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| Condensed Consolidated Statement Comprehensive Income |

**Individual Quarter Cumulative Quarter**

**3 months ended 6 months ended**

**In RM’000 Note 30.6.2013 30.6.2012 30.6.2013 30.6.2012**

(unaudited) (unaudited)

Revenue 185,731 341,508 447,765 670,132

Expenses (167,034) (297,382) (418,229) (589,227)

Other operating income 14 32,049 10,688 66,960 22,670

Profit from operations 50,746 54,814 96,496 103,575

Finance cost (40,081) (35,520) (80,849) (47,371)

Share of results of associates 2,810 974 3,107 901

Share of results of jointly controlled

entities (362) (1,434) (559) (2,669)

Profit before tax 13,113 18,834 18,195 54,436

Income tax expense 15 (5,019) (8,615) (6,479) (15,617)

Profit for the financial period 8,094 10,219 11,716 38,819

Other comprehensive income

for the financial period, net of tax

- Currency translation differences (1,239) (124) (1,009) (359)

Total comprehensive income

for the financial year, net of tax 6,855 10,095 10,707 38,460

**Profit attributable to:**

Equity holders of the Company 5,809 5,157 11,061 27,312

Non-controlling interest 2,285 5,062 655 11,507

8,094 10,219 11,716 38,819

**Total comprehensive income for**

**the financial period, net of tax:**

Equity holders of the Company 4,936 5,033 10,358 27,062

Non-controlling interest 1,919 5,062 349 11,398

6,855 10,095 10,707 38,460

Earnings per share attributable to

the ordinary equity holders of the

Company (sen)

* Basic 23 0.42 0.37 0.80 1.97
* Diluted 23 0.42 0.37 0.80 1.97

***The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012***

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| Condensed Consolidated Statement of Financial Position |

**As at As at As at**

##### In RM’000 30.6.2013 31.12.2012 1.1.2012

**(**unaudited) (audited & (audited &

restated) restated)

##### ASSETS

##### Non-current assets

Property, plant and equipment 39,012 38,750 43,189

Investment properties 1,058,224 1,040,695 848,783

Land held for property development 751,983 620,904 734,135

Service concession asset - - 1,265,658

Associates 86,290 61,382 58,755

Jointly controlled entities 91,976 93,367 96,725

Long term loan and receivable 85,906 81,963 74,910

Available for sale financial assets 577 577 577

Intangible assets 74,888 74,888 76,886

Deferred tax assets 40,667 39,108 29,452

2,229,523 2,051,634 3,229,070

##### Current assets

Inventories 8,443 9,749 16,753

Properties development costs 347,613 481,761 408,497

Trade and other receivables 1,336,232 1,428,661 1,120,572

Amount due from jointly controlled entities 56 749 2,841

Tax recoverable 12,563 12,406 10,018

Financial assets at fair value through profit or loss 4,739 3,984 4,545

Deposits, cash and bank balances 540,112 644,201 616,188

2,249,758 2,581,511 2,179,414

Asset held for sale 1,321,672 1,321,672 -

##### TOTAL ASSETS 5,800,953 5,954,817 5,408,484

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| Condensed Consolidated Statement of Financial Position |

**As at As at As at**

##### In RM’000 30.6.2013 31.12.2012 1.1.2012

(unaudited) (audited & (audited &

restated) restated)

##### EQUITY AND LIABILITIES

##### Equity attributable to equity holders of the Company

Share capital 1,387,811 1,387,811 1,386,155

Accumulated losses (129,708) (140,769) (191,203)

