BRDB
BANDAR RAYA DEVELOPMENTS BERHAD

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Financial Position as at 30 June 2010

	(Unaudited) As at 30 June 2010 RM'000	(Audited) As at 31 December 2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	546,845	863,036
Land held for property development	92,067	93,934
Investment properties	1,017,086	572,626
Prepaid lease rentals	18,330	18,468
Interest in associates	994	813
Available-for-sale investments	0	2
Interest in jointly controlled entities	13,824	13,056
Debt recoverable from an unquoted company	8,678	8,986
Deferred tax assets	8,674	13,946
Post-employment benefit surplus	1,496	1,496
	1,707,994	1,586,363
Current assets		
Inventories	93,244	94,791
Property development costs	582,146	568,694
Tax recoverable	17,433	8,889
Trade receivables	124,393	158,907
Other receivables	347,943	251,952
Financial assets held for trading	2,980	3,377
Short term deposits	56,249	116,626
Cash and bank balances	19,995	11,764
	1,244,383	1,215,000
TOTAL ASSETS	2,952,377	2,801,363
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	476,555	476,392
Share premium	242,725	242,689
Foreign currency reserve	(10,246)	(7,314)
Retained profits	1,001,647	889,293
	1,710,681	1,601,060
Non controlling interests	149,540	143,429
Warrant reserve	28,050	28,069
Total equity	1,888,271	1,772,558

BRDB
BANDAR RAYA DEVELOPMENTS BERHAD

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Financial Position as at 30 June 2010 - continued

	(Unaudited) As at 30 June 2010 RM'000	(Audited) As at 31 December 2009 RM'000
Non current liabilities		
Post-employment benefit obligations	8,536	8,287
Provisions for other liabilities	17,678	17,632
Deferred tax liabilities	16,930	12,753
Borrowings	342,701	355,780
	385,845	394,452
Current liabilities		
Trade payables	126,488	162,894
Other payables and provisions	130,409	112,942
Derivative financial liabilities	84	0
Current tax payable	2,234	8,527
Borrowings	419,046	349,990
	678,261	634,353
Total liabilities	1,064,106	1,028,805
TOTAL EQUITY AND LIABILITIES	2,952,377	2,801,363
Net assets per share attributable to equity holders of the Company (RM)	3.59	3.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

BRDB
BANDAR RAYA DEVELOPMENTS BERHAD

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2010
The figures have not been audited.

	Individual quarter		Cumulative quarter	
	Current year quarter to 30 June 2010	**Preceding year quarter to 30 June 2009**	**Current year to 30 June 2010**	**Preceding year to 30 June 2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	151,361	231,188	341,165	435,423
Other operating income/ (expenses)	2,653	5,117	8,086	(1,034)
Operating profit before finance costs, depreciation, amortisation and tax	109,046	61,904	155,732	94,993
Depreciation and amortisation	(5,794)	(5,910)	(12,073)	(11,508)
Profit from operations	103,252	55,994	143,659	83,485
Finance costs	(9,379)	(6,533)	(17,202)	(14,195)
Share of results of associated companies	136	45	181	71
Share of results of jointly controlled entities	76	1,001	760	1,905
Profit before taxation	**94,085**	**50,507**	**127,398**	**71,266**
Tax expense	(7,726)	(7,369)	(15,549)	(20,762)
Profit for the period	**86,359**	**43,138**	**111,849**	**50,504**
Other comprehensive income				
Exchange differences on translating foreign operations	(970)	(1,791)	(2,937)	(1,334)
Total comprehensive income for the period	**85,389**	**41,347**	**108,912**	**49,170**

BRDB
BANDAR RAYA DEVELOPMENTS BERHAD

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2010 – continued
The figures have not been audited.

	Individual quarter		Cumulative quarter	
	Current year quarter to 30 June 2010 RM'000	Preceding year quarter to 30 June 2009 RM'000	Current year to 30 June 2010 RM'000	Preceding year to 30 June 2009 RM'000
Profit attributable to:				
Equity holders of the Company	84,155	40,606	106,311	57,590
Non-controlling interests	2,204	2,532	5,538	(7,086)
	86,359	43,138	111,849	50,504
Total comprehensive income attributable to:				
Equity holders of the Company	83,190	38,815	103,379	56,256
Non-controlling interests	2,199	2,532	5,533	(7,086)
	85,389	41,347	108,912	49,170
Earnings per share attributable to equity holders of the Company:				
– basic (sen)	17.7	8.5	22.3	12.1
– diluted (sen) [See Part B Note 14(b)]	15.0	7.9	18.8	11.7

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

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BANDAR RAYA DEVELOPMENTS BERHAD

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2010
The figures have not been audited.

