



**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

**NOTES (In compliance with FRS 134)**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). The interim financial report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 December 2011.

The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2011.

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

The Malaysian Accounting Standards Board (MASB) issued MFRS Framework on 19 November 2011.

The MFRS Framework is to be applied by all Entities other than Private Entities for financial year 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 are allowed to defer adoption of the MFRS Framework for two years until 31 December 2013. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for financial year beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the MFRS Framework until 31 December 2013. Accordingly, the Group will only be in compliance with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.



**2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the financial statements for the year ended 31 December 2011 was not subject to any qualification.

**3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The businesses of the Group are generally subject to cyclical changes of the general Malaysian economy.

**4. EXCEPTIONAL OR EXTRAORDINARY ITEMS**

There were no exceptional or extraordinary items for the current period.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates of amount reported in previous financial year that have a material effect in the current quarter.

**6. DEBTS AND EQUITY SECURITIES**

The Company has bought back a total of 139,900 ordinary shares of RM0.20 each in the current quarter. As at 30 September 2012, 5,449,700 ordinary shares of RM0.20 each were still retained as treasury shares in the Company.

The Company issued 109,100 new ordinary shares of RM0.20 each under the Employees' Share Option Scheme ("ESOS") for the current quarter ended 30 September 2012. As at 30 September 2012, a total of 1,197,700 new ordinary shares of RM0.20 each have been issued under the ESOS.

**7. DIVIDENDS PAID DURING THE PERIOD**

The final single tier dividend of 12.5% (or 2.5 sen) per share amounting to RM13,603,696 in respect of the financial year ended 31 December 2011 based on 549,405,066 ordinary shares of RM0.20 each less treasury shares, was paid on 16 July 2012.

For the financial year ending 31 December 2012, the first interim single tier dividend of 20% (or 4.0 sen) per share amounting to RM21,765,327 based on 549,442,966 ordinary shares of RM0.20 each less treasury shares, was paid on 15 August 2012.



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**8. SEGMENTAL INFORMATION**

The segmental analysis for the Group is as follows:-

	<b>9 MONTHS ENDED 30 SEPT 12 RM'000</b>	<b>9 MONTHS ENDED 30 SEPT 11 RM'000</b>
<b>REVENUE :</b>		
Construction	1,287,496	885,198
Manufacturing	36,056	43,765
Trading and Plant hiring	84,049	64,346
Property development	26,779	28,879
	<u>1,434,380</u>	<u>1,022,188</u>
Elimination of inter segment sales	(82,395)	(105,791)
Total Revenue	<u>1,351,985</u>	<u>916,397</u>
<b>RESULTS :</b>		
Construction	225,966	204,297
Manufacturing	1,411	5,343
Trading and Plant hiring	2,282	1,738
Property development	4,176	2,575
	<u>233,835</u>	<u>213,953</u>
Interest income	4,682	3,743
Foreign exchange gain/loss	9,668	(709)
Depreciation and amortization	(2,768)	(2,110)
ESOS expenses	(5,934)	-
Share of result of associate	(4,311)	(3,400)
	<u>235,172</u>	<u>211,477</u>
Income tax expenses	(13,532)	(16,924)
Profit from continuing operations	<u>221,640</u>	<u>194,553</u>

**9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The carrying amount of the property, plant and equipment is at cost less depreciation and impairment losses.



## **10. SUBSEQUENT EVENTS**

On 17 October 2012, Mudajaya Corporation Berhad (“MCB”), a wholly-owned subsidiary of the Company acquired 49,000 ordinary shares of RM1.00 each in MJC Development Sdn Bhd (“MJC Dev”), a company incorporated in Malaysia and also a subsidiary of MCB, representing 49% of the issue and paid-up share capital of MJC Dev not already owned by MCB, for a total cash consideration of Ringgit Malaysia Forty Nine Thousand (RM49,000) only. Pursuant to the Acquisition, the equity interest of MCB in MJC Dev increased from 51% to 100%, resulting in MJC Dev becoming a wholly-owned subsidiary of MCB.

## **11. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current period.

## **12. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the end of the current quarter.

## **NOTES (Pursuant to paragraph 9.22 of the Listing Requirements of BMSB)**

## **13. REVIEW OF PERFORMANCE**

The Group achieved revenue of RM1,352.0 million and profit before tax (“PBT”) of RM235.2 million for the nine months period ended 30 September 2012, as compared to RM916.4 million and RM211.5 million respectively for the previous corresponding period.

The increase in revenue and PBT were attributable to the following segments of the Group:-

Construction segment : The revenue of RM1,205.1 million in the nine months period ended 30 September 2012 increased substantially as compared to the previous corresponding period of RM781.8 million. This was mainly due to the delivery of major equipment components of the Equipment Procurement contract for the 4 x 360MW coal-fired power plant at Chhattisgarh, India. The PBT increased to RM227.3 million in the current period as compared to RM201.8 million in the previous corresponding period was mainly due to higher construction activities in the current period.

Manufacturing segment : The revenue and PBT decreased from RM42.3 million and RM5.3 million in the previous corresponding period to RM36.1 million and RM1.4 million respectively for the nine months period ended 30 September 2012. The manufacturing revenue and PBT for the nine months period ended 30 September 2012 were affected due to the disposal of the quarrying business at the end of last year.



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Trading segment : The nine months period ended 30 September 2012 reported revenue of RM84.0 million with RM2.3 million in PBT, as compared to RM63.5 million in revenue with RM1.7 million in PBT in the previous corresponding period. Revenue and PBT increased due to higher trading activities generated from sale of construction materials.

Property development segment : This segment reported revenue and PBT of RM26.8 million and RM4.2 million respectively for the nine months period ended 30 September 2012 as compared to revenue of RM28.9 million and PBT of RM2.6 million in the previous corresponding period. Even though the revenue reported for the nine months period ended 30 September 2012 has decreased as compared to the previous corresponding period but the PBT has increased as compared to the previous corresponding period, as a result of higher profit margin sales from new properties launches.

### **14. COMPARISON WITH PRECEDING QUARTER'S REPORT**

The Group achieved revenue of RM352.7 million and profit before tax (“PBT”) of RM63.3 million for the current quarter ended 30 September 2012, as compared to RM558.8 million and RM77.8 million respectively for the preceding quarter.

The changes in revenue and PBT were mainly attributable to the following segments of the Group:-

Construction segment : The segment reported revenue of RM293.2 million and PBT of RM60.0 million for the current quarter as compared to the preceding quarter of RM507.5 million and RM75.6 million. The higher revenue and PBT for the preceding quarter was mainly due to higher delivery of major equipment components of the Equipment Procurement contract for the 4 x 360MW coal-fired power plant at Chhattisgarh, India in the preceding quarter as compared to the current quarter.

Manufacturing segment : The revenue of RM13.3 million and PBT of RM0.5 million in the current quarter has improved as compared to the preceding quarter's revenue of RM12.0 million and PBT of RM0.2 million in the preceding quarter. This was mainly due to higher production level in the current quarter.

Trading segment : The segment reported revenue of RM35.9 million and PBT of RM0.9 million for the current quarter as compared to RM29.6 million and RM0.9 million respectively in the preceding quarter. The higher revenue reported in the current quarter was mainly due to higher demand for construction materials arising from the civil construction of the power plant projects in Manjung, Perak.

Property development segment : The segment reported revenue of RM10.3 million and PBT of RM1.8 million in the current quarter as compared to revenue of RM9.7 million and PBT of RM1.1 million in the preceding quarter. This was mainly due to new property launches for sale in the current quarter.



**15. PROSPECTS**

Despite the continuing global crisis affecting the European countries and the US, the construction sector in Malaysia looks promising. The Economic Transformation Programme (ETP) projects which include Mass Rapid Transit (MRT), power plants, highways and infrastructure projects should benefit the Group in the coming years.