Other reserves 167,710 166,744 176,818

1,425,813 1,413,786 1,371,770

Non-controlling interest 69,291 69,144 38,131

**Total equity** 1,495,104 1,482,930 1,409,901

##### Non-current liabilities

##### Loan stock at cost 7,000 14,845 14,354

Senior and Junior Sukuk - - 1,058,485

Long term borrowings 1,259,581 890,040 1,317,688

Long term liabilities 17,246 17,234 18,366

Deferred tax liabilities 50,098 51,221 46,869

1,333,925 973,340 2,455,762

##### Current liabilities

Trade payables 585,025 684,932 778,916

Other payables 254,728 269,288 298,866

Current tax liabilities 5,041 9,915 2,665

Senior and Junior Sukuk 1,058,467 1,058,471 -

Short term borrowings 953,663 1,360,941 352,231

Guaranteed return to a non controlling interest 115,000 115,000 110,143

2,971,924 3,498,547 1,542,821

**Total liabilities** 4,305,849 4,471,887 3,998,583

**TOTAL EQUITY AND LIABILITIES** **5,800,953** **5,954,817 5,408,484**

**Net assets per share attributable to the**

**equity holders of the Company (sen)** **102.7** **101.9 99.0**

***The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.***

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| Condensed Consolidated Statement of Cash Flows |

**6 months ended**

**In RM’000 30.6.2013 30.6.2012**

**(unaudited)**

**Operating activities**

Cash receipts from customers 764,272 539,591

Cash paid to suppliers and employees (703,615) (861,732)

Cash used in operations 60,657 (322,141)

Finance cost paid (841) (837)

Taxes paid (14,153) (12,186)

**Net cash generated from / (used in) operating activities** 45,663 (335,164)

**Investing activities**

Acquisition of equity investments (21,800) (4,644)

Disposal of equity investments - 150

Dividend received 85 159

Non-equity investments 3,720 5,154

**Net cash (used in)/ generated from investing activities** (17,995)819

**Financing activities**

Proceed from issue of share capital - 474

Dividend paid to equity holders - (20,796)

Proceeds from borrowings 142,113 419,944

Repayment of borrowings (180,112) (108,478)

Interest paid (93,759) (82,953)

(Placement) / withdrawal of restricted cash (11,662) 16,281

**Net cash (used in)/ generated from financing activities**  (143,420)224,472

Net decrease in cash and cash equivalent (115,752) (109,873)

Cash and cash equivalents at beginning of the financial year 397,815 371,076

**Cash and cash equivalent at end of financial period** 282,063261,203

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

Bank balances and deposits 540,112 490,034

Less: Bank balances and deposits held as security value (258,049) (228,831)

282,063 261,203

***The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012***

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| Condensed Consolidated Statement of Changes in Equity |

**Attributable to equity holders of the Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Non-**

Share Share Other Accumulated controlling Total

**In RM’000 Capital premium reserves \_\_\_\_\_\_losses Total interests equity**

**At 1 January 2013** 1,387,811 134,475 32,269 (136,354) 1,418,201 69,144 1,487,345

(as previously stated)

Prior year adjustments (Note 2) - - - (4,415) (4,415) - (4,415)

**At 1 January 2013 (restated)** 1,387,811 134,475 32,269 (140,769) 1,413,786 69,144 1,482,930

**Comprehensive income**

- Profit for the financial period - - - 11,061 11,061 655 11,716

**Other comprehensive income**

- Currency translation differences - - (703) - (703) (306) (1,009)

Total comprehensive income - - (703) 11,061 10,358 349 10,707

**Transactions with owners**

Employees’ share option scheme

- options granted - - 1,669 - 1,669 - 1,669

Dividends

- financial year ended

31 December 2013 - - - - - (202) (202)

Total transactions with owners - - 1,669 - 1,669 (202) 1,467

**At 30 June 2013** 1,387,811 134,475 33,235 (129,708) 1,425,813 69,291 1,495,104

**(unaudited)**

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| Condensed Consolidated Statement of Changes in Equity |

**Attributable to equity holders of the Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Non-**

Share Share Other Accumulated controlling Total

**In RM’000 Capital premium reserves \_\_\_\_\_\_losses Total interests equity**

**At 1 January 2012** 1,386,155 132,226 44,592 (186,788) 1,376,185 38,131 1,414,316

(as previously stated)

