Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Second Quarter Ended 30 June 2013

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/06/2013 RM'000	**Preceeding Year Quarter (2) 30/06/2012 RM'000**	**Current Year To Date 30/06/2013 RM'000**	**Preceeding Year To Date (2) 30/06/2012 RM'000**
Revenue	234,272	247,797	448,675	446,144
Cost of sales	(212,589)	(220,336)	(404,898)	(398,482)
Gross profit	21,683	27,461	43,777	47,662
Other income	1,474	1,331	2,757	2,589
Selling and administrative expenses	(11,080)	(7,340)	(20,227)	(13,734)
Finance costs	(2,932)	(1,743)	(5,347)	(2,781)
Profit before tax	9,145	19,709	20,960	33,736
Income tax expense	(2,157)	(4,984)	(5,086)	(8,418)
Profit net of tax	6,988	14,725	15,874	25,318
Other comprehensive income	-	6	-	2
Total comprehensive income for the period	6,988	14,731	15,874	25,320
Profit attributable to :				
Owners of the Company	7,032	14,745	15,987	25,358
Non-controlling interests	(44)	(20)	(113)	(40)
	6,988	14,725	15,874	25,318
Earnings Per Share (RM)				
- Basic (3)	0.03	0.06	0.07	0.11
- Diluted (3)	N/A	N/A	N/A	N/A
Total comprehensive income attributable to :				
Owners of the Company	7,032	14,751	15,987	25,360
Non-controlling interests	(44)	(20)	(113)	(40)
	6,988	14,731	15,874	25,320

Notes:

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

(2) These comparative figures have been extracted consistently from the interim financial report for the quarter ended 30 June 2012 announced to Bursa Malaysia Securities Berhad in prior year.

(3) Please refer to Note B12 for details.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statements of Financial Position
As at 30 June 2013

	Unaudited As at 30/06/2013 RM'000	Audited As at 31/12/2012 RM'000
Assets		
Non- current assets		
Property, plant and equipment	144,031	128,275
Investment properties	327	327
Other investments	90	90
	144,448	128,692
Current assets		
Properties held for sale	380	850
Property Development costs	88,623	50,399
Inventories	24,585	22,153
Trade and other receivables	338,245	307,380
Other current assets	188,712	178,930
Cash and bank balances	40,537	44,727
	681,082	604,439
TOTAL ASSETS	825,530	733,131
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	1,084	2,368
Loans and borrowings	131,692	103,780
Trade and other payables	329,121	269,145
Other current liability	6,678	15,327
	468,575	390,620
Net current assets	212,507	213,819
Non-current liabilities		
Loans and borrowings	76,625	66,052
Deferred tax liabilities	738	1,199
	77,363	67,251
TOTAL LIABILITIES	545,938	457,871
Net assets	279,592	275,260
Equity		
Share capital	120,225	120,225
Share premium	37,798	37,798
Translation reserve	5	4
Retained earnings	121,341	116,896
Equity attributable to owners of the Company	279,369	274,923
Non-controlling interests	223	337
Total equity	279,592	275,260
TOTAL EQUITY AND LIABILITIES	825,530	733,131
Net Assets Per Share Attributable to owners of the Company (RM)	1.16	1.14