	Attributable to equity holders of the Company							
	Non-distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Foreign currency reserve RM'000	Retained profits RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Warrant reserve RM'000	Total equity RM'000
Balance as at 1 January 2010	476,392	242,689	(7,314)	889,293	1,601,060	143,429	28,069	1,772,558
Effects on the adoption of FRS 139	0	0	0	6,043	6,043	578	0	6,621
	476,392	242,689	(7,314)	895,336	1,607,103	144,007	28,069	1,779,179
Conversion of warrants to ordinary shares	163	36	0	0	199	0	(19)	180
Total comprehensive income for the period	0	0	(2,932)	106,311	103,379	5,533	0	108,912
Balance as at 30 June 2010	476,555	242,725	(10,246)	1,001,647	1,710,681	149,540	28,050	1,888,271
Balance as at 1 January 2009	476,378	242,686	(4,752)	780,628	1,494,940	145,654	31,930	1,672,524
Total comprehensive income for the period	0	0	(1,334)	57,590	56,256	(7,086)	0	49,170
Expiry of warrants	0	0	0	3,859	3,859	0	(3,859)	0
Balance as at 30 June 2009	476,378	242,686	(6,086)	842,077	1,555,055	138,568	28,071	1,721,694

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

BRDB
BANDAR RAYA DEVELOPMENTS BERHAD

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Cash Flow for the financial period ended 30 June 2010
The figures have not been audited.

	Current year to 30 June 2010 RM'000	Preceding year to 30 June 2009 RM'000
Cash flows from operating activities		
– Net profit for the period	111,849	50,504
– Adjustments for non-cash and non-operating items	(39,545)	47,102
	72,304	97,606
– Changes in working capital		
• Net change in current assets	(66,158)	29,705
• Net change in current liabilities	(14,650)	(26,092)
– Development expenditure incurred	(3,186)	(268)
– Capital commitment reserves received	56	105
– Infrastructure costs utilised	(15)	-
– Staff retirement benefits paid	(313)	(569)
– Income tax paid	(21,081)	(15,684)
Net cash flow (used in)/from operating activities	(33,043)	84,803
Cash flows from investing activities		
– Proceeds from disposal of property, plant and equipment	290	26,208
– Net proceeds from disposal of marketable securities	3,348	303
– Purchase of property, plant and equipment	(2,503)	(72,435)
– Investment in an associate	-	(4)
– Interest received	1,311	1,729
– Dividend received	53	38
– Development expenditure incurred on investment properties	(57,454)	(77)
Net cash flow used in investing activities	(54,955)	(44,238)
Cash flows from financing activities		
– Proceeds from issue of commercial papers	150,000	-
– Drawdown of term loan	76,702	-
– (Repayment)/drawdown of revolving credit	(132,000)	12,000
– Proceeds from issuance of shares from conversion of warrants	179	-
– Repayment of term loans	(32,659)	(23,434)
– Repayment of bankers acceptance	(3,312)	(49,548)
– Repayment of medium term notes and commercial papers	-	(75,000)
– Repayment of promissory note	-	(8,341)
– Payment of hire purchase liabilities	(377)	(379)
– Interest paid	(19,196)	(16,592)
– Financing expenses	(163)	(126)
Net cash flow from/(used in) financing activities	39,174	(161,420)
Net change in cash and cash equivalents	(48,824)	(120,855)
Cash and cash equivalents at 1 January	121,559	224,765
Effects of exchange rate changes	(167)	(7)
Cash and cash equivalents at 30 June	72,568	103,903

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Cash Flow for the financial period ended 30 June 2010 – continued
The figures have not been audited.

	Current year to 30 June 2010 RM'000	Preceding year to 30 June 2009 RM'000
Cash and cash equivalents comprise:		
Short term deposits	56,249	102,946
Cash and bank balances	19,995	18,431
Bank overdraft (see Part B Note 9)	(3,676)	(17,474)
	72,568	103,903

Included in cash and cash equivalents is an amount of RM19 million (2009: RM41.1 million) which are monies subject to usage restriction. These are monies held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control & Licensing) Act, 1966 which can only be used for specific purposes allowed for under the Housing Developers (Housing Development Accounts) Regulations, 1991 and monies set aside for purposes of capital maintenance of the Group's strata-titled development projects.