Prior year adjustments (Note 2) - - - (4,415) (4,415) - (4,415)

**At 1 January 2012 (restated)** 1,386,155 132,226 44,592 (191,203) 1,371,770 38,131 1,409,901

**Comprehensive income**

- Profit for the financial year - - - 60,122 60,122 31,045 91,167

**Other comprehensive income**

- Currency translation differences - - (166) - (166) (71) (237)

Total comprehensive income - - (166) 60,122 59,956 30,974 90,930

**Transactions with owners**

Issue of shares

- exercise of ESOS options 1,656 251 - - 1,907 - 1,907

Employees’ share option scheme

- options exercised - 1,998 (1,998) - - - -

- options lapsed - - (3,597) 3,597 - - -

- options rescinded - - (7,511) 7,511 - - -

- options extended - - 904 904 - 904

Acquisition of additional interest

in subsidiaries - - 45 - 45 99 144

Dividends

- financial year ended

31 December 2011 - - - (20,796) (20,796) - (20,796)

Profit distribution by a jointly

controlled entity

- financial year ended

31 December 2012 - - - - - (60) (60)

Total transactions with owners 1,656 2,249 (12,157) (9,688) (17,940) 39 (17,901)

**At 31 December 2012** 1,387,811 134,475 32,269 (140,769) 1,413,786 69,144 1,482,930

**(audited)**

***The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012***

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| Notes to the Interim Report |

1. **Basis of preparation**

The financial report has been prepared in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2012.

The accounting policies and methods of computation adopted for the financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2012, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

The Group will apply the following new standards, amendments to standard and interpretations that came into effect during the financial year under review:

* FRS 10 “Consolidated Financial Statements”
* FRS 11 “Joint Arrangement”
* FRS 12 “Disclosures of Interest in Other Entities”
* FRS 13 “Fair Value Measurement”
* The revised FRS 127 “Separate Financial Statements”
* The revised FRS 128 “Investments in Associates and Joint Ventures”
* Amendments to FRS 10, 11 & 12 “Consolidated Financial Statements, Joint

Arrangements and Disclosures of Interests in Others Entities: Transition Guidance”

* Amendment to FRS 101 “Presentation of Items of Other Comprehensive Income”
* Amendment to FRS 119 “Employee Benefits”

The above new standards, amendments to standard and interpretations do not have material effects on the Group’s financial result for the financial year under review nor the Group’s shareholders’ funds as at 30 June 2013 except for the Amendment to FRS 119.

Amendment to FRS 119 makes significant changes to the recognition and measurement of defined benefit pension expenses and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the Corridor Approach. FRS 119 has withdrawn the application of this amendment.

The effect of Amendment to FRS 119 is shown in Note 2, Changes in accounting policies.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2015.

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| Notes to the Interim Report |

2. **Changes in accounting policies**

During the current financial period, the Group made prior year adjustments relating to Amendment to FRS 119. Under the new standard, there is no recognition of actuarial gains and losses through the profit or loss. The accumulated unrecognized actuarial gains or losses would be recognized as retirement benefit reserve. All actuarial gains or losses arising in the future will be charged to Other Comprehensive Income.

The financial effects arising from the Group’s prior year adjustments are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | As previously | Prior year | As |
|  |  | Reported | adjustments | restated |
|  |  | RM'000 | RM'000 | RM'000 |
| **At 1 January 2012** | |  |  |  |
| **Statement of financial position** | |  |  |  |
| **Equity and liabilities** | |  |  |  |
|  | Accumulated losses | (186,788) | (4,415) | (191,203) |
|  | Long term liabilities | 13,951 | 4,415 | 18,366 |
| **At 31 December 2012** | |  |  |  |
| **Statement of financial position** | |  |  |  |
| **Equity and liabilities** | |  |  |  |
|  | Accumulated losses | (136,354) | (4,415) | (140,769) |
|  | Long term liabilities | 12,819 | 4,415 | 17,234 |

3. **Audit report of the preceding annual financial statements**

The audit report of the Group’s preceding annual financial statements was not subject to any qualification.