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 30 June 2013

	Current Year To Date 30/06/2013 RM'000	Preceeding Year To Date 30/06/2012 RM'000
Operating activities		
Profit before tax	20,960	33,736
Adjustment for :		
Unrealised foreign exchange loss/(gain)	159	(1,109)
Depreciation	9,293	3,616
Provision for doubtful debts	500	-
Bad debts	55	-
Gain on disposal of property, plant and equipment	(115)	(66)
Loss on disposal of properties held for resale	-	1
Transfer of fixed asset to Profit and Loss	-	56
Reversal of fixed asset from Profit and Loss	(20)	-
Interest expenses	4,290	1,985
Interest income	(307)	(461)
Operating cash flows before changes in working capital	34,815	37,758
Changes in working capital		
Development property	(38,224)	(28,528)
Inventories	(2,432)	(2,499)
Receivables	(37,108)	(66,168)
Other current assets	(5,705)	(35,327)
Payables	50,224	31,228
Other current liabilities	(8,649)	11,693
Cash flows used in operations	(7,079)	(51,843)
Interest paid	(4,290)	(1,985)
Tax paid	(6,831)	(5,003)
Interest received	307	461
Net cash flows used in operating activities	(17,893)	(58,370)
Investing activities		
Purchase of property, plant and equipment	(19,208)	(30,193)
Proceeds from disposal of property, plant & equipment	193	66
Proceeds from disposal of property held for resale	-	415
Purchase of property held for resale	-	(380)
Other deposits not for short-term funding requirements	(6)	-
Net cash flows used in investing activities	(19,021)	(30,092)
Financing activities		
Proceeds from issuance of shares	-	17,175
Share issuance expenses	-	(430)
Proceeds from loans and borrowings	7,702	59,953
Proceed from/(Repayment) of advance against progresive claims	5,931	-
Repayment to hire purchase creditors	(2,646)	(1,741)
Net cash flows from financing activities	10,987	74,957
Net decrease in cash and cash equivalents	(25,927)	(13,505)
Effects of exchange rate changes on cash and cash equivalents	132	74
Cash and cash equivalents at beginning of financial period	34,034	78,241
Cash and cash equivalents at end of financial period	8,239	64,810
the following:		
Cash and bank balances	40,537	65,230
Bank overdrafts (included within short term borrowings)	(32,292)	(420)
Other deposits not for short-term funding requirements	(6)	-
	8,239	64,810

Notes:

(1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 30 June 2013

	Attributable to owners of the parent						
	<----------------- Non-distributable		----------------->	Distributable			
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Sub-Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>YTD ended 30 June 2013</u>							
Balance At 1/1/2013	120,225	37,798	4	116,896	274,923	337	275,260
Total comprehensive income for the period	-	-	1	15,987	15,988	(114)	15,874
<u>Transactions with owner</u>							
Dividend payment (as detailed in Note B11)	-	-	-	(11,542)	(11,542)	-	(11,542)
At 30/6/2013	**120,225**	**37,798**	**5**	**121,341**	**279,369**	**223**	**279,592**
<u>YTD ended 30 June 2012 (2)</u>							
Balance At 1/1/2012	114,500	26,778	3	74,849	216,130	12.00	216,142
Total comprehensive income for the period	-	-	2	25,358	25,360	(40)	25,320
<u>Transactions with owner</u>							
Dividend payment (as detailed in Note B11)	-	-	-	(7,454)	(7,454)	-	(7,454)
Issuance of ordinary shares pursuant to private placement	5,725	11,450	-	-	17,175	-	17,175
Share issue expenses	-	(430)	-	-	(430)	-	(430)
At 30/6/2012	120,225	37,798	5	92,753	250,781	(28)	250,753

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements

(2) These comparative figures have been extracted consistently from the interim financial report for the quarter ended 30 June 2012 announced to Bursa Malaysia Securities Berhad in prior year.

NOTES TO THE REPORT

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARDS ("FRS") 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012.

The interim financial report contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group's audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs ("Amendments") and Issues Committee ("IC") Interpretations with effect from 1 January 2013:

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
Amendments to FRS 101: Presentation of Financial Statements
FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
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
Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards
Amendments to FRS 116: Property, Plant and Equipment
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS134: Interim Financial Reporting
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11: Joint Arrangements: Transition Guidance
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above FRSs, IC interpretations and Amendments do not have material impact on the financial statements of the Group.

The Group has not adopted the Malaysian Financial Reporting Standards (MFRS) in this interim financial report as the Group falls within the scope of IC Interpretation 15 Agreements for Construction of Real Estate, thereby the adoption of the MFRS will be deferred to annual periods beginning 1 January 2014.

A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2012.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of Unusual Nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year-to-date.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the financial year-to-date.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

A8. Dividend Paid

There was no payment of dividend during the financial year-to-date.

