

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 Sept 2019 RM'000	PRECEDING YEAR QUARTER 30 Sept 2018 RM'000	CURRENT YEAR TO DATE 30 Sept 2019 RM'000	PRECEDING YEAR TO DATE 30 Sept 2018 RM'000
Revenue	118,793	159,271	333,130	473,956
Cost of sales	(90,483)	(123,237)	(258,270)	(367,245)
Gross profit	28,310	36,034	74,860	106,711
Other income	1,942	941	6,554	4,710
Operating costs	(12,824)	(14,109)	(32,749)	(36,607)
Finance cost	(1,051)	(1,104)	(3,099)	(4,724)
Share of profit of a joint venture	72	441	298	1,073
Share of profit of an associate	14	(68)	120	(11)
Profit before tax	16,463	22,135	45,984	71,152
Tax expense	(5,119)	(4,585)	(12,527)	(17,818)
Profit for the financial period	11,344	17,550	33,457	53,334
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	11,344	17,550	33,457	53,334
Attributable to:				
Owners of the parent	11,321	17,046	33,119	52,616
Non-controlling interests	23	504	338	718
	11,344	17,550	33,457	53,334
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	2.31	3.64	6.76	11.22
- Diluted	1.86	2.90	5.44	8.94

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	(UNAUDITED) AS AT 30 Sept 2019 RM'000	(AUDITED) AS AT 31 Dec 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,011	30,922
Investment properties	32,878	33,007
Investment in a joint venture	1,038	739
Investment in an associate	3,427	3,307
Deferred tax assets	3,037	3,008
Intangible assets	29,783	29,783
	<u>96,174</u>	<u>100,766</u>
Current assets		
Inventories	412,981	378,990
Trade and other receivables	196,034	239,588
Contract assets	666,935	562,969
Other investment	1,328	1,328
Current tax assets	2,610	1,344
Short term funds	1,539	36,725
Cash and bank balances	116,839	91,847
	<u>1,398,266</u>	<u>1,312,791</u>
TOTAL ASSETS	<u>1,494,440</u>	<u>1,413,557</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	325,546	324,241
Treasury shares	(1,428)	(17,242)
Retained earnings	189,147	164,830
	<u>513,265</u>	<u>471,829</u>
Non-controlling interests	<u>5,958</u>	<u>5,620</u>
TOTAL EQUITY	<u>519,223</u>	<u>477,449</u>
Non-current liabilities		
Borrowings	27,609	28,920
Deferred tax liabilities	227	227
	<u>27,836</u>	<u>29,147</u>
Current liabilities		
Trade and other payables	663,307	674,167
Contract liabilities	40,437	34,710
Borrowings	229,676	176,787
Current tax liabilities	13,961	21,297
	<u>947,381</u>	<u>906,961</u>
TOTAL LIABILITIES	<u>975,217</u>	<u>936,108</u>
TOTAL EQUITY AND LIABILITIES	<u>1,494,440</u>	<u>1,413,557</u>
Net assets per share attributable to owners of the parent (RM)	1.04	0.99

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----					
	-----Non-distributable-----	Distributable		Total	Non-controlling-interests	Total equity
	Share capital	Treasury shares	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	324,241	(17,242)	164,830	471,829	5,620	477,449
Profit for the financial period / Total comprehensive income for the period	-	-	33,119	33,119	338	33,457
Dividend paid	-	8,802	(8,802)	-	-	-
Gain on resale of treasury shares	1,305	-	-	1,305	-	1,305
Ordinary shares resold in open market	-	7,012	-	7,012	-	7,012
	1,305	15,814	24,317	41,436	338	41,774
Balance as at 30 September 2019	325,546	(1,428)	189,147	513,265	5,958	519,223

