	250,000	-	250,000

[^]AUD 29,528,103 @ 3.226 with weighted average interest rate of 4.75% per annum as at 31 December 2016.

The increase in the Group's borrowings was mainly due to the new term loans of RM728 million to finance the subscription of 700,000 new ordinary shares as stated in Note 1(b) and RM993 million to finance the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil of which RM800 million was repaid mainly from the proceeds of the right issue (Note 15(a)). Additional drawdown of project loans to finance the Group's on-going property development and construction projects also attributed to the increase.

As at 31 December 2017, the borrowings consist mainly of:

Secured term loans

- (a) The Senior and Junior Sukuk of RM1,059 million which were obtained for the purpose of financing the construction of the Eastern Dispersal Link toll road;
- (b) Fixed rate Islamic financing facility of RM182 million for the Group's working capital purposes;
- (c) Term loan totaling RM921 million as stated above; and
- (d) Other project loans of RM973 million for the Group's on-going property development and construction projects;

Unsecured short term loans

- (e) Short term borrowings of RM247 million for working capital purposes.

The Group's borrowings as at 31 December 2017 were denominated in Ringgit Malaysia. The weighted average interest rate as at 31 December 2017 was 5.50% per annum (31/12/2016: 5.65%).

The Group's Net Gearing as at 31 December 2017 was 0.53 times.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

E. NOTES TO THE REPORT (cont'd)

17. MATERIAL LITIGATION

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

The Group has filed some claims, some of which are counter claims, amounting to approximately RM6.0 million arising from its operational transactions.

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

(RM'000)	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 MONTHS ENDED		VARIANCE (Value / %)	12 MONTHS ENDED		VARIANCE (Value / %)
	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
Revenue	408,161	1,031,650	(623,489) (60%)	2,823,651	2,408,072	415,579 17%
Operating profit	122,889	273,001	(150,112) (55%)	338,420	535,890	(197,470) (37%)
Profit before interest and tax	113,057	257,026	(143,969) (56%)	312,871	512,424	(199,553) (39%)
Profit before tax	131,572	238,620	(107,048) (45%)	247,333	392,629	(145,296) (37%)
Profit after tax	104,838	208,992	(104,154) (50%)	181,808	319,097	(137,289) (43%)
Profit attributable to equity holders of the Company	105,653	188,080	(82,427) (44%)	167,575	267,360	(99,785) (37%)

The Group recorded revenue and profit before tax for the financial year ended 31 December 2017 of RM2.82 billion and RM247.3 million respectively, compared to RM2.41 billion and RM392.6 million respectively recorded in the preceding financial year ended 31 December 2016. The 17% higher revenue in the financial year under review was mainly derived from the engineering and construction division.

The profit before tax in the corresponding year in 2016 was higher mainly due to the recognition of disposal profits of RM56.1 million generated from the sale of a leasehold land to Mass Rapid Transit Corporation Sdn Bhd and gains of RM186.5 million recorded from the disposal of completed investment properties, namely Menara Shell and Sooka Sentral.

The Group's current financial year operational profits mainly derived from the Group's completed residential property development projects, Sentral Residences, Easton Burwood in Melbourne, Australia and Q Sentral office block. The Group's on-going property development projects of 9 Seputeh mixed residential development in Jalan Klang Lama, PJ Sentral Garden City, Menara MRCB in Putrajaya and Kalista Park Homes in Bukit Rahman Putra also serve as the main profit contributor to the Group.

The disposal gains of RM60.8 million as stated in Note 11(c) also attributed to the profit for the financial quarter under review. The Group's 27.89% equity owned MQ REIT and associated company, MRCB Quill Management Sdn Bhd, both contributed total RM18.7 million profit after tax to the Group for the financial year under review.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

E. NOTES TO THE REPORT (cont'd)

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

In Engineering, Construction & Environment division, the Group's infrastructure projects and the value engineering initiatives implemented by the Group to manage construction costs, helped the division improve profit margins, resulting in a higher segment profit of RM92.7 million for the current financial year compared with RM11.6 million recorded in the preceding financial year. The Group's 50% owned joint venture, MRCB George Kent Sdn Bhd, the Project Delivery Partner of LRT 3, contributed RM15.2 million profit after tax to the Group for the financial year under review.