A9. Segmental Information

The Group is organized into the following operating segments:-

a) Construction;
b) Manufacturing of concrete products and trading of building materials;
c) Property development; and
c) investment

The segment revenue and results for the financial period ended 30 June 2013:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	357,287	89,504	1,775	109	0	448,675
Inter-segment sales	7,236	4,865	0	11,678	(23,779)	0
Total revenue	364,523	94,369	1,775	11,787	(23,779)	448,675
RESULTS						
Profit from operations	27,453	16,505	460	11,787	(12,428)	43,777
Other operating income						2,757
Selling and administrative expenses						(20,227)
Finance costs						(5,347)
Profit before tax						20,960
Income tax expense						(5,086)
Profit net of tax						15,874
Segment Assets	501,402	234,059	95,070	169,883	(174,884)	825,530
Segment Liabilities	324,512	179,029	91,345	11,744	(60,692)	545,938

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 30 June 2013 are as follows:-

	RM'000
Approved and contracted for	6,682

The capital commitment is mainly for the construction of the New Factories as defined in Note A12, the acquisition of plant and equipments for the New Factories, and moulds and passengers hoists required for our construction business.

A12. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM25.11 million, mainly incurred for the construction of 2 pre-cast components factories ("New Factories") in Negeri Sembilan, the purchase of plant & machinery for the New Factories, and moulds and concrete pump required for our construction business during the financial period-to-date.

A13. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the current financial quarter up to 22 August 2013, being the latest practicable date ("LPD") which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

A14. Changes in composition of the group

There were no changes in the composition of the Group during the financial year-to-date.

A15. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A16. Significant Related Party Transactions

The Group had the following transactions during the financial year-to-date with related parties in which certain directors of the Company have substantial financial interest:-

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 30 June 2013 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	30,180	12,692
Purchase of quarry products from a company in which the Company's directors, Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing have substantial financial interest	8,803	10,029

NOTES TO REPORT

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. Operating Segments Review

(a) Quarter 2 Financial Year Ending 31 December ("FY") 2013 vs Quarter 2 FY2012

The Group achieved revenues of RM234.27 million during the current quarter, which is 5.5% lower as compared to RM247.80 million registered in the previous year's corresponding quarter.

Profit after tax of the Group of RM6.99 million for the current quarter is RM7.73 million or 52.5% lower than the RM14.72 million achieved in the previous year's corresponding quarter.

(b) 6 Months Ended 30 June 2013 ("Current Period") vs 6 Months Ended 30 June 2012 ("LY Corresponding Period")

The Group achieved revenues of RM448.68 million during the Current Period, which is 0.6% higher as compared to RM446.14 million registered in LY Corresponding Period.

Profit after tax of the Group of RM15.87 million for the Current Period is RM9.45 million or 37.3% lower than the RM25.32 million achieved in LY Corresponding Period.

(c) Performance review

The construction division continued to be the main revenue contributor to the Group, attributing close to 80% of the current quarter's and Current Period's revenue. For the current quarter, construction revenue declined by RM35.13 million, or 15.7%, compared to last year's corresponding quarter, whereas for the Current Period, construction revenue declined by RM39.44 million, or 9.8% as compared to LY Corresponding Period. The decline in construction revenue in the current quarter and Current Period despite of large balance order book in hand was mainly due to:

(i) the revenue contribution from two large size projects during last year's corresponding quarter and LY Corresponding Period. The two projects contributed approximately RM70 million to the revenue of LY Corresponding Period and were substantially completed as at end of LY Corresponding Period; and

(ii) the construction activities of some new larger size projects secured during later part of 2012 and during the Current Period are either yet to reach their peak level or at early stage.

For the current quarter, manufacturing and trading revenue improved by RM27.61 million, or 107.6% from last year's corresponding quarter, whereas for the Current Period, manufacturing and trading revenue improved by RM50.61 million, or 115.7% as compared to LY Corresponding Period. The improvement in manufacturing and trading revenue in the current quarter and Current Period was mainly due to the recognition of revenue from the supply of segmental box girders ("SBG") and tunnel lining segments ("TLS") to the Klang Valley Mass Rapid Transit system ("KVMRT").

Following the soft launch of the Group's maiden SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor(the "Hyve") at end of year 2012, which is currently at early stage of construction, a small revenue was generated by the property development division in the current quarter and Current Period.