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----					
	-----Non-distributable-----	Distributable		Total	Non-controlling-interests	Total equity
	Share capital	Treasury shares	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	267,081	(510)	200,125	466,696	8,454	475,150
Effect on adoption of MFRS	-	-	(37,539)	(37,539)	-	(37,539)
Balance as at 1 January 2017 as reported under MFRS	267,081	(510)	162,586	429,157	8,454	437,611
Profit for the financial period / Total comprehensive income for the period	-	-	52,616	52,616	718	53,334
Dividend paid	-	-	(20,276)	(20,276)	-	(20,276)
Gain on resale of treasury shares	1,107	-	-	1,107	-	1,107
Issuance of ordinary shares pursuant to exercise of warrants	56,053	-	-	56,053	-	56,053
Shares repurchased	-	-	(20,682)	(20,682)	-	(20,682)
Shares resale	-	-	3,950	3,950	-	3,950
	57,160	-	15,608	72,768	718	73,486
Balance as at 30 September 2018	324,241	(510)	178,194	501,925	9,172	511,097

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	Current Period Ended 30 Sept 2019 RM'000	Preceding Period Ended 30 Sept 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	45,984	71,152
Adjustments for :		
Depreciation of property, plant and equipment	7,359	10,105
Fair value adjustment on other investment	-	2,715
Reversal of impairment of trade and other receivables	(3,098)	-
Interest expense	3,099	4,724
Interest income	(1,205)	(4,137)
Property, plant and equipment written off	23	-
Gain on disposal of property, plant and equipment	(2)	(323)
Share of profit of a joint venture	(298)	(1,073)
Share of profit of an associate	(120)	11
Operating profit before changes in working capital	51,742	83,174
Changes in working capital:		
Inventories	(33,990)	(64,749)
Trade and other receivables	(57,313)	(285,232)
Trade and other payables	(5,134)	252,685
Cash used in operating activities	(44,695)	(14,122)
Interest paid	(1,930)	(2,047)
Interest received	1,205	4,137
Tax paid	(21,266)	(19,138)
Tax refunded	108	-
Net cash used in operating activities	(66,578)	(31,170)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from a joint venture	-	600
Dividend paid	-	(13,916)
Dividend paid to non-controlling interests	-	(6,360)
Purchase of property, plant and equipment	(1,928)	(3,677)
Purchase of land held for property development	(473)	-
Proceeds from disposals of property, plant and equipment	61	192
Placement of fixed deposits pledged	(23,815)	(33,903)
Net cash used in investing activities	(26,155)	(57,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,169)	(2,677)
Proceeds from issuance of share pursuant to exercise of warrants	-	56,053
Repurchase of shares	-	(20,682)
Resale of treasury shares	8,317	5,057
Repayments to hire purchase creditors	(829)	(197)
Drawdowns of term loans	7,874	-
Repayments of term loans	(7,653)	(35,143)
Repayments of revolving credits	-	(1,500)
Net cash generated from financing activities	6,540	911
NET DECREASE IN CASH AND CASH EQUIVALENTS	(86,193)	(87,323)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(112,449)	(18,663)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(198,642)	(105,986)

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30 Sept 2019 RM'000	As at 30 Sept 2018 RM'000
Cash and bank balances	25,397	18,631
Fixed deposits with licensed banks	91,442	73,018
Short term funds	1,539	54,293
	118,378	145,942
Less : Bank overdrafts included in borrowings	(215,129)	(178,910)
Fixed deposits pledged	(101,891)	(73,018)
Total cash and cash equivalents	(198,642)	(105,986)

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

A1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

A2. Changes in Accounting Policies

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

MFRS 16 Leases

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

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

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

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

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

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

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A3. Qualification of Financial Statements

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

A4. Seasonal or Cyclical Factors

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

A5. Nature and Amount of Unusual Items

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

A6. Nature and Amount of Changes in Estimates

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

A7. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations and shares held as treasury shares for the current quarter.