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

PART A : Explanatory notes pursuant to FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for investment properties, derivative financial instruments, available-for-sale investments and financial assets held for trading which have been stated at fair value.

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (‘Bursa Securities’).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009 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 financial year ended 31 December 2009

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations which are relevant to the Group’s operations with effect from 1 January 2010 :-

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Amendment to FRS 5, Non-current assets held for sales and discontinued operations
Amendment to FRS 107, Statement of Cash Flows
Amendment to FRS 108,Accounting Policies, Changes in Accounting Estimates or Errors
Amendment to FRS 110, Events After the Reporting Period
Amendment to FRS 116, Property, Plant and Equipment
Amendment to FRS 117, Leases
Amendment to FRS 118, Revenue
Amendment to FRS 119, Employee Benefits
Amendment to FRS 120, Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123, Borrowing Costs
Amendment to FRS 127, Consolidated and Separate Financial Statements
Amendment to FRS 128, Investment in Associates
Amendment to FRS 131, Interests in Joint Ventures
Amendment to FRS 134, Interim Financial Reporting
Amendment to FRS 136, Impairment of Assets
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
Amendment to FRS 140, Investment Property

2. Changes in Accounting Policies (Cont'd)

The adoption of the new and revised FRSs, amendments to FRSs and IC Interpretations has resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as described hereunder :-

(a) FRS 101 "Presentation of Financial Statements (Revised)"

Prior to 1 January 2010, the components of a set of financial statements consisted of a balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, a set of financial statements shall now comprise a statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income.

The comparative financial information on the consolidated statement of comprehensive income have been re-presented as summarised below so that it is in conformity with the revised standard :-

	Consolidated Income Statement	Effects on adoption of FRS 101	Consolidated Statement of Comprehensive Income
	As previously reported RM'000	RM'000	As restated RM'000
Profit for the period	50,504	-	50,504
Other comprehensive income			
Exchange differences on translating foreign operations	-	(1,334)	(1,334)
Total comprehensive income	-	-	49,170

(b) FRS 139 "Financial Instruments : Recognition and Measurement"

The adoption of FRS 139 has resulted in financial instruments of the Group to be categorised and measured using the accounting policies summarised below :-

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 139 "Financial Instruments : Recognition and Measurement" (Cont'd)

(ii) Financial assets

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading including derivatives, unless they are designated as hedges. Financial assets at fair value through profit or loss are subsequently measured at fair value with gain or loss recognised in profit or loss. This category of financial assets is classified as current assets.

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method. This category of financial assets is classified as current assets unless the maturities are greater than twelve months in which case they are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are not held for trading. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other available-for-sale financial assets are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

(iii) Financial liabilities

Financial liabilities of the Group comprise trade and other payables, borrowings and derivative financial liabilities. All financial liabilities are subsequently measured at amortised cost using effective interest method other than derivative financial liabilities which are categorised as fair value through profit or loss. Derivative financial liabilities are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Company has provided various financial guarantees for credit facilities granted to various subsidiaries. Such financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantee contracts are measured at the higher of the (a) amount determined in accordance with FRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and (b) the initial fair value less cumulative amortisation.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 139 "Financial Instruments : Recognition and Measurement" (Cont'd)

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group's financial instruments are as follows :-

(i) Investments

Prior to 1 January 2010, investments in other non-current unquoted investments are stated at cost less allowance for diminution in value which was other than temporary in nature. Marketable securities are carried at the lower of cost and market value, determined on an individual portfolio basis.

With the adoption of FRS 139, other non-current unquoted investments and marketable securities are now categorised as available-for-sale investment and financial assets held for trading and measured as follows :-

(a) Unquoted investment- at cost
(b) Marketable securities - at fair value through profit or loss

(ii) Derivative financial instruments

Prior to 1 January 2010, outstanding financial derivatives as at balance sheet date were not recognised in the financial statements. They were only recognised on settlement dates.

Upon the adoption of FRS 139, derivative financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of those instruments. A derivative financial instrument is categorised as fair value through profit or loss and measured at its fair value with gain or loss recognised in profit or loss.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained profits or other appropriate reserves. Comparatives are not adjusted.