For the current quarter and Current Period, revenue of the investment division was derived from dividend income and interest income received from other divisions, and interest income generated from deposits placed with financial institutions.

The Group's gross profit margin declined from 11.1% in last year's corresponding quarter to 9.3% in the current quarter, and from 10.7% in LY Corresponding Period to 9.8% in Current Period, due to lower gross profit margin derived by the construction and manufacturing and trading divisions.

The construction division derived lower gross profit margin in the current quarter and Current Period mainly due to the following;

(i) lower revenue generated during the current quarter and Current Period which resulted in less efficient absorption of fixed overheads. In addition, depreciation and payroll costs increased by RM1.8 mil and RM3.5 million as compared to last year's corresponding quarter and LY Corresponding Period respectively. Additional recruitment and substantially capital expenditures on acquisition of machineries and equipment, setting up of casting yard during the second half of year 2012 and the Current Period to meet the anticipated larger volume of construction work ahead, in particular for the construction of high rise buildings resulted in higher payroll costs and depreciation; and

(ii) larger proportion of lower gross profit projects being carried out during the period.

Manufacturing and trading division derived lower gross profit in the current quarter and Current Period mainly due to significant revenue contribution from the lower profitability KVMRT SBG and TLS supply contracts during the current quarter and Current Period. The KVMRT SBG and TLS supply contracts began to contribute revenue to this division this year and had contributed more than 40% of the Current Period's revenue of this division.

In line with lower revenue and gross profit margin, gross profit of the Group declined by RM5.78 million and RM3.89 million for the current quarter and Current Period respectively.

The increase in Selling and administrative expenses were mainly due to the increase in carriage onward expenses in line with the increase in business activities of manufacturing and trading segment, and provision for bad and doubtful debts during the current quarter and current Period.

Higher financing costs were incurred during the current quarter and Current Period in tandem with the increased borrowings to finance the huge capital expenditures in relation to the construction and set up of the New Factories, acquisition of plant and equipment for our construction business, and to meet the working capital requirements of higher level of operation.

Consequential upon lower gross profit earned, higher selling and administrative expenses, as well as finance costs, the profit after taxation of the Group for the current quarter and Current Period declined by RM7.73 million and RM9.44 million respectively.

(c) Group Cash Flow Review

The Group experienced net operating cash outflow of RM17.89 million for the current quarter mainly due to:

(i) working capital commitment for the operation of the New Factories;

(ii) working capital commitment for the development of the Cyber Bistari (Hyve); and

(iii) working capital commitment for construction projects at early stage of construction. The Group will need to bear construction costs until a certain percentage or stage of completion before the Group can bill its customers, hence there will be temporary cash flow deficits;

Despite of the negative operating cash flow during the period, cash and cash equivalents of the Group stood at RM8.24 million as at 30 June 2013.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

The Group recorded a 9.3% or RM19.87 million growth in revenue in the current quarter as compared to the preceding quarter, attributable mainly to increases in revenue achieved by the construction division and the manufacturing and trading division by RM7.16 million and RM11.08 million respectively. The increase in revenue from manufacturing and trading division was mainly attributable to the increase in revenue from the supply of SBG and TLS to the KVMRT.

The Group's gross profit margin declined from 10.3% in the preceding quarter to 9.3% in the current quarter mainly due to lower gross profit margin derived by the construction division in the current quarter. Construction division derived lower gross profit in the current quarter mainly due to larger proportion of lower gross profit projects being carried out during the current quarter.

The Group's profit after taxation for the current quarter declined by RM1.90 million as compared to the preceding quarter in line with lower gross profit generated, increase in carriage onward in tandem with the increase in business activities of manufacturing and trading segment, and provision for bad and doubtful debts during the current quarter.

B3. Prospects For 2013

The Board foresees 2013 as an exciting year for the Group with likely growth in both construction and manufacturing and trading divisions on the back of estimated balance order book of approximately RM1.7 billion collectively as at 30 June 2013. The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2013, thus order book replenishment prospects remain encouraging.

Malaysian Construction Sector

The sector is projected to grow strongly by 11.2% in 2013 underpinned by on-going construction under the Economic Transformation Programme and vibrant housing construction activities. It is also expected to benefit from the implementation of construction projects under the Tenth Malaysia Plan.