Barring any unforeseen circumstances, the financial performance of the Group for 2012 is expected to be better than the previous financial year and the Group is confident in securing more projects.

**16. VARIANCE ON PROFIT FORECAST**

Not applicable.

**17. INCOME TAX EXPENSE**

	<b>CURRENT QUARTER ENDED 30 SEPT 2012 RM'000</b>	<b>CUMULATIVE PERIOD TO DATE ENDED 30 SEPT 2012 RM'000</b>
Current income tax:		
- Malaysian income tax	<u>2,473</u>	<u>13,532</u>

The Group's effective tax rate of 5.8% for the period to date is lower than the Malaysian statutory tax rate of 25% mainly due to reversal of tax over provided previously and foreign source income which is not subject to Malaysian taxation.

**18. STATUS OF CORPORATE PROPOSALS**

There were no outstanding corporate proposals as at the date of this report.

**19. GROUP BORROWING**

There were no outstanding bank borrowings as at the end of the current quarter.



## 20. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation as at the date of this report.

## 21. DIVIDEND

The Board of Directors has on 23 February 2012 recommended a final single tier dividend of 12.5% (or 2.5 sen) per share in respect of financial year ended 31 December 2011. The dividend book closure and payment dates were on 26 June 2012 and 16 July 2012 respectively. The above recommendations were approved by the shareholders at the AGM on 18 June 2012.

The Board of Directors has on 28 May 2012 declared a first interim single tier dividend of 20% (or 4.0 sen) per share in respect of financial year ending 31 December 2012. The dividend book closure and payment dates were on 23 July 2012 and 15 August 2012 respectively.

In addition, the Board of Directors has on 21 November 2012 declared a second interim single tier dividend of 12.5% (or 2.5 sen) per share in respect of financial year ending 31 December 2012. The dividend book closure and payment dates will be on 14 December 2012 and 11 January 2013 respectively.

As at to date, total dividend declared for the current financial year ending 31 December 2012 is equivalent to 32.5% (or 6.5 sen) per share of RM0.20 each.

## 22. BASIC EARNINGS PER SHARE

The 'Basic Earnings Per Share' and 'Diluted Earnings Per Share' for the current period and the comparative period are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the 'Weighted Average' and 'Adjusted Weighted Average' number of ordinary shares in issue during the period respectively, excluding treasury shares held by the Company.

	<b>CURRENT QUARTER ENDED 30 SEPT 2012</b>	<b>CUMULATIVE PERIOD TO DATE ENDED 30 SEPT 2012</b>
<u>Basic Earnings per share:-</u>		
(a) Profit for the period attributable to owners of the Company (RM'000)	55,255	189,895
(b) Weighted average number of ordinary shares ('000)	544,743	544,743
Basic Earnings per share (sen)	10.14	34.86



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	<b>CURRENT QUARTER ENDED 30 SEPT 2012</b>	<b>CUMULATIVE PERIOD TO DATE ENDED 30 SEPT 2012</b>
<u>Diluted Earnings per share:-</u>		
(a) Profit for the period attributable to owners of the Company (RM'000)	55,255	189,895
(b) Weighted average number of ordinary shares ('000)	544,743	544,743
Effect of dilution - ESOS ('000)	5,524	5,524
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	550,267	550,267
Diluted Earnings per share (sen)	10.04	34.51

**23. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE**

The breakdown of the retained profits of the Group as at 30 September 2012 into realised and unrealised profits is presented as follow:-

	<b>CUMULATIVE PERIOD TODATE ENDED 30 SEPT 2012 RM'000</b>
Total retained profits of the Group:-	
- Realised	1,095,596
- Unrealised	11,426
Share of result of associate:-	
- Realised	(7,180)
Less: Consolidated adjustments	(320,656)
Retained profits as per consolidated financial statements	779,186

**BY ORDER OF THE BOARD**

**CHAI MIN HON (MIA 11926)**  
Company Secretary

Petaling Jaya  
21 November 2012