During the financial year-to-date, the Company: -

- a) increased its issued and paid up ordinary share capital by way of issuance of 262 ordinary shares of RM1.12 each pursuant to the exercise of warrants.
- b) sold a total of 6,250,500 ordinary shares that were held as treasury shares above in the open market. The details of the resale of treasury shares were as follows: -

Month	No. of Treasury Share Re-sold	Re-sale Price per Treasury Share (RM)			Total Consideration Received (RM)
		Lowest	Highest	Average	
Feb 2019	400,000	1.09	1.13	1.12	448,515.00
Feb 2019	200,000	1.10	1.14	1.14	227,247.60
Feb 2019	750,000	1.12	1.18	1.16	867,129.00
Feb 2019	250,000	1.12	1.18	1.18	294,026.50
Mar 2019	10,000	1.12	1.19	1.18	11,820.75
Mar 2019	240,000	1.14	1.24	1.19	284,606.11
Mar 2019	293,500	1.20	1.25	1.24	363,106.35
Mar 2019	206,700	1.21	1.26	1.25	257,477.91
Mar 2019	249,800	1.19	1.28	1.26	313,652.68
Mar 2019	51,000	1.28	1.38	1.36	69,404.66
Apr 2019	20,000	1.37	1.37	1.37	27,217.52
Apr 2019	1,179,000	1.37	1.41	1.39	1,634,516.82
Apr 2019	413,500	1.42	1.44	1.43	587,388.86
Apr 2019	2,400	1.44	1.44	1.44	3,412.56
Apr 2019	584,100	1.44	1.46	1.45	844,154.78
Apr 2019	600,000	1.46	1.48	1.47	878,930.64
Apr 2019	600,000	1.49	1.52	1.50	898,859.05
Jul 2019	200,500	1.53	1.54	1.53	305,701.44
Total	6,250,500				8,317,168.23

As at the end of the current quarter and financial year-to-date, a total of 1,165,744 shares were held as treasury shares.

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A8. Dividend Paid

There is no dividend payment in current quarter.

A9. Segmental Information

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

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

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

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

9 months ended 30 September 2019	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	343,402	15,922	15,294	374,618
Inter segment revenue	(33,938)	(773)	(6,777)	(41,488)
Revenue from external customers	309,464	15,149	8,517	333,130
Interest income	975	19	211	1,205
Finance cost	(2,009)	-	(1,090)	(3,099)
Net finance expense	(1,034)	19	(879)	(1,894)
Segment profit/(loss) before taxation	45,145	(632)	1,696	46,209
Share of profit of an associate, net of tax	120	-	-	120
Share of profit of a joint venture, net of tax	-	-	298	298
Taxation	(12,686)	79	80	(12,527)
Other material non-cash item:				
- Depreciation	(6,387)	(55)	(917)	(7,359)
Additions to non-current assets other than financial instruments and deferred tax assets	1,606	318	25	1,949
Segment assets	1,038,021	551,619	530,158	2,119,798
Segment liabilities	829,727	415,542	147,450	1,392,719

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A9. Segmental Information (Cont'd)

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

9 months ended 30 September 2018	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	483,610	37,905	24,135	545,650
Inter segment revenue	(56,075)	-	(15,619)	(71,694)
Revenue from external customers	427,535	37,905	8,516	473,956
Interest income	687	1,834	1,616	4,137
Finance cost	(1,946)	(1,139)	(1,639)	(4,724)
Net finance expense	(1,259)	695	(23)	(587)
Segment profit/(loss) before taxation	71,719	(6,001)	12,487	78,205
Share of loss of an associate, net of tax	(11)	-	-	(11)
Share of profit of a joint venture, net of tax	-	-	1,073	1,073
Taxation	(13,893)	(1,873)	(2,052)	(17,818)
Other material non-cash item:				
- Depreciation	(8,298)	(160)	(1,647)	(10,105)
Additions to non-current assets other than financial instruments and deferred tax assets	7,842	-	122	7,964
Segment assets	1,155,744	618,598	439,322	2,213,664
Segment liabilities	853,982	645,445	98,803	1,598,230

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A9. Segmental Information (Cont'd)