Malaysian Government has allocated RM230 billion for development expenditure under the 10th Malaysia Plan. Out of the RM230 billion development expenditure, RM138 billion or 60% is aimed to expand physical development to be undertaken by the construction sector.

Amongst few major projects under the 10th Malaysia Plan which could benefit the Group in the medium to long term include:

(a) the construction of the KVMRT with a total length of about 150 km

The KVMRT is expected to comprise three separate lines serving a 20km radius footprint around the city centre. All three lines are envisaged to be operational by 2020. The first of the three lines, the Sungai Buloh - Kajang line (SBK line) is presently under construction. The second and third lines of KVMRT are currently under feasibility studies of the Land Public Transport Commission (SPAD).

In relation to the SBK line, SPC Industries Sdn Bhd (“SPC”), a wholly owned subsidiary of the Company was appointed as the designated supplier for the supply of SBG to certain packages for RM223 million over the period of approximately 40 months, and won the sales orders for the supply of precast concrete tunnel segment linings (“TLS”) for RM48.48 million over the period of approximately 24 months.

With the track record gained in the SBK line and Singapore MRT projects, coupled with additional production capacity on completion of the New Factory SPC will be in the position to compete for potential sales order from the second and third lines of KVMRT.

(b) the construction of affordable houses and public amenities such as hospitals and clinics. The Board believes that most, if not all of these projects will be constructed using IBS construction method having regards to the Malaysian Government’s policy that the content of IBS components in every new government project is to be increased to no less than 70% with effect from 31 October 2008, save for certain exceptions. Being one of the very few contractors with IBS design capabilities backed by pre-cast concrete manufacturing plant, the Group is in the position to take advantage on the roll out of these projects.

In addition, the vibrant developments in Iskandar Malaysia and PETRONAS' Refinery and Petrochemical Integrated Development (RAPID) project in Southern Johor are expected to create further demand for infrastructure and building construction services in Johor, the home base of the Group.

The residential sub-sector is expected to remain resilient supported by demand for housing in line with improving household income, accommodative financing and the Malaysian Government’s continuous support for home ownership.

Singapore Construction Sector

Singapore’s construction demand for 2013 is projected to reach between SGD26 billion and SGD32 billion as compared to $28 billion in 2012. The total construction output is projected to rise to between $31 billion and $33 billion in 2013 from $31 billion in 2012.

For 2013, about 53% of the demand is expected to come from the public sector. The higher public sector demand is due to the continued ramping up of public housing and rail construction. Other than public housing projects, major public sector projects likely to be awarded in 2013 include:

· Nanyang Technological University’s Undergraduate Halls of Residence;
· various construction contracts for the fully underground 30-km long Thomson MRT Line; and
- expansion of Kallang Paya Lebar Expressway / Tampines Expressway Interchange

SPC, as a supplier of pre-cast concrete products may benefit from the roll out of the above projects and the commencement of construction of an extra-high-voltage underground power transmission network which comprises a 35 km cable tunnel (“Underground Cable Tunnel”).

The construction contracts of the Underground Cable Tunnel were awarded to few international contractors late last year and the Group expects the supply order for TLS will be made by the winning contractors progressively in 2013. The Group has so far secured 2 TLS supply orders to this project.

The Group will continue to bid actively for construction projects and orders for pre-cast concrete products particularly for the supply of TLS to Underground Cable Tunnel, Singapore MRT and KVMRT projects.

As for its property development division, with the launch of the Hyve in Cyberjaya, Selangor with an estimated projected gross development value of more than RM200 million during this year, this division is expected to contribute positively to the revenue and profit of the Group.

The key challenges/risks for the Group include unexpected economic downturn, significant changes in Government spending policies, unfavourable raw material price movements, shortage in supply of labour unexpected problems or delays in the execution of projects, or additional measures to curb the property market.

