# TEBRAU TEGUH BERHAD
(Company No. 8256-A)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2012

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | **Current quarter 30.06.12 RM'000** | **Previous year corresponding quarter 30.06.11 RM'000** | **6 months ended 30.06.12 RM'000** | **6 months ended 30.06.11 RM'000** |
| Revenue | 46,626 | 27,827 | 58,679 | 63,396 |
| Cost of Sales | (42,641) | (27,250) | (54,395) | (61,703) |
| Gross Profit | 3,985 | 577 | 4,284 | 1,693 |
| Other operating income | (12) | 779 | 382 | 1,262 |
| Operating expenses | (1,789) | (1,406) | (2,995) | (2,638) |
| Profit from operations | 2,184 | (50) | 1,671 | 317 |
| Finance costs | (34) | (103) | (51) | (235) |
| Profit before taxation | 2,150 | (153) | 1,620 | 82 |
| Taxation (Note 19) | 57 | 271 | 151 | 462 |
| Profit for the period | 2,207 | 118 | 1,771 | 544 |
| Other comprehensive income net of tax | - | - | - | - |
| Total comprehensive income for the period | 2,207 | 118 | 1,771 | 544 |
| Profit and total comprehensive income attributable to : | | | | |
| Owners of the Parent | 2,207 | 118 | 1,771 | 544 |
| EARNINGS PER SHARE | | | | |
| Basic (sen) | 0.33 | 0.02 | 0.26 | 0.08 |
| Diluted (sen) | 0.33 | 0.02 | 0.26 | 0.08 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

# TEBRAU TEGUH BERHAD

(Company No. 8256-A)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

| | Unaudited as at 30.06.12 RM'000 | Audited as at 31.12.11 RM'000 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | 1,213 | 1,396 |
| Investment properties | 308 | 308 |
| Available-for-sale investment | 90 | 90 |
| Land held for future development | 188,916 | 188,916 |
| | 190,527 | 190,710 |
| **CURRENT ASSETS** | | |
| Development properties | 398,540 | 397,644 |
| Inventories | 274 | 547 |
| Trade and other receivables | 90,752 | 40,820 |
| Cash and bank balances | 21,168 | 37,825 |
| | 510,734 | 476,836 |
| **TOTAL ASSETS** | **701,261** | **667,546** |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | |
| Share capital | 334,864 | 334,864 |
| Reserves | 170,004 | 168,233 |
| Shareholders' equity | 504,868 | 503,097 |
| **NON-CURRENT LIABILITIES** | | |
| Long term borrowings | 1,378 | 341 |
| Deferred taxation | 118,829 | 119,056 |
| | 120,207 | 119,397 |
| **CURRENT LIABILITIES** | | |
| Trade and other payables | 67,985 | 41,194 |
| Short term borrowings | 8,128 | 3,858 |
| Tax payable | 73 | - |
| | 76,186 | 45,052 |
| **TOTAL LIABILITIES** | **196,393** | **164,449** |
| **TOTAL EQUITY AND LIABILITIES** | **701,261** | **667,546** |
| Net assets per share (RM) | 0.75 | 0.75 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

# TEBRAU TEGUH BERHAD

(Company No. 8256-A)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2012

| | **Share capital** | **Share premium** | **Accumulated losses** | **Total equity** |
|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Opening balance at 1 January 2012** | 334,864 | 225,821 | (57,588) | 503,097 |
| Total comprehensive income for the period | - | - | 1,771 | 1,771 |
| **Closing balance at 30 June 2012** | 334,864 | 225,821 | (55,817) | 504,868 |
| | | | | |
| **Opening balance at 1 January 2011** | 334,864 | 225,821 | (60,169) | 500,516 |
| Total comprehensive income for the period | - | - | 544 | 544 |
| **Closing balance at 30 June 2011** | 334,864 | 225,821 | (59,625) | 501,060 |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

# TEBRAU TEGUH BERHAD
(Company No. 8256-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 JUNE 2012

| | **6 months ended 30.06.12 RM'000** | **6 months ended 30.06.11 RM'000** |
|---|---|---|
| Profit/(Loss) before tax | 1,620 | 82 |
| Adjustment for : | | |
| Depreciation | 200 | 170 |
| Loss on assets written off | 1 | - |
| Change in fair value of investment properties | - | - |
| Loss on disposal of investment | - | 400 |
| Operating profit/(loss) before changes in working capital | 1,821 | 652 |
| Change in trade and other receivables | (49,778) | (16,126) |
| Change in trade and other payables | 27,310 | 9,049 |
| Change in property development cost | (896) | 428 |
| Change in inventories | 274 | - |
| **Cash flows from/(used in) operating activities** | **(21,269)** | **(5,998)** |
| Taxes refunded/(paid) | (677) | - |
| **Net cash generated from/(used in) operating activities** | **(21,946)** | **(5,998)** |
| Purchase of property, plant and equipment | (17) | (253) |
| Proceed from disposal of property, plant and equipment | - | - |
| **Net cash generated from/(used in) investing activities** | **(17)** | **(253)** |

# TEBRAU TEGUH BERHAD
(Company No. 8256-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 JUNE 2012

| | 6 months ended 30.06.12 RM'000 | 6 months ended 30.06.11 RM'000 |
|---|---|---|
| Repayment of term and bridging loan | (46) | (4,295) |
| Drawdown of bridging and overdraft loan | 5,423 | - |
| Repayment of obligations under finance leases | (71) | (63) |
| **Net cash generated from/(used in) financing activities** | **5,306** | **(4,357)** |
| Net increase/(decrease) in cash and cash equivalents | (16,657) | (10,608) |
| Cash and cash equivalents at beginning of year | 37,825 | 36,175 |
| **Cash and cash equivalents at the end of year** | **21,168** | **25,567** |
| | | |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 3,034 | 5,269 |
| Deposit with licensed banks | 18,134 | 20,298 |
| | **21,168** | **25,567** |

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the annual Audited Financial Statements for the year ended 31 December 2011.

NOTES TO THE $2^{ND}$ QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2012

## 1. BASIS OF PREPARATION

The interim financial statements are unaudited and have 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.

The interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011. 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 year ended 31 December 2011.

## 2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the Audited Financial Statements for the year ended 31 December 2011 except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations mandatory for annual periods beginning or after 1 January 2012.

**Effective for financial periods beginning on or after 1 July 2011**

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 14 : Prepayments of a Minimum Funding Requirements

**Effective for financial periods beginning on or after 1 January 2012**

Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
Amendments to FRS 7 : Transfer of Financial Assets
Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets
FRS 124 Related Party Disclosure

### 2.1 Standards and interpretations issued but not yet effective

At the date of these interim financial statements, the following revised FRSs and Interpretations and amendments to certain Standards and Interpretations were issued but not yet effective and have not applied, which are:

**Effective for financial periods beginning on or after 1 July 2012**
Amendments to FRS 101 : Presentation of Items of Other Comprehensive Income

**2.1 Standards and interpretations issued but not yet effective (cont'd)**

**Effective for financial periods beginning on or after 1 January 2013**

FRS 10 Consolidated Financial Statements
FRS 11 Joint Agreement
FRS 12 Disclosure of interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investment in Associate and Joint Ventures
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7 : Disclosure – Offsetting Financial Assets and Financial Liabilities

**Effective for financial periods beginning on or after 1 January 2014**

Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities

**Effective for financial periods beginning on or after 1 January 2015**

FRS 9 : Financial Instruments

**Malaysian Financial Reporting Standards ("MFRS")**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, The Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amount reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively against opening retained profits.

**3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The Auditors' Report of the financial statements of the Company and of the Group for the year ended 31 December 2011 was not subject to any qualification.

**4. SEASONAL OR CYCLICAL FACTORS**

The Group's business operations are not seasonal but cyclical in nature, which is dependent on the economic conditions in Malaysia.

**5. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence.

**6. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in previous quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have had a material effect in the current quarter.

**7. DEBTS AND EQUITY SECURITIES**

There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 December 2011.

**8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT**

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and long-term liabilities to be the key components in the group's capital structure. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as the total liabilities to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The Group's strategy is to maintain a gearing ratio of 30% to 50%.

The gearing ratios as at 30 June 2012 and 31 December 2011, which are within the Group's objectives for capital management, are as follows:-

| | **30/06/2012 RM'000** | **31/12/2011 RM'000** |
|---|---|---|
| Total liabilities | 196,393 | 164,449 |
| Total equity | 504,868 | 503,097 |
| Total capital | 701,261 | 667,546 |
| Gearing ratio | 39% | 33% |

The increase in the gearing ratio in the current quarter ended 30 June 2012 is due to increase in amount owing to subcontractors.

The details of the drawdown and the repayment of bank borrowings in the current quarter are as follows:

| | **Current year quarter 30/06/2012 RM'000** | **6 months cumulative to date 30/06/2012 RM'000** |
|---|---|---|
| a) Drawdown on new bank borrowings | 1,435 | 2,291 |
| b) Repayment of bank borrowings | (46) | (46) |

## 9. DIVIDENDS

No dividends are recommended, have been declared, or have been paid during the financial period ended 30 June 2012.

## 10. VALUATION OR PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2011.

## 11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the current quarter that have not been reflected in the quarterly financial statements.

## 12. GROUP COMPOSITION

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

## 13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Group has no contingent liabilities except for the following and as disclosed under Note 27 :

| | 30.06.12<br>RM'000 | 30.06.11<br>RM'000 |
|---|---|---|
| Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries | 90,550 | 90,550 |
| - Current Exposure | 5,725 | 524 |
| Performance bond issued by subsidiaries involved in construction activities | 29,350 | 29,350 |

## 14. OPERATING SEGMENTS

The following tables provide an analysis of the Group's revenue, results, assets and liabilities by business segments:-

| **As at 30 June 2012 RM'000** | Property Development | Construction | Property Management | Elimination | Consolidated |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue | 481 | 58,198 | - | | 58,679 |
| Inter-segment Sales | - | 1,856 | - | (1,856) | - |
| Total revenue | 481 | 60,054 | - | (1,856) | 58,679 |
| **RESULT** | | | | | |
| Segment results | (446) | 3,775 | (5) | (995) | 2,329 |
| Unallocated corporate expenses | | | | | (658) |
| Finance costs | | | | | (51) |
| **Profit before Tax** | | | | | **1,620** |

## 14. OPERATING SEGMENTS (CONT'D)

| **As at 30 June 2011 RM'000** | Property Development | Construction | Property Management | Elimination | Consolidated |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue | 1,839 | 61,557 | - | - | 63,396 |
| Inter-segment Sales | - | (48) | - | 48 | - |
| Total revenue | 1,839 | 61,509 | - | 48 | 63,396 |
| **RESULT** | | | | | |
| Segment results | 1,094 | 2,482 | - | (2,772) | 804 |
| Unallocated corporate expenses | | | | | (487) |
| Finance costs | | | | | (235) |
| **Profit before Tax** | | | | | **82** |

**ASSETS AND LIABILITIES**

| **As at 30 June 2012 RM'000** | Property Development | Construction | Property Management | Elimination | Consolidated |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Segment Assets | 595,631 | 99,136 | 27 | (98,192) | 596,602 |
| Investment Properties | | | | | 308 |
| AFS Investments | | | | | 90 |
| Unallocated corporate Assets | | | | | 104,261 |
| **Consolidated total assets** | | | | | **701,260** |
| **LIABILITIES** | | | | | |
| Segment Liabilities | (156,403) | (134,254) | (507) | 98,192 | (192,972) |
| Unallocated corporate liabilities | | | | | (3,421) |
| **Consolidated Total liabilities** | | | | | **(193,393)** |

## 14. OPERATING SEGMENTS (CONT'D)

| **As at 30 June 2011 RM'000** | Property Development | Construction | Property Management | Elimination | Consolidated |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Segment Assets | 599,339 | 83,990 | 233 | (102,021) | 581,541 |
| Investment Properties | | | | | 484 |
| AFS Investments | | | | | 90 |
| Unallocated corporate Assets | | | | | 104,428 |
| **Consolidated total assets** | | | | | **686,543** |
| **LIABILITIES** | | | | | |
| Segment Liabilities | (157,852) | (125,596) | (851) | 102,021 | (182,278) |
| Unallocated corporate liabilities | | | | | (3,205) |
| **Consolidated Total liabilities** | | | | | **(185,483)** |

## 15. REVIEW OF PERFORMANCE

(i) Comparison with the preceding quarter

a) Property Development

As of to date, the Group has not launched any new products as it is conducting value engineering to the proposed launched of its new apartment unit, the Botanica. Therefore the revenue from property for the past quarters were mainly derived from sales of the limited units available from its existing stocks.

b) Construction

During the quarter under review, the Group commenced works on a new contract awarded by Unit Perancang Ekonomi Negeri Johor amounting to RM154 million. Revenue from this contract and from its other existing contract works contributed to the significant increase in the construction revenue and profit thereof.

(i) Comparison with the previous corresponding quarter.

a) Property Development
As mentioned earlier, no new projects were launched during this year and existing stocks of unsold units were also very low. This resulted in the revenue derived from property development activities to reduce significantly.

b) Construction
The revenue generated from construction activities increased significantly due to the contribution from the site clearance and earthwork contract at Pengerang, Kota Tinggi which commenced works this quarter. Correspondingly, the gross profit had also increased.

## 16. PROSPECTS

In respect of property development activities, the Group is carrying out re-evaluation of The Botanica @ Bayu Puteri with a view of increasing its Gross Development Value and to maximise return and it is now targeting to be relaunched in the fourth quarter 2012. In addition the Group has entered into an agreement to sell two parcels of land at a profit of RM12 million. The Group has received the balance payment of the sale price in the third quarter 2012.

Prospect for the construction activity is also expected to be better. The balance of the RM303 million contracts awarded by the Johor State Secretary Incorporated in 2009 will also improve second half revenue and profit.

In January 2012, the Group was appointed by the Johor State Government to develop 413 acres of land known as Lot PTD 4589 and PTD 4590 Mukim Pantai Timur, Pengerang, Kota Tinggi, Johor. The land belongs to the State Government and is to be developed into a “Comprehensive Mixed Development” complementing the Petronas Refinery and Petrochemicals Integrated Development (Rapid). The project which is to be completed within 2 years will contribute significantly to future profits. Earthworks and site clearance contract valued RM154 million has since been received on 1 April 2012 and work has commenced and currently is 59% completed.

The Group expects to report improved revenue and net profit in the second half of 2012.

## 17. PROFIT FORECAST

The Group has not provided any profit forecast in a public document.

## 18. TAXATION

| | Current year quarter 30.06.2012 RM'000 | 6 months cumulative to date 30.06.2012 RM'000 |
|---|---|---|
| Current income tax : | | |
| Malaysian Income Tax | 44 | 74 |
| | | |
| Under/(Over) provision in prior year | - | - |
| Transfer to/(from) deferred taxation | (101) | (225) |
| | (57) | (151) |

## 19. UNQUOTED INVESTMENTS AND PROPERTIES

There were no purchases or sales of unquoted investments and properties for the current quarter and financial year to date.

## 20. QUOTED INVESTMENTS

There were no purchases or sale of quoted securities for the current quarter and financial year to date.

There were no investments in quoted securities as at the end of the current quarter.

## 21. STATUS OF CORPORATE PROPOSALS

Notice of Conditional Mandatory Take-Over Offer received from AmInvestment Bank Berhad ("AmInvest") on behalf of Iskandar Waterfront Holdings Sdn. Bhd. ("IWH" the "Offeror") on 13 June 2012. AmInvest on behalf IWH has issued an Offer Document on 3 July 2012. Following that, on 20 July 2012 AmInvest on behalf of the Offeror extended the closing date of the offer from 24 July 2012 to 8 August 2012 in accordance with the requirement of Section 26(1) of the Malaysian Code on Take-Overs and Mergers, 2010.

Following that, AmInvest announced that as at that day, Offer Shares for which acceptances of the Offer (which are complete and valid in all respects) have been reviewed by IWH from holders of Offer Shares ("Holders")(other than the persons acting in concert ("PACs"))after the posting date of the Offer Document on 3 July 2012 ("Posting Date") and up to 5.00 p.m (Malaysian time) on 8 August 2012, the level of acceptance for the offer as at the closing date is at 46.74%.

Upon completion of the Mandatory General Offer, Kumpulan Prasarana Rakyat Johor Sdn Bhd ("KPRJ") direct shareholding in Tebrau Teguh ("TT") will be reduced from approximately 41.15 interest to 8.0% whilst IWH will emerge as the one of substantial shareholder in TT with approximately 46.74% equity interest in TT.

## 22. BORROWING AND DEBT EQUITIES

Details of the Group's borrowings as at 30 Jun 2012 are as follows:

| | **Current RM'000** | **Non current RM'000** | **Total RM'000** |
|---|---|---|---|
| Contract Financing (secured) – Note 1 | 4,814 | - | 4,813 |
| Bridging loans (secured) – Note 2 | - | 1,113 | 1,113 |
| Hire purchase, leasing liabilities & bank overdraft | 3,113 | 265 | 3,378 |
| Total | 7,927 | 1,378 | 9,304 |

Note 1 : As at 30 June 2012, the facility of RM16 million has been fully drawdown from the Short Term Advance facility with Bank Kerjasama Rakyat Malaysia Bhd. The facility is being repaid through direct deduction from contract proceed and it is expected to be fully repaid by end of 2012.

Note 2 : As at 30 June 2012, RM1.1 million has been drawdown from the bridging facilities of RM32.2 million under the Bai 'Al Istisna with Bank Kerjasama Rakyat Malaysia Bhd. The facility will be repaid through the redemption from sale of development properties products.

## 23. REALISED AND UNREALISED PROFITS/LOSSES

The Group's realised and unrealised accumulated losses disclosure is as follows:

| RM'000 | For the quarter ended 30.06.2012 | For the year ended 31.12.2011 |
|---|---|---|
| Total accumulated losses of the Company and subsidiaries: | | |
| - Realised | (38,044) | (40,585) |
| - Unrealised | 1,142 | 1,142 |
| | | |
| Add: Consolidation adjustments | (18,915) | (18,145) |
| | | |
| Total Group accumulated losses | (55,817) | (57,588) |

## 24. PROFIT FOR THE PERIOD

| | Current quarter 30.06.2012 RM'000 | Preceding year quarter 30.06.2011 RM'000 | 6 months ended 30.06.2012 RM'000 | 6 months ended 30.06.2011 'RM'000 |
|---|---|---|---|---|
| Profit for the period is arrived at after crediting/(charging) : | | | | |
| Depreciation | (100) | (84) | (200) | (170) |
| Interest Expenses | (34) | (103) | (51) | (236) |
| Bad Debts written off | - | - | (15) | - |
| Interest Income | (29) | 130 | 237 | 363 |
| Provision for Development Cost Written Back | - | 667 | - | 1,000 |
| Other Income | 16 | 23 | 27 | 21 |

## 25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off-balance sheet financial instruments.

## 26. DERIVATIVES

a. There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 30 June 2012; and

b. The Group has not entered into a type of derivatives not disclosed in the previous financial year or any of the previous quarters under the current financial year.

## 27. MATERIAL LITIGATION

| Case No./Parties | Remarks and status |
|---|---|
| Johor Bahru High Court Civil Suit No. MT2-22-470-2009<br><br>Zulkifli bin Mohd Khair ("ZMK") (trading as AA Management) vs. Bayou Bay Development Sdn Bhd ("BBDSB"). | This legal case is in relation to a claim of RM4.6 million by ZMK in respect of payment for services rendered by ZMK via Joint Venture Agreement dated 14 May 2003. BBDSB has also counter claimed for a sum of RM575,078.20.<br><br>The trial has been conducted on 5-6 March 2012 and 4-5 April 2012. On 30 May 2012, the Johor Bahru High Court has given its decision that AAM entitled to the payment for services rendered and BBDSB is not entitled |

| Case No./Parties | Remarks and status |
|---|---|
| | to the counter claim.<br><br>BBDSB has on 27 June 2012 lodged a Notice of Appeal at the Johor Bahru. Currently, BBDSB is preparing its appeal for submission to the Court of Appeal.<br><br>The company solicitor is of the opinion that the company has a probable chance in its appeal at the Court of Appeal and accordingly no provision for any liability for the amount claimed by AAM has been made in these financial statement |

## 28. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 June 2012 (31 December 2011 : Nil).

## 29. EARNINGS PER SHARE

The basic earnings per share for the financial period has been calculated based on the Group's earnings after taxation and divided by the 669,727,143 ordinary shares of RM0.50 each in issue during the financial period.

## 30. STATUS OF JOINT VENTURE PROJECTS

Following is the status of the existing joint venture projects as at 30 June 2012:

| | Paradise Realty Sdn. Bhd. |
|---|---|
| Development Status<br>Total land area | 20.324 acres |
| % land under development | 94.63% |
| Joint Venture Consideration<br>Amount invoiced (RM'000) | 7,454 |
| Amount collected (RM'000) | (7,393) |
| Outstanding as at<br>30 June 2012 (RM'000) | 61 |

## 31. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 August 2012.