



QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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 2012.

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 2012.

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 2012 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 1,157,900 ordinary shares of RM0.20 each in the current quarter. As at 31 March 2013, 6,928,300 ordinary shares of RM0.20 each were still retained as treasury shares in the Company.

The Company issued 64,900 new ordinary shares of RM0.20 each under the Employees' Share Option Scheme ("ESOS") for the current quarter ended 31 March 2013. As at 31 March 2013, a total of 1,492,800 new ordinary shares of RM0.20 each have been issued under the ESOS.

7. DIVIDENDS PAID DURING THE PERIOD

The second interim single tier dividend of 12.5% (or 2.5 sen) per share amounting to RM13,599,691 in respect of the financial year ended 31 December 2012 based on 549,744,366 ordinary shares of RM0.20 each less treasury shares, was paid on 11 January 2013.



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8. SEGMENTAL INFORMATION

The segmental analysis for the Group is as follows:-

| | 3 MONTHS ENDED 31 MAR 13 RM'000 | 3 MONTHS ENDED 31 MAR 12 RM'000 |
|------------------------------------|----------------------------------------------------|----------------------------------------------------|
| REVENUE : | | |
| Construction | 319,875 | 417,514 |
| Manufacturing | 13,158 | 10,792 |
| Trading | 34,078 | 18,499 |
| Property development | <u>14,305</u> | <u>6,826</u> |
| | 381,416 | 453,631 |
| Elimination of inter segment sales | <u>(3,565)</u> | <u>(13,140)</u> |
| Total Revenue | <u><u>377,851</u></u> | <u><u>440,491</u></u> |
| RESULTS : | | |
| Construction | 51,676 | 88,632 |
| Manufacturing | 1,200 | 725 |
| Trading | 962 | 470 |
| Property development | <u>2,529</u> | <u>1,333</u> |
| | 56,367 | 91,160 |
| Interest income | 1,796 | 1,001 |
| Foreign exchange gain/(loss) | (979) | 4,821 |
| Depreciation and amortization | (1,804) | (890) |
| ESOS expenses | (1,158) | (1,977) |
| Share of result of associate | (534) | (101) |
| Profit before tax | <u>53,688</u> | <u>94,014</u> |
| Income tax expenses | (2,172) | (4,688) |
| Profit from continuing operations | <u><u>51,516</u></u> | <u><u>89,326</u></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

There were no material events subsequent to the current quarter.



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11. CHANGES IN COMPOSITION OF THE GROUP

On 22 March 2013, Mudajaya Corporation Berhad (“MCB”), a wholly-owned subsidiary of the Company acquired 350,000 ordinary shares of RM1.00 each in Desiran Johan Sdn Bhd (“DJSB”), a company incorporated in Malaysia, representing 70% of the total issue and paid-up share capital of DJSB, for a total cash consideration of Ringgit Malaysia Three Hundred Fifty Thousand (RM350,000) only.

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 RM377.9 million and profit before tax (“PBT”) of RM53.7 million for the three months period ended 31 March 2013, as compared to RM440.5 million and RM94.0 million respectively for the previous corresponding period.

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

Construction segment : The revenue and PBT decreased to RM316.3 million and RM49.0 million in the three months period ended 31 March 2013 as compared to the previous corresponding period of RM404.4 million and RM91.5 million respectively. This was mainly due to lower delivery of equipment components of the Equipment Procurement contract for the 4 x 360MW coal-fired power plant at Chhattisgarh, India in the current quarter as compared to the previous corresponding quarter.

Manufacturing segment : The revenue and PBT increased from RM10.8 million and RM0.7 million in the previous corresponding period to RM13.2 million and RM1.2 million respectively for the three months period ended 31 March 2013. This was mainly due to higher volume of construction materials sold in the current quarter.

Trading segment : The three months period ended 31 March 2013 reported an increase in revenue and PBT to RM34.1 million and RM1.0 million respectively, as compared to RM18.5 million in revenue and RM0.5 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 RM14.3 million and RM2.5 million respectively for the three months period ended 31 March 2013 as compared to revenue of RM6.8 million and PBT of RM1.3 million in the previous corresponding period. The increase in sales and PBT reported for the 3 months period ended 31 March 2013 were mainly attributable to higher sales of new properties launched recently.



14. COMPARISON WITH PRECEDING QUARTER'S REPORT

The Group achieved revenue of RM377.9 million and profit before tax (“PBT”) of RM53.7 million for the current quarter ended 31 March 2013, as compared to RM303.7 million and RM48.9 million respectively for the preceding quarter.

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

Construction segment : The segment reported revenue of RM316.3 million and PBT of RM49.0 million for the current quarter as compared to the revenue of RM219.3 million and PBT of RM42.0 million preceding quarter mainly due to increase in construction activities in the current quarter.

Manufacturing segment : The revenue and PBT of RM13.2 million and RM1.2 million in the current quarter has improved as compared to the preceding quarter's revenue and PBT of RM12.7 million and RM1.0 million respectively. The higher revenue and PBT in the current quarter were mainly due higher production level in the current quarter.

Trading segment : The segment reported revenue of RM34.1 million and PBT of RM1.0 million for the current quarter as compared to RM53.4 million and RM1.6 million respectively in the preceding quarter. The lower revenue and PBT reported in the current quarter were mainly due to lower trading activities in the current quarter.

Property development segment : The segment reported revenue of RM14.3 million and PBT of RM2.5 million in the current quarter as compared to revenue of RM18.3 million and PBT of RM4.3 million in the preceding quarter. The sale of properties in the current quarter was partly affected by the cautious market sentiments.

15. PROSPECTS

The construction sector in Malaysia looks promising in the coming years as there will be many mega-infrastructure projects to be launched by the Government and the private sector.

The Group is well-placed to benefit from some of the proposed projects under the Economic Transformation Programme (“ETP”). The proposed ETP projects include Mass Rapid Transit Line 2 & Line 3, power plants, highways and infrastructure projects as well as Private Financing Initiative project for land swap.

Other than the local projects, the Group is also considering overseas opportunities especially in power and water-related projects.

Barring any unforeseen circumstances, the financial performance of the Group for 2013 is expected to be satisfactory.

16. VARIANCE ON PROFIT FORECAST

Not applicable.



17. INCOME TAX EXPENSE

| | CURRENT QUARTER ENDED 31 MAR 2013 RM'000 | CUMULATIVE PERIOD TO DATE ENDED 31 MAR 2013 RM'000 |
|------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------|
| Current income tax: | | |
| - Malaysian income tax | <u>2,172</u> | <u>2,172</u> |

The Group's effective tax rate of 4.0% for the period to date is lower than the Malaysian statutory tax rate of 25% mainly due to 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 18 February 2013 recommended a final single tier dividend of 12.5% (or 2.5 sen) per share of RM0.20 each in respect of financial year ended 31 December 2012. The dividend book closure and payment dates will be on 26 June 2013 and 16 July 2013. The above recommendations are subject to the shareholders' approval at the forthcoming Annual General Meeting.

The Board of Directors has on 21 May 2013 declared a first interim single tier dividend of 15% (or 3.0 sen) per share in respect of financial year ending 31 December 2013. The dividend book closure and payment dates will be on 19 July 2013 and 16 August 2013 respectively.

As at todate, total single tier dividend declared for the current financial year ending 31 December 2013 is equivalent to 15% (or 3.0 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.

| | CURRENT QUARTER ENDED 31 MAR 2013 | CUMULATIVE PERIOD TO DATE ENDED 31 Mar 2013 |
|----------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------|
| <u>Basic Earnings per share:-</u> | | |
| (a) Profit for the period attributable to owners of the Company (RM'000) | 42,108 | 42,108 |
| (b) Weighted average number of ordinary shares ('000) | 543,392 | 543,392 |
| Basic Earnings per share (sen) | 7.75 | 7.75 |
| <u>Diluted Earnings per share:-</u> | | |
| (a) Profit for the period attributable to owners of the Company (RM'000) | 42,108 | 42,108 |
| (b) Weighted average number of ordinary shares ('000) | 543,392 | 543,392 |
| Effect of dilution - ESOS ('000) | 9,965 | 9,965 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 553,357 | 553,357 |
| Diluted Earnings per share (sen) | 7.61 | 7.61 |



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23. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 31 March 2013 into realised and unrealised profits is presented as follow:-

| | CUMULATIVE PERIOD TODATE ENDED 31 MAR 2012 RM'000 |
|-----------------------------------------------------------|------------------------------------------------------------------------------|
| Total retained profits of the Group:- | |
| - Realised | 1,122,542 |
| - Unrealised | (962) |
| Share of result of associate:- | |
| - Realised | (7,150) |
| Less: Consolidated adjustments | <u>(259,527)</u> |
| Retained profits as per consolidated financial statements | <u>854,903</u> |

BY ORDER OF THE BOARD

CHAI MIN HON (MIA 11926)
Company Secretary

Petaling Jaya
21 May 2013