Barring any unforeseen circumstances, the Board is confident that the Group’s business will further improve in 2013.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Profit Before Tax

The following items have been included in arriving at profit before tax:

		Current Quarter 3 months ended 30.6.2013 RM'000	Cumulative Quarter 6 months ended 30.6.2013 RM'000
(a)	interest income	1,201	2,335
(b)	other income including investment income	160	307
(c)	interest expense	2,932	5,347
(d)	depreciation and amortization	5,067	9,293
(e)	provision for and write off of receivables	555	555
(f)	provision for and write off of inventories	0	0
(g)	(gain) or loss on disposal of quoted or unquoted investments or properties	113	115
(h)	impairment of assets	0	0
(i)	foreign exchange (gain) or loss	222	592
(j)	gain or loss on derivatives	0	0
(k)	exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 30.6.2013 RM'000	Cumulative Quarter 6 months ended 30.6.2013 RM'000
In respect of the current period		
- Income tax	2,612	5,808
- Deferred tax	(192)	(565)
	2,420	5,243
In respect of prior year		
- Income tax	(261)	(261)
- Deferred tax	(2)	104
	2,157	5,086

The effective tax rate was higher than the statutory rate applicable to the Group for the current quarter as certain expenses were disallowed for tax deduction under tax regulations.

B7. Status of Corporate Proposals and Utilisation of Gross Proceeds

(a) There is no corporate proposal that has been announced by the Company but not completed as at the LPD.

(b) The Group had fully utilised the IPO proceeds of RM62.08 million as planned during the current quarter.

(c) The status of utilization of the gross proceeds from the Private Placement as at LPD is as follows:

Description	Estimated timeframe for utilisation from the receipt of the proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	%	Explanation
Development and incidental expenditure of the Group's existing land bank, and purchase consideration, development and incidental expenditure of new land to be acquired by the Group	Within 18 months	13,000	7,881	5,119	39.4%	(1)
Purchase of a parcel of industrial land	Within 12 months	2,800	2,800	0	0%	
Working capital	Within 18 Months	935	935	0	0%	
Expenses incidental to the Private Placement	Within 1 month	440	440	0	0%	
Total Proceeds		17,175	12,056	5,119		

Note:-

(1) Private Placement proceeds will be utilized within the estimated timeframe. The Group does not expect any material deviation as at the date of this report.

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 30 June 2013 are as follows:

	RM'000
Long term borrowings	
Secured:	
Hire purchase creditors	13,467
Term loans	63,158
	76,625
Short term borrowings	
Secured:	
Bank overdraft	32,292
Hire purchase creditors	4,351
Bankers' acceptance	71,253
Advance against progressive claim	21,209
Term loans	2,587
	131,692

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Realised and Unrealised Profits

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	Group 30.6.2013 RM'000	**Group 31.12.2012 RM'000**
Total retained earnings		
- Realised	122,489	117,222
- Unrealised	533	320
	123,022	117,542
Less : Consolidation adjustments	(1,681)	(646)
Total Group retained earnings as per consolidated accounts	121,341	116,896

B11. Dividends

(a) A final single-tier dividend of 4.8 sen per share in respect of the financial year ended 31 December 2012 was approved by the shareholders at the Annual General Meeting held on 19 June 2013. The dividend was paid on 28 August 2013.

(b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 June 2012.

(c) Dividend declared during the previous year's corresponding period:

A final single-tier dividend of 3.1 sen per share in respect of the financial year ended 31 December 2011.

B12. Earnings Per Share ("EPS")

Basic EPS are calculated by dividing the profit attributable to equity holder of the Group by the number of ordinary shares in issue during the financial period as follow:

	Current Quarter Ended		**Year to-Date Ended**	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**
Profit attributable to equity holder of the Group (RM'000)	7,032	14,745	15,987	25,358
Number of ordinary shares in issue ('000)	240,450	236,172^	240,450	236,172^
Basic earnings per share (RM)	0.03	0.06#	0.07	0.11#

The diluted earnings per share are not shown as there were no dilutive instruments as at balance sheet date.

^: Weighted average ordinary shares in issue
#: Had the EPS been computed based on the number of ordinary shares in issue of 240.45 million shares, the EPS for preceding year quarter 30 June 2012 and preceding year to-date ended 30 June 2012 would be RM0.06 and RM0.11 respectively.