Since FRS 139 is applied prospectively, its adoption does not affect the profit or loss for the preceding year corresponding period ended 30 June 2009.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 139 "Financial Instruments : Recognition and Measurement" (Cont'd)

Following the adoption of FRS 139, the effect of the changes to accounting policies relating to recognition and measurement of the Group's financial instruments are as follows :-

	Balance as at 1 January 2010 before the adoption of FRS 139 RM'000	Increase/ (decrease) Effects adoption of FRS 139 RM'000	Balance as at 1 January 2010 after the adoption of FRS 139 RM'000
Retained profits	889,293	6,043	895,336
Non-controlling interests	143,429	578	144,007
Debt recoverable from an unquoted company	8,986	(617)	8,369
Trade receivables	158,907	374	159,281
Other receivables	251,952	(382)	251,570
Financial assets held for trading	3,377	3,403	6,780
Trade payables	162,894	(3,459)	159,435
Other payables and provisions	112,942	(3,029)	109,913
Derivative financial liabilities	-	36	36
Borrowings – current portion	349,990	(1)	349,989
Borrowings – non current portion	355,780	2,610	358,390

(c) Amendments to FRS 116 "Property, Plant and Equipment" and FRS 140 "Investment property"

Prior to 1 January 2010, property being constructed or developed for future use as investment property is classified as property, plant and equipment until the construction or development is completed.

Upon the adoption of the Amendments to FRS 116 and FRS 140, such property is accounted for as investment property rather than property, plant and equipment.

The effects arising from the adoption of the Amendments to FRS 116 and FRS 140 are as follows :-

(i) Effects on the statement of financial position as at 30 June 2010

	Increase/(decrease) RM'000
Property, plant and equipment	(69,315)
Investment properties	69,315

(ii) Since Amendments to FRS 116 and FRS 140 are applied prospectively, no restatement of comparative figures is required to the statement of financial position as at 31 December 2009.

The adoption of other new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations has no financial impact on the current interim financial statements or on the consolidated financial statements of the previous financial year.

3. Audit report of preceding annual financial statements
The audit report of the Group's financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

4. Seasonality or cyclicality of interim operations
Demand for properties is generally dependent on the national economic environment. Demand for particleboard and related products is seasonal and is also affected by national as well as global economic conditions.

5. Exceptional items
There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2010.

6. Change in estimates
There were no changes in estimates that have had a material effect for the financial period ended 30 June 2010.

7. Issuance and repayment of debt and equity securities
There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period ended 30 June 2010 except for the Company's issuance of 163,200 ordinary shares of RM1.00 each for cash, arising from the exercise of BRDB Warrants 2007/2012 at the exercise price of RM1.10 per ordinary share.

8. Dividends paid
There were no dividends paid for the financial period ended 30 June 2010.

9. Segmental reporting
Primary segment – business segment

	Revenue		**Profit/(loss) from operations**	
	Current year to 30 June 2010	**Preceding year to 30 June 2009**	**Current year to 30 June 2010**	**Preceding year to 30 June 2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property development	199,572	296,002	45,899	97,515
Property investment	22,062	12,943	90,201	(1,988)
Property management	325	639	320	88
Recreation	196	577	113	(51)
Construction	22,755	33,145	1,186	1,979
Supermarket and food hall	5,727	940	(982)	(529)
	250,637	344,246	136,737	97,014
Manufacturing	87,048	90,836	7,325	(14,055)
Investment	3,480	341	(403)	526
	341,165	435,423	143,659	83,485

Secondary segment – geographical segment
The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 30 June 2010	Preceding year to 30 June 2009	As at 30 June 2010	As at 30 June 2009	Current year to 30 June 2010	Preceding year to 30 June 2009
		(Restated)				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	289,706	394,055	2,881,153	2,607,142	2,503	72,318
Hong Kong and China	5,464	7,883	104	105	-	42
Pakistan	22,755	33,145	65,013	48,088	-	75
Others	23,240	340	6,107	3,362	-	-
	341,165	435,423	2,952,377	2,658,697	2,503	72,435

10. Valuations of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment allowances.

11. Material events subsequent to the financial period ended 30 June 2010

There were no material events subsequent to the end of the financial period ended 30 June 2010 except for:

(a) Proposed purchase of 60% shareholding in Haute Property Sdn Bhd (Haute)

On 7 July 2010, Ardent Heights Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Sale of Shares Agreement with Limitless Holdings Pte Ltd (Limitless) to purchase the entire shareholding of Limitless in Haute comprising 600,000 ordinary shares of RM1.00 each representing 60% of the issued and paid-up capital of Haute. The proposed purchase was for purpose of participating with UEM Land Bhd in the proposed development of 'Residential North' in the Puteri Harbour development in Nusajaya, Johor.