4. **Seasonal or cyclical fluctuations**

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the current financial period.

5. **Items of unusual nature, size or incidence**

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows.

6. **Material changes in estimates of amounts reported**

There were no changes in estimates of amounts reported in prior financial year that would have a material effect in the current financial period.

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| Notes to the Interim Report |

7. **Debt and equity securities**

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period.

8. **Dividends**

During the Company’s 42nd Annual General Meeting held on 20 June 2013, the shareholders of the Company had approved the payment of a first and final dividend in respect of the financial year ended 31 December 2012 comprising franked dividend of 0.4% or 0.4 sen per ordinary share less income tax of 25% and single tier dividend of 1.6% or 1.6 sen per ordinary share, amounting to RM26,368,397. The dividends were paid on 3 July 2013.

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| Notes to the Interim Report |

9. **Segmental reporting**

Engineering Property Infrastructure Investment

and development and Building holding

construction and investment environmental services and others Group RM’000 RM’000 RM’000 RM’000 RM’000 RM’000

**6 months ended 30.6.2013**

Total revenue 373,950 195,040 9,602 46,015 38 624,645

Inter-segment revenue (157,889) (6,165) - (12,826) - (176,880)

External revenue 216,061 188,875 9,602 33,189 38 447,765

Segment results 9,325 44,179 (1,069) 3,001 (19,208) 36,228

Interim payment from

Government 50,205

Finance income 10,063

Finance cost (80,849)

Share of results of jointly

controlled entities and

associates 4,253 (152) (1,553) - - 2,548

Profit before tax 18,195

**6 months ended 30.6.2012**

Total revenue 504,230 304,241 25,442 37,952 160 872,025

Inter-segment revenue (191,971) (4,040) - (5,882) - (201,893)

External revenue 312,259 300,201 25,442 32,070 160 670,132

Segment results 19,743 90,216 2,391 3,929 (18,831) 97,448

Finance income 6,127

Finance cost (47,371)

Share of results of jointly

controlled entities and

associates - (1,768) - - - (1,768)

Profit before tax 54,436

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| Notes to the Interim Report |

10. **Valuations of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

11. **Material events subsequent to the financial period**

There were no material events subsequent to the end of the financial period.

12. **Changes in the composition of the Group**

1. The Company had on 4 March 2013 acquired a 100% equity interest in Lotus Terrain Sdn. Bhd. (LTSB). LTSB was incorporated on 28 November 2012 with an authorised share capital of RM100,000 comprising 100,000 ordinary share RM1.00 each, out of which 2 shares have been issued and fully paid up. LTSB is presently a dormant company.
2. Ten (10) of the Company’s subsidiaries which were placed under members’ voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965 have been dissolved by the Companies Commission of Malaysia. These subsidiaries are Cheq Point Sdn Bhd, Harmonic Fairway Sdn Bhd, MR Enterprises Sdn Bhd, MR Management Sdn Bhd, MR Properties Sdn Bhd, MRCB Cahaya Mutiara Sdn Bhd, MRCB Energy International Sdn Bhd., Semasa ACE Urusharta Sdn Bhd, Seri Iskandar Utilities Corporation Sdn Bhd and MR-H Piling & Civil Engineering (M) Sdn Bhd.

13. **Contingent liabilities or contingent assets**

The Group’s contingent liabilities, which comprises trade and performance guarantees, amounted to RM199.4 million as at 30 June 2013 (as compared to RM255.2 million as at 31 December 2012). There are no material contingent assets to be disclosed.

14. **Other operating income**

The substantial increase was due to the Government’s interim payment commencing 1 May 2012 to reimburse the operating and maintenance expenses inclusive of finance costs in relation to the Eastern Dispersal Link Highway (EDL) project during the intervening period until final agreement is reached for the Government of Malaysia to take over the expressway.