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

	As at 30 Sept 19 RM'000	As at 30 Sept 18 RM'000
Revenue		
Total revenue for reportable segments	374,618	545,650
Elimination of inter-segmental revenues	(41,488)	(71,694)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>333,130</u>	<u>473,956</u>
Profit for the financial period		
Total profit for reportable segments	46,209	78,205
Share of profit of an associate, net of tax	120	(11)
Share of profit of a joint venture, net of tax	298	1,073
Elimination of consolidation adjustments	(643)	(8,115)
Profit before tax	45,984	71,152
Tax expense	(12,527)	(17,818)
Profit for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income	<u>33,457</u>	<u>53,334</u>
	As at 30 Sept 19 RM'000	As at 30 Sept 18 RM'000
Assets		
Total assets for reportable segments	2,119,798	2,213,664
Elimination of investment in subsidiaries and consolidation adjustments	(302,835)	(97,756)
Elimination on inter-segment balances	(322,523)	(658,752)
Total assets of the Group per consolidated statement of financial position	<u>1,494,440</u>	<u>1,457,156</u>
Liabilities		
Total liabilities for reportable segments	1,392,719	1,598,230
Elimination of consolidation adjustments	(1,135)	(4,252)
Elimination on inter-segment balances	(416,367)	(647,919)
Total liabilities of the Group per consolidated statement of financial position	<u>975,217</u>	<u>946,059</u>

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A10. Valuation of Property, Plant and Equipment

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

A11. Acquisition/Disposal of Property, Plant and Equipment

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

A12. Material Subsequent Event

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

A13. Changes in the Composition of the Group

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

A14. Capital Commitment

	As at 30 Sept 19 RM'000	As at 31 Dec 18 RM'000
Contracted but not provided for:		
- Freehold land held under development	<u>1,188</u>	<u>21,250</u>

A15. Contingent Liabilities

	As at 30 Sept 19 RM'000	As at 31 Dec 18 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>204,251</u>	<u>200,388</u>

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

B1. Review of Performance

Performance of current quarter against the preceding year corresponding quarter

Group

	Individual Period (3 rd Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (%)	Current Year To- date	Preceding Year Corresponding Period	Changes (%)
	30/9/2019	30/9/2018		30/9/2019	30/9/2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	118,793	159,271	(25.41)	333,130	473,956	(29.71)
Profit Before Tax	16,463	22,135	(25.62)	45,984	71,152	(35.37)
Profit After Taxation	11,344	17,550	(35.36)	33,457	53,334	(37.27)

During the current quarter, the Group recorded revenue of RM118.8 million, 25.41% lower compared to the 3Q19 of RM159.3 million. The reduction in Group revenue is due to lower work progress achieved in the current quarter, particularly on the high-base of revenue that LRT3 contributed prior to the project's design review. However, the new design has been obtained and the high value works are expected to begin in December 2019.

Our reported PAT stood at RM11.3 million or 2.31 sen per share in 3Q19 compared to RM17.6 million or 6.76 sen in 3Q18. The decline is mainly due to the abovementioned lower work progress on LRT3 in the current quarter compared to 3Q18.

The Group operating expenses stood at RM12.8 million in 3Q19 as compared to RM14.1 million in 3Q18. This shows an improvement in the group efficiency, which is a reduction of operating expenses by RM1.3 million.

Construction segment:

The Group's construction division reported a lower revenue of RM128.7 million in 3Q19 compared to RM169.8 million in 3Q18, due to the abovementioned reason. The Group has obtained the new design plan which allowed to operate in full force, the construction work of LRT3 will improve from December 2019. The Revenue for the current quarter was mainly contributed by the work progress for the Sungai Besi – Ulu Kelang (SUKE) Highway, Pusat Pentadbiran Sultan Ahmad Shah and LRT3.

Consistent with the above explanation, the division contributed approximately RM19.3 million of PBT, a 24.9% decrease compared to RM25.7 million in 3Q18.

Property development segment:

In 3Q19, the property development division recorded a decrease of revenue and this is mainly due to lower work progress on The Peak project as the project is near its completion stage.

The property development division reported a loss before tax RM2.0 million compared to loss after tax of RM5.2 million in 3Q18. The loss before tax has improved due to reduction of operating expenses by RM6.9 million compared to 3Q18.

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B1. Review of Performance (Cont'd)

Property development segment: (Cont'd)

The property development division, which was revived on 26 April 2019, with the inaugural launch of E'Island Lake Haven, and the relaunch of The Peak and Contours Melawati Heights. Since then, the division has received RM136 million worth of bookings, which have begun to progressively being converted into sales from end-October 2019, while physical works have commenced since November 2019. To-date, we have signed RM45m worth of sale and purchase agreements for E'Island Lake Haven.

Others segment:

Besides the construction and property segment, The Group have entered into a 5+5 rental agreement with Petronas for providing a base-camp facility in Sipitang, Sabah. The facility generates a recurring revenue of RM11.4 million per annum, which is being utilised to pare down the borrowings we took to build this facility, which is expected to be fully-paid by end FYE 2020. From 1Q21 onwards, the rental income generated from this facility will be pure cash to the Group.

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

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30/09/2019	30/06/2019	
	RM'000	RM'000	
Revenue	118,793	127,990	(7.19)
Profit After Taxation ('PAT')	11,344	11,102	2.18

The Group's revenue for the current quarter of RM118.8 million is 7.2% lower compared to the immediate preceding quarter of RM127.9 million. The Group's PAT increased by 2.18% as compared to the RM11.1 million in 2Q19. The decrease in revenue is due to lower work progress achieved in the current quarter but PAT has slightly increased due to improved operating margin on the on going projects.

B3. Prospects

Despite the construction sector and economic headwinds, the Group continues to be resilient and has manage to efficiently cruise ahead. In addition, we continuously assess our business and operating fundamentals, to ensure that Group expenses are well managed, creating better operating efficiency, enabling us to remain competitive and be able to quickly adapt to changes to business cycles within the sector. This include constant monitoring of the fundamentals of our business operations to ensure that projects continue to be efficiently-managed, including the monitoring of it cash flows, operating expenses and finance cost.

For example, our total operating cost recorded a 11% decline while our total interest expense declined by 34% respectively in 9M19 compared to 9M18. Going forward, we expect to further reduce our total operating cost and interest expense in FYE 2019 compared to FYE 2018, thus creating a more efficient Group and be able to mitigate adverse sector changes.

B3. Prospects (Cont'd)

The Group anticipates its FYE 2019 performance to be satisfactory in spite of the construction sector and economic headwinds, as a result of effective cost controls leading to efficiency.

(a) Construction division

As of 30 September 2019, The Group's outstanding construction orderbook stood at RM1.8 billion, which would provide earnings visibility up to the year 2022. Our construction division is expected to be supported by a strong outstanding orderbook with a good mix of both infrastructure and building jobs. We would continue to place focus on efficiency executing these jobs to ensure that margins and cash generation are well guarded. In addition, we are eyeing to replenish our construction orderbook by RM1.5 billion this year, subject to the government's finalisation of review and the rollout of key infrastructure jobs.

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

We have submitted the new development proposal for our PR1MA Gampang construction job that will be in line with the Ministry of Housing and Local Government's "Dasar Komuniti Negara" initiative that was launched in February 2019. Works for this project is expected to resume in FYE 2020.

We look forward to FYE 2020, as we anticipate the imminent construction sector recovery. This, coupled with our strong technical capability, a good track record and a solid financial position would be key during a transparent project tendering process. Additionally, we are now able to be more competitive in our future project tenders given our lean operating cost structure that enables us to be more competitive while sustaining good margins.

We would continue to be on the lookout for new job opportunities within Sabah given our strong presence within the state including the joint-ownership of Sabah's largest precast concrete manufacturing and IBS plant, Sedco Precast Sdn Bhd (Sedco Precast), with the Sabah Economic Development Corporation (SEDCO). Sedco Precast has been producing products for both key infrastructure and building projects, including for affordable homes in the state. Our SEDCO Precast Sdn Bhd has been certified as a supplier for IBS products by CIDB Malaysia and has accredited one of the highest ISO certifications by SIRIM.

The Petronas Basecamp in Sipitang, is part of the Group's strategy is to expand its recurring income base. In line with the strategy, we entered into a 5+5 rental agreement with Petronas to provide "base-camp" facilities to its employees in Sipitang, Sabah. We expect to initiate a discussion on the extension of the rental agreement with Petronas in 1Q20 with the possibility of adding more housing within the basecamp. The facility generates a recurring revenue of RM11.4 million per annum, which is being utilised to pare down the borrowings we took to build this facility, which is expected to be fully-paid by end FYE 2020. From 1Q21 onwards, the rental income generated from this facility will be pure cash to the Group.

B3. Prospects (Cont'd)

(b) Property Development Division

Our property development division was revived on the 26 April 2019 with the inaugural launch of E'Island Lake Haven in Puchong and the relaunch of The Peak in Johor Bahru City Centre and Contours Melawati Heights.

Since the relaunch of the division up to 27 November 2019, we have secured RM136 million worth of property bookings, mainly from E'Island Lake Haven and The Peak. Currently, the bookings are progressively being converted into sales, with RM45 million signed since the process began in end October 2019. In addition, we have also recorded sales amounting to RM4.5 million for our Contours Melawati Heights development.

E'Island Lake Haven has been shortlisted for the first batch priority of approval under the Ministry of Housing and Local Government's initiative for private participation on the rent to own scheme that is to be launched by the government. Whereas, The Peak has been showcased in various roadshows within Malaysia and the region. We participated in the MM2H Malaysia My Second Home Expo in Hong Kong and various roadshows within Singapore.

Our flagship development, One Jesselton Waterfront in Kota Kinabalu is currently progressing smoothly with the interim development plan expected to be tabled to be approved by Dewan Bandaraya Kota Kinabalu. Concurrent to the ongoing bureaucratic processes, we are also looking into further enhancing the product layout plans for the luxury condominiums and serviced residence to meet the latest international standards.

The Group expects the property development division to be a significant contributor to cash flow from 2020 to 2023, given the low long-term borrowing of RM22.7 million against a total outstanding Gross Development Value of RM2.3 billion (excluding One Jesselton Premier Lifestyle Mall), representing a debt to GDV ratio of a mere 1%.

As at 30 September 2019, our unbilled sales stood at RM88.6 million, while our unsold property units valued at RM532.2 million, out of which RM59.3 million worth of properties have completed.

B4. Profit Forecast and Profit Estimate

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

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 19 RM'000	30 Sept 18 RM'000	30 Sept 19 RM'000	30 Sept 18 RM'000
Interest income	338	803	1,205	4,137
Other income	1,604	59	5,349	206
Interest expense (excluding interest capitalised)	(1,051)	(1,104)	(3,099)	(4,724)
Depreciation and amortisation	(2,129)	(3,466)	(7,359)	(10,105)
Provision for and write off of receivables	*	*	*	*
Provision for and write off of inventories	*	*	*	*
Property, plant and equipment written off	-	-	(23)	-
Gain on disposal of property, plant and equipment	2	35	2	323
Gain on disposal of investment property	*	*	*	*
Goodwill written off	*	*	*	*
Foreign exchange gain or loss	*	*	*	*
Gain or loss on derivatives	*	*	*	*
Exceptional items	*	*	*	*

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

B6. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 19 RM'000	30 Sept 18 RM'000	30 Sept 19 RM'000	30 Sept 18 RM'000
Current taxation				
- Current year	5,470	6,282	12,849	18,956
- Previous year	(338)	(1,697)	(292)	(1,697)
	<u>5,132</u>	<u>4,585</u>	<u>12,556</u>	<u>17,259</u>
Deferred taxation				
- Current year	(13)	-	(29)	(17)
- Prior years	-	-	-	576
	<u>(13)</u>	<u>-</u>	<u>(29)</u>	<u>559</u>
	<u>5,119</u>	<u>4,585</u>	<u>12,527</u>	<u>17,818</u>

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

B7. Status of Corporate Proposals Announced

There are no corporate proposals announced by the Company but not completed as at 22 November 2019, being the latest practicable date, which is not earlier than 7 days from the date of issuance of this interim financial report.

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B8. Group Borrowings and Debt Securities

	As at 30 Sept 2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	24,801	10,966	35,767
- Hire purchase	2,808	1,581	4,389
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	215,129	215,129
	<u>27,609</u>	<u>229,676</u>	<u>257,285</u>
	As at 30 Sept 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	32,736	67,377	100,113
- Hire purchase	437	1,217	1,654
- Revolving credit	-	4,500	4,500
- Bank overdrafts	-	97,277	97,277
	<u>33,173</u>	<u>170,371</u>	<u>203,544</u>

B9. Material Litigation

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

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

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

The Company is pleased to announce that parties in both the 1st and 2nd Suit have reached an amicable settlement of the dispute and recorded a Consent Order before the High Court in Kota Kinabalu on 7 October 2019 which brings both litigation to an end.

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

B10. Dividend

The Board of Directors has approved and declared an interim dividend of 1.5 sen per ordinary share tax exempt under single-tier tax system amounting to RM7.4 million in respect of the financial year ending 31 December 2019.

B11. Status of Memorandum of Understanding announced

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

The Company has worked closely with Tera Capital on the development components and products and finalized the Master Plan. The Board of Directors of the Company is pleased to update that the Development Plan has been submitted as scheduled to Dewan Bandaraya Kota Kinabalu (DBKK) on 14 December 2018. The Company has also completed the phase 1 site investigation (S.I.) works in April 2018. These marked further progress of milestones for the development of One Jesselton Waterfront. In addition, the Company has submitted the updated Interim Development Plan (“IDP”) to Dewan Bandaraya Kota Kinabalu (“DBKK”) on 17 June 2019, IDP has been circulated to Central Planning Board (“CPB”) on 10 July 2019. All technical departments have received updated IDP on 1 August 2019 and currently under the final review.

Site topography survey has commenced on 2 August 2019 and field work has been completed on 10 August 2019. The digital topography survey plan has been completed on 29 August 2019 and it will be submitted to DBKK and CPB for endorsement of full IDP approval.

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

Detailed design of the premier lifestyle mall and 4-star hotel & spa is currently being updated and to incorporate strategic tenants requirements and integration of luxury and modern technology.

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

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B12. Earnings Per Share

(a) Basic

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 19 RM'000	30 Sept 18 RM'000	30 Sept 19 RM'000	30 Sept 18 RM'000
Profit attributable to equity holders of the Company (RM'000)	11,321	17,046	33,119	52,616
Number of shares at the beginning of the year ('000)	477,579	468,906	477,579	468,906
Share resale	4,769	-	4,769	-
Dividend issue by shares	7,679	-	7,679	-
Weighted average number of ordinary shares ('000)	490,027	468,906	490,027	468,906
Basic earnings per share (sen)	2.31	3.64	6.76	11.22

(b) Diluted

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 19 RM'000	30 Sept 18 RM'000	30 Sept 19 RM'000	30 Sept 18 RM'000
Profit attributable to equity holders of the Company (RM'000)	11,321	17,046	33,119	52,616
No of ordinary shares for basic earnings per share computation	490,027	588,301	490,027	588,301
Effect of dilution - on assumption that remaining warrants are exercised	119,395	- n/a -	119,395	- n/a -
Weighted average number of ordinary shares ('000)	609,422	588,301	609,422	588,301
Diluted earnings per share (sen)	1.86	2.90	5.43	8.94

B13. Authorisation for Issue

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