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

RM'000	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<u>Revenue</u>				
Property development & investment	197,971	599,717	858,695	1,330,372
Engineering, construction & environment	159,491	378,456	1,773,887	857,911
Infrastructure & utilities	28,864	26,987	114,944	112,400
Facilities management & parking	13,720	18,844	55,755	71,307
Others	8,115	7,646	20,370	36,082
	<u>408,161</u>	<u>1,031,650</u>	<u>2,823,651</u>	<u>2,408,072</u>
<u>Profit/(Loss)</u>				
Property development & investment	63,450	236,437	175,951	464,646
Engineering, construction & environment	46,143	1,587	92,691	11,582
Infrastructure & utilities	13,481	12,127	55,210	58,540
Facilities management & parking	267	3,360	11,435	15,827
Others	(757)	26,834	2,139	6,876
	<u>122,584</u>	<u>280,345</u>	<u>337,426</u>	<u>557,471</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 Property Development & Investment division, the completion of Sentral Residences in KL Sentral, and our Easton Burwood development in Melbourne early in the financial year, and our new projects still being in the early phase of construction, led to the division recording a 35.4% decrease in revenue to RM858.7 million. Consequently, operating profit recorded was lower at RM175.9 million, compared with RM464.6 million in the corresponding financial year in 2016. The revenue and profit recorded was mainly generated from the award winning Sentral Residences and Easton Burwood, and the on-going property development projects of 9 Seputeh mixed residential development in Jalan Klang Lama, PJ Sentral Garden City, Menara MRCB in Putrajaya and Kalista Park Homes. The Group's investment properties in Shah Alam and Kuala Lumpur and holding in MQ REIT also continued to contribute recurring income of RM7.7 million and RM18.7 million respectively, to the Group for the financial year under review.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****18. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (cont'd)****(ii) Engineering, Construction & Environment**

The Engineering, Construction & Environment division contributed strongly for the financial year ended 31 December 2017, increasing its revenue by 106.8% to RM1.77 billion. This resulted in the operating profit from the division rising from RM11.6 million to RM92.7 million. The bulk of the division's revenue was contributed by infrastructure projects, and the on-going construction works of most of the property development projects stated in (i) above, as well as several commercial buildings for clients in Johor, power transmission related construction projects in Peninsular Malaysia, and other civil engineering projects in the Klang Valley. Our 50% joint venture, MRCB George Kent Sdn Bhd, the project delivery partner for LRT 3 project contributed RM15.2 million profit after taxation to the Group.

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

	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	VARIANCE (Value / %)
RM'000	31/12/2017	30/9/2017	
Revenue	408,161	1,134,117	(725,956) / (64%)
Operating profit	122,889	85,187	37,702 / 44%
Profit before interest and tax	113,057	81,542	31,515 / 39%
Profit before tax	131,572	52,317	79,255 / 151%
Profit after tax	104,838	30,504	74,334 / 244%
Profit attributable to equity holders of the Company	105,653	28,089	77,564 / 276%

The Group recorded revenue and profit before taxation of RM408 million and RM131.6 million respectively for the current financial quarter ended 31 December 2017, compared to revenue of RM1.13 billion and profit before taxation of RM52.3 million recorded in the immediate preceding quarter ended 30 September 2017.

The higher profit before tax recorded in the current financial quarter was mainly due to the capital gain of RM60.8 million arisen from the disposal of the Company's 40% equity interest in a subsidiary as stated in Note 11(c). Other completed and on-going property development namely Q Sentral office block, 9 Seputeh mixed residential development in Jalan Klang Lama and PJ Sentral Garden City continued to contribute positively in the financial quarter under review.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****20. 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

MRCB is one of Malaysia's leading urban property developers, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. Through our flagship and award winning Kuala Lumpur Sentral Central Business District project, we pioneered Transit Oriented Development (TOD) in Malaysia.

The Group's Property Development & Investment division achieved healthy sales in 2017 totaling RM1.42 billion from its residential developments. These were mainly derived from Sentral Suites, which recorded RM886 million sales, followed by 1060 Carnegie with RM220 million sales.

In 2017, the Group launched 3 residential property development projects, namely 1060 Carnegie in Melbourne, Australia (GDV: RM305 million), Kalista Park Homes in Bukit Rahman Putra (GDV: RM101 million) and Sentral Suites in KL Sentral (GDV: RM1,529 million). To date, 1060 Carnegie has achieved a take up rate of 72%, while Towers 1 and 3 of Sentral Suites have achieved combined sales of 73% and Kalista Park Homes 55%. All developments saw more than 50% of their units being sold.

The division will continue to focus its marketing efforts on its new residential development projects, namely Sentral Suites in KL Sentral, 1060 Carnegie in Melbourne and Kalista Park Homes, as well as the remaining unsold units in the Sentral Residences, Q Sentral and VIVO in 9 Seputeh, which has historically achieved strong sales.