(b) Memorandum of Understanding (MoUs) between Bandar Raya Developments Berhad and Multi-Purpose Holdings Berhad (MPHB)

On 13 July 2010, the Company entered into three MoUs with MPHB to record the parties' intention to collaborate to undertake development of several parcels of land in Pulau Pinang, Rawang and Gombak which are legally and/or beneficially owned by the MPHB Group.

12. Changes in the composition of the Group during the financial period ended 30 June 2010

There were no changes in the composition of the Group during the financial period ended 30 June 2010.

13. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets since the last statement of financial position as at 31 December 2009 except for:

	As at 30 June 2010 RM'000	As at 31 Dec 2010 RM'000
Corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to certain subsidiaries	393,539	326,242

14. Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2010 were as follows:

	RM'000
Authorised and contracted	35,799
Authorised but not contracted	24,635
	60,434
Analysed as follows:	
Property, plant and equipment:	
- capital work-in-progress	899
- others	6,840
Investment properties	52,695
	60,434

PART B : Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of performance

Quarter on Quarter review

Second-quarter group revenue decreased to RM151.4 million, down 35% from 231.2 million a year ago, with lower revenue reported in both property and manufacturing divisions. Revenue during this quarter under review was mainly derived from progress recognition of construction of CapSquare Office Tower 2 and Troika with fewer property sales in Kuala Lumpur and reduced construction contract revenue from Lahore, Pakistan. In May, the Group offered for sale the Straits Residences comprising luxury semi-detached and detached houses in Permas Jaya, Johor, for which market response has been favourable. However, there is little progress income recognition as Straits Residences is still at an initial stage of construction. The lower revenue in the property division was partially mitigated by higher property investment income from Bangsar Shopping Centre (BSC). Revenue from the manufacturing division under Mieco Chipboard Berhad (MIECO) in this second quarter fell 3% to RM44.6 million from RM46.0 million a year ago due to lower sales volume of particleboard, although sales of value added products have improved.

Despite the lower revenue, the Group's pre-tax profit rose to RM94.1 million for the quarter under review, up 86% when compared to RM50.5 million a year ago due mainly to a RM82.7 million gain arising from adjustment to fair value of the BSC based on an independent professional valuation. MIECO reported higher pretax profit of RM1.0 million as compared to RM0.2 million a year ago despite lower revenue, as its margins improved and its operational costs decreased.

Year on Year review

First-half group revenue of RM341.2 million was down 22% against RM435.4 million last year. Whilst accounting for 73% of Group revenue, the property division saw its revenue fall 27% with lower property sales and the end of progress income recognition from construction of One Menerung, though partly offset by CapSquare Office Tower 2.

Despite the revenue decrease, Group pretax profit of RM127.4 million was up 79% against RM71.2 million a year ago due to the earlier mentioned fair value gain on investment property as well as better results from the manufacturing division. Although MIECO's revenue was lower, it has recorded two consecutive quarters of pretax profit of altogether RM2.4 million for this first half of 2010 against a loss of RM19.8 million a year ago due to better margins and lower operational costs.

2. Material change in profit before taxation for the quarter against the immediate preceding quarter

Group pre-tax profit of RM94.1 million for the quarter under review was up 182% against RM33.3 million in the immediate preceding quarter, boosted by a fair value gain on an investment property and higher rental income.

MIECO saw a 30% decrease in pretax profit due to unrealised foreign exchange gains of RM1.5 million in the preceding quarter.

3. Prospects for the current financial year

Despite the economic expansion during the first half of this year, the outlook remains challenging with anticipation of a slower global recovery in the second half. Nevertheless, the Directors are optimistic that the property division will achieve satisfactory results in the current financial year, given the earlier mentioned fair value gain on its investment property. In August, the Group has offered for sale its latest project in Kuala Lumpur: 6 CapSquare offering freehold luxury condominiums, for which initial response has been encouraging.

The manufacturing division has achieved higher margins through value-added products whilst managing costs and productivity. In view of strengthening of demand for particleboard, MIECO is preparing to recommence operations at its Kuala Lipis plant as soon as possible.

4. Variance of actual profit from forecast profit

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.

5. Tax expense/(credit)

	Current quarter to 30 June 2010 RM'000	Current year to 30 June 2010 RM'000
In respect of current year		
- Malaysian tax	1,245	5,773
- Foreign tax	98	336
	1,343	6,109
Deferred taxation		
- Malaysian tax	6,383	9,449
In respect of prior periods		
- Malaysian tax	(1)	(12)
- Foreign tax	1	3
	0	(9)
Tax expense	7,726	15,549

The Group's effective tax rate for the current year to date and current quarter is lower than the statutory tax rate of 25% mainly due to deferred tax recognised at lower tax rate for revaluation surplus on an investment property.

6. Sale of unquoted investments and / or properties

There were no sales of unquoted investments or properties outside the ordinary course of business during the current quarter and financial period ended 30 June 2010.

7. Marketable securities

a) Total purchases and sales of marketable securities:

	Current quarter to 30 June 2010 RM'000	Current year to 30 June 2010 RM'000
Total purchases	-	-
Total sales proceeds	70	3,428
Total profit on sale	-	-

b) Details of investment in marketable securities as at 30 June 2010:

	RM'000
At cost	2,409
At carrying value	2,980
At market value	2,980

8. Status of corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.

9. Borrowings and debt securities

The Group's borrowings are all denominated in Ringgit Malaysia except for a USD11.2 million term loan.
The details of the Group's borrowings as at 30 June 2010 are as follows:

	Current		**Non-current**	
	RM'000	**Foreign currency USD'000**	**RM'000**	**Foreign currency USD'000**
Term loans (secured)	172,243		75,000	
Term loan (unsecured)	7,046	540	139,160	10,665
Bonds (unsecured)	-		102,103	
Revolving credit (secured)	-		-	
Revolving credit (unsecured)	68,000		-	
Medium term note (unsecured)	-		25,435	
Bankers acceptance (unsecured)	17,304		-	
Bank overdraft (unsecured)	3,676		-	
Commercial paper (unsecured)	150,000		-	
Hire purchase creditors (secured)	777		1,003	
	419,046		342,701	

Finance cost of RM2.5 million arising from funds specifically borrowed for the acquisitions of freehold lands had been capitalised to property development costs during the financial period ended 30 June 2010.

10. Derivative Financial Instruments – Forward Foreign Currency Contracts

The outstanding forward foreign currency exchange contracts as at 30 June 2010 are as follows:

Type of Derivatives	Contract/ Notional value RM'000	Fair Value RM'000
Foreign Exchange Contracts		
- Less than 1 year	1,035	951
- 1 year to 3 years	-	-
- More than 3 years	-	-

Forward foreign currency exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of its export sales and imported purchases by establishing the rate at which foreign currency assets or liabilities will be settled.

These contracts are executed with credit-worthy/reputable financial institutions in Malaysia and as such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts is minimal.

The fair value of the forward foreign currency exchange contracts are subject to market risk. The fair value of the forward contracts may decline if the exchange rate of the underlying currency decreases.

There are no cash requirements for these derivatives.

Forward foreign currency exchange contracts are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

11. Fair value changes of financial liabilities

There are no financial liabilities measured at fair value through profit or loss as at 30 June 2010.

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12. Changes in material litigation

As at the date of this report, there were no changes in material litigation since the last statement of financial position date as at 31 December 2009.

13. Dividend

The directors do not recommend the payment of any interim dividend for the financial period ended 30 June 2010. No interim dividend was declared for the same period last year.

Shareholders at the Company's Annual General Meeting on 24 June 2010 approved a first and final dividend of 7.5% per share less 25% income tax in respect of the financial year ended 31 December 2009. Payment of this dividend amounting to RM26.8 million was made on 18 August 2010.

14. Earnings per share

	Current year quarter to 30 June 2010	**Preceding year quarter to 30 June 2009**	**Current year to 30 June 2010**	**Preceding year to 30 June 2009**
a) Basic				
Net profit attributable to equity holders of the Company (RM'000)	84,155	40,606	106,311	57,590
Weighted average number of ordinary shares in issue ('000)	476,393	476,378	476,393	476,378
Earnings per share (sen)	17.7	8.5	22.3	12.1
b) Diluted				
Net profit attributable to equity holders of the Company (RM'000)	84,155	40,606	106,311	57,590
Weighted average number of ordinary shares in issue ('000)	476,393	476,378	476,393	476,378
Adjustment for effect of dilution on warrants issued ('000)	84,262	40,050	87,624	16,087
Weighted average number of ordinary shares for diluted earnings per share ('000)	560,655	516,428	564,017	492,465
Diluted earnings per share (sen)	15.0	7.9	18.8	11.7

BY ORDER OF THE BOARD
BANDAR RAYA DEVELOPMENTS BERHAD

Ho Swee Ling
Company Secretary
Kuala Lumpur

27 August 2010