No interim payments were recognized in preceding cumulative 2nd quarter ended 30 June 2012 as the same was only finalized in the preceding 3rd quarter ended 30 September 2012with payments backdated to 1 May 2012.

There was no other item of unusual nature in the other operating income in the current financial period.

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| Notes to the Interim Report |

15. **Income tax expenses**

**Individual Quarter Cumulative Quarter**

## In RM’000 3 months ended 6 months ended

**30.6.2013 30.6.2012 30.6.2013 30.6.2012**

In Malaysia

Taxation

- current year (7,232) (6,648) (10,181) (14,133)

- over provision in prior years 206 (2,603) 1,167 (2,335)

Deferred tax 2,007 636 2,535 851

(5,019) (8,615) (6,479) (15,617)

Taxation is provided mainly due to inability to effect group relief for losses of certain subsidiaries to set off against the taxable profits of other entities and also due to certain expenses being non tax deductible.

The deferred tax was mainly due to the net impact from reversal of deferred tax liabilities and some non deductible temporary differences as well as recognition of unabsorbed tax losses as deferred tax asset.

16. **Corporate Proposal**

The Company (MRCB) had on 8 February 2013 entered into the following Share Sale Agreements (SSA):-

1. Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd (NGD) for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as 70% equity interest in P.J Sentral Development Sdn Bhd (NGD Identified Subsidiaries SSA) for RM459 million;
2. Conditional share sale agreement with Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din and Datin Yasmin binti Mohamed Ashraff for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd (GHC) (GHC SSA) for RM250 million; and
3. Conditional share sale agreement with Hanif Ahmad bin Nisar Ahmad and Mohd Imran bin Mohamad Salim for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd (GGS) (GGS SSA) for RM20 million.

The above proposed acquisitions totaling RM729 million will be satisfied by a combination of cash of RM111 million and up to 398,709,678 new ordinary shares of RM1.00 each in MRCB (MRCB Shares) at RM1.55 per share, together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) of MRCB Shares issued.

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| Notes to the Interim Report |

16. **Corporate Proposal (continue)**

Simultaneous with the execution of the agreements, the Company had also entered into the following agreements:-

(i)     A right of first refusal and call option agreement with NGD to purchase the Options Assets comprising the entire issued and paid up share capital of the subsidiaries of NGD, namely Nilaitera Sdn Bhd and Projectmaju Sdn Bhd and the issued and paid up capital of other subsidiaries of NGD as may be incorporated from time to time or to be incorporated by NGD for the purpose of holding any land (s) / real property(ies) or carrying out property development for a period of three (3) years following the date of completion of the SSA.

(ii)     Profit guarantee agreement with Gapurna Sdn Bhd (GSB) wherein GSB unconditionally and irrevocably and jointly and severally guarantee to MRCB that the actual aggregate audited net profit after tax of GHC for the financial years ended (FYE) 2013 to FYE 2015 shall be collectively not less than RM50 million.

In addition to the above, the Company is also proposing to undertake the followings:-

(i)     To issue free warrants in the Company to all existing entitled shareholders of the Company on the basis of one (1) free warrant for every three (3) of the MRCB Shares held at an entitlement date to be determined later;

(ii)     To seek waiver from the Securities Commission Malaysia to undertake a mandatory take-over offer for the remaining MRCB Shares not already owned by NGD, the Employees Provident Fund Board and GSB as well as persons acting in concert with them;

By a letter dated 22 April 2013, NGD had served a notice to PKNS Holdings Sdn Bhd (PKNS) requesting PKNS to participate in the sale of the entire issued and paid up share capital of P.J Sentral Development Sdn Bhd to the Company.

On 3rd June 2013, the Company also entered into three (3) separate supplemental agreements to amend and vary certain clauses of the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA to allow the staggered completion of the acquisition of NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA.

On 19 June 2013, PKNS has filed writ of summons to NGD and the Company to refrain Parties from performing the NDG Identified Subsidiaries SSA (Legal Proceedings).

On 20 June 2013, the above Corporate Proposal was approved by the shareholders during the Extraordinary General meeting.

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| Notes to the Interim Report |

16. **Corporate Proposal (continue)**

On 22 August 2013, the Company announced that all the conditions precedent as set out in the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA have been fulfilled, met/or waived and became unconditional.

On the same day, Parties had agreed to further amend and vary the terms of the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA as follows:

1. To complete the acquisition of Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd (Remaining Subsidiaries) notwithstanding the deferment of completion of the proposed acquisition of 70% P.J Sentral Development as allowed under the Supplemental SSAs;
2. That the completion of Proposed Acquisitions of 70% P.J Sentral is conditional upon the achievement of the Legal Proceedings Resolution; and
3. The RM70 million completion adjustments attributable to the Targeted Lands as stipulated in the GHC SSA will be approximately RM61 million and RM9 million respectively for the 1st & 2nd Targeted Lands and the 3rd Targeted Land;
4. A moratorium undertaking by the vendors of GHC SSA for the consideration shares issued for the Targeted Lands and attributable to the P.J Sentral development construction contract until and unless (a) valid agreement(s)/ privatization agreement(s) has been signed or (b) the Legal Proceedings Resolution is obtained or has occurred, whichever shall be the earlier; and
5. The Company may unwind and terminate the above SSAs in the event that the Legal Proceedings Resolution is not achieved.
6. The Aggregate Guaranteed Profit for the Financial Year Ended (FYE) 2013 to FYE 2015 has been changed to FYE 2014 to FYE 2016.

Other than the above, there was no corporate proposal announced that is yet to be completed at the date of this report.

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| Notes to the Interim Report |

17. **Group borrowings**

The tenure of the Group borrowings classified as short and long terms are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **As at** |  | **As at** |
|  |  | **30.6.2013** |  | **31.12.2012** |
|  |  | **RM'000** |  | **RM'000** |
| **Secured** |  |  |  |  |
| Short term | | 2,007,130 |  | 2,414,412 |
| Long term |  | 1,259,581 |  | 890,040 |
|  |  |  |  |  |
| **Unsecured** | |  |  |  |
| Short term | | 5,000 |  | 5,000 |
| Total | | 3,271,711 |  | 3,309,452 |

The overall decrease of the Group borrowings was mainly due to repayment project loan via redemption payment by purchasers.

The Group’s secured short term loans mainly consist of:-

1. The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.278 billion which were obtained for the purpose of financing the construction of the EDL and has been classified as asset held for sale since last financial year;
2. Kuala Lumpur Sentral Lot G office towers project loan of RM380 million of which the office towers were completed in December 2012. The loan has been refinanced in August 2013 via a longer tenure loan matching the receipt of office towers sale proceeds.

The Group borrowings are all denominated in Ringgit Malaysia.

18. **Material litigation**

The Group is engaged in various litigations arising from its business transactions, the potential claims amounting to approximately RM67.8 million. The Board of Directors has been advised that reasonable defences exist on these claims and sufficient provision has been made by the Group. On this basis, the Board of Directors is of the opinion that the said litigations would not have a material effect on the financial position for the business of the Group.

On the other hand, the Group has also filed some claims, some of them are counter claims amounting to approximately RM6.0 million arising from its business transactions.

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| Notes to the Interim Report |

19. **Review of performance**

The Group recorded revenue and profit before taxation of RM447.8 million and RM18.2 million for the cumulative 2nd quarter ended 30 June 2013 as compared to RM670.1 million and RM54.4 million recorded in the preceding cumulative 2nd quarter ended 30 June 2012.

The lower revenue and profit before taxation recorded for the current cumulative quarter was mainly due to the revenue and the related profit recognition from the Kuala Lumpur Sentral Lot G office towers and hotel development sold on en-bloc in the preceding year cumulative quarter with construction duly completed in early 2013 whilst the current on-going development on Lot B (Q Sentral office) and Lot D (The Sentral Residences) which are on strata sales still at their early stage of construction.

20. **Variation of results against immediate preceding quarter**

The Group recorded revenue and profit before taxation of RM185.7 million and RM13.1 million for the current quarter ended 30 June 2013 as compared to RM262.0 million and RM5.1 million recorded in the preceding immediate quarter ended 31 March 2013.

The lower revenue reported for the current quarter was mainly due to the lower contribution from its engineering and construction division arising from the lower contribution from Kuala Lumpur Sentral projects and from infrastructure and environmental division due to completion of existing projects.

Despite the lower revenue recognized in the current quarter, higher profit before taxation of RM13.1 million was achieved compared to RM5.1 million recorded in immediate preceding quarter, mainly due to recognition of profit on finalization of successfully completed projects.

21. **Prospects**

With the completion of the acquisition from Nusa Gapurna Development Sdn Bhd which adds 23.4 acres of prime development land in the Klang Valley for the Group and together with the current unbilled sales of about RM1.4 billion from the existing development of The Sentral Residences and Q Sentral office, the Group is expected to be on track for further growth.

Also in anticipation of other land proposals as well as transportation and infrastructure development within the country, the Board is optimistic that the Group will have more development projects being rolled out in the near term.

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| Notes to the Interim Report |

22. **Variance on forecast profit/profit guarantee**

Not applicable.

23. **Earning per share (EPS)**

**Basic EPS**

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

**Individual Quarter Cumulative Quarter**

**3 months ended 6 months ended**

**30.6.2013 30.6.2012 30.6.2013 30.6.2012**

Net profit for the financial period

attributable to the owners of

the parent (RM’000) 5,809 5,157 11,061 27,312

Weighted average number of

ordinary shares in issue (‘000) 1,387,811 1,386,459 1,387,811 1,386,401

Basic Earnings Per Share (sen) 0.42 0.37 0.80 1.97

**Diluted Earnings Per Share**

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares issued during the current financial period were adjusted for the dilutive effects of all potential options over ordinary shares that were still in the market i.e. share options (ESOS) granted to employees.

Certain tranches of ESOS options were not included in the calculation because the market value of the issued ordinary shares as at 30 June 2013 was lower than the said option prices.

**Individual Quarter Cumulative Quarter**

**3 months ended 6 months ended**

**30.6.2013 30.6.2012 30.6.2013 30.6.2012**

Net profit for the financial period

attributable to the owners of

the parent (RM’000) 5,809 5,157 11,061 27,312

Weighted average number of

ordinary shares issued (‘000) 1,387,811 1,386,459 1,387,811 1,386,401

Adjustment for ESOS (‘000) 17 542 17 542

Weighted average number of 1,387,828 1,387,001 1,387,828 1,386,943

ordinary shares issued (‘000)

Diluted Earnings Per Share (sen) 0.42 0.37 0.80 1.97

|  |
| --- |
| Notes to the Interim Report |

24**. Breakdown of realised and unrealised profits or losses**

The breakdown of the accumulated losses of the Group as at 30 June 2013, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

|  |  |  |
| --- | --- | --- |
|  | Accumulated quarter ended 30.6.2013 (RM’000) | Accumulated quarter ended 31.12.2012 (restated)  (RM’000) |
| Total accumulated profit or losses: |  |  |
| * Realised | 20,733 | 22,255 |
| * Unrealised | (35,776) | (39,213) |
|  |  |  |
| Total share of accumulated profit from associates: |  |  |
| * Realised | 14,730 | 11,622 |
|  |  |  |
| Total share of accumulated losses from jointly controlled entities: |  |  |
| * Realised | (6,592) | (6,033) |
|  |  |  |
| Add: Consolidation adjustments | (122,803) | (129,400) |
|  |  |  |
| **Total Group accumulated losses** | **(129,708 )** | **(140,769)** |

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

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

## By Order of the Board

## Mohd Noor Rahim Yahaya

**Company Secretary**

**Kuala Lumpur**

**26 August 2013**