Revenues and operating profits in the Property Development & Investment division will continue to be progressively recognised in line with construction progress in 2018 from VIVO (9 Seputeh) and the 2 en-bloc office towers sold in PJ Sentral Garden City and Menara MRCB in Putrajaya. FY2018 will also see the launch of 2 new projects, namely TRIA, which forms Parcel B of the 9 Seputeh development and Alstonia Hilltop Homes in Bukit Rahman Putra.

Operating profits from Sentral Suites are not anticipated to commence until late 2018 and will continue until its physical completion in 2021, while TRIA and Alstonia Hilltop Homes should commence contributing in 2019. In Melbourne, 1060 Carnegie will only contribute to revenue and operating profit upon physical and sales completion, anticipated in 2020.

Overall, the Group had total cumulative unbilled sales in its Property Development & Investment division which are expected to deliver RM1.71 billion in revenue to be booked over the development lifespan of its projects, approximately 80% of which are residential and 20% commercial.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****20. PROSPECTS (cont'd)****(i) Property Development & Investment (cont'd)**

The Group is also working towards building a sustainable pipeline of future revenues, and will continue to leverage on its land bank. The Group has interests in 393 acres of urban land, with a total GDV of RM55 billion, as shown in the following table:

Developments	Land Size (Acres)	GDV (RM'mil)
Transport Oriented Developments	228.13	44,463
Commercial	67.52	770
Residential	77.54	9,581
International	1.00	305
Others	18.97	-
Grand Total	393.16	55,119

The division also earns a relatively stable recurring income stream from its residual investment properties in KL Sentral CBD and Shah Alam and its 27.9% equity interest in MQ REIT.

(ii) Engineering, Construction & Environment

The Construction, Engineering & Environment division continues to actively tender for more contracting projects to replenish its order book. The division currently has open tenders valued at RM2.755 billion, and is placing greater emphasis on seeking infrastructure and long term fee based management projects. In 2017, it gained RM468 million worth of new contracts, increasing its current external client order book to RM6.2 billion. Of this total, 9% are fee based projects. New projects won consist of Damansara-Shah Alam Elevated Highway (DASH) Package CB2 valued at RM369 million, TNB HQ Campus (Phase 1) valued at RM40 million and Larkin Stadium in Johor valued at RM59 million. As at 31 December 2017, unbilled order book stood at RM5.2 billion.

The Group's major construction projects include LRT 3 Project, Kwasa Utama, Mass Rapid Transit 2, DASH, PR1MA Brickfields and PR1MA Kajang. With a total contract value of approximately RM4.6 billion, these projects are still in the early phase of completion. As the pace of progress picks up, these projects are anticipated to form the backbone of the division's operating profit recognition moving forward through 2018 and beyond.

The Group remains confident that its long-term prospects are positive given the sound strategies from both its Property Development & Investment and Engineering, Construction and Environment divisions. However, in the near term, the Engineering, Construction & Environment division is likely to contribute a larger share of revenues. The completion of the RM1.732 billion rights issue in last quarter of 2017 has significantly strengthened the Group's balance sheet, and it is now better positioned to fund its growth and overcome future challenges.

21. VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

Not applicable.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****22. EARNINGS PER SHARE (EPS)****Basic EPS**

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net profit for the financial year attributable to the owners of the parent (RM'000)	105,653	188,080	167,575	267,360
Weighted average number of ordinary shares in issue ('000)	2,192,559	2,108,981	2,556,085	1,937,800
Basic Earnings Per Share (sen)	4.82	8.92	6.56	13.80

Diluted Earnings Per Share

There is no significant effect on the fully diluted earnings per share arising from the outstanding warrants. Hence, the basic earnings per share approximates to the fully diluted earnings per share.

UNAUDITED REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**E. NOTES TO THE REPORT (cont'd)****23. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group as at 31 December 2017, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad is as follows:

RM'000	As at 31.12.2017 (unaudited)	As at 31.12.2016 (audited)
Total accumulated profit:		
- Realised	762,278	727,084
- Unrealised	53,427	15,931
Total share of accumulated profit from associates:		
- Realised	94,618	85,365
Total share of accumulated profit from joint ventures:		
- Realised	21,248	6,965
Add: Consolidation adjustments	(473,722)	(491,034)
Total Group retained earnings	457,849	344,311

The analysis of realised and unrealised retained earnings is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements as issued by the Malaysian Institute of Accountants.

The disclosure above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Kuala Lumpur
28 February 2018

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary