

MALTON

Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT
30 SEPTEMBER 2013**

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 30 SEPTEMBER 2013

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MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013

(These figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Revenue	91,107	78,052	91,107	78,052
Operating Expenses	(86,221)	(66,031)	(86,221)	(66,031)
Other Operating Income	4,453	2,881	4,453	2,881
Finance Costs	(4,181)	(3,676)	(4,181)	(3,676)
Share in Results of Associated Companies	846	157	846	157
Profit before Taxation	6,004	11,383	6,004	11,383
Taxation	(1,941)	(2,942)	(1,941)	(2,942)
Net Profit for the Period	4,063	8,441	4,063	8,441
Other Comprehensive Income				
Change in fair value of available-for-sale financial assets	(299)	289	(299)	289
	3,764	8,730	3,764	8,730
Attributable to:				
Owners of the Company	4,063	8,441	4,063	8,441
Non-Controlling Interests	-	-	-	-
Net Profit for the Period	4,063	8,441	4,063	8,441
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	0.97	2.02	0.97	2.02
Fully Diluted	1.01	1.80	1.01	1.80

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD
(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30.09.2013 RM'000	Audited As At 30.06.2013 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	8,884	9,271
Investment Properties	45,945	45,045
Land held for Property Development	214,014	208,810
Investment in Associated Companies	7,276	6,430
Other Investments	1,091	1,390
Deferred Tax Assets	2,767	2,791
Other Receivable	16,318	16,032
	<u>296,295</u>	<u>289,769</u>
Current Assets		
Property Development	86,441	101,524
Inventories	124,887	117,069
Trade Receivables	120,189	140,065
Accrued Billings	4,855	19,168
Amount due from contract customer	3,594	2,641
Other Receivables and Prepaid Expenses	392,691	235,079
Tax recoverable	11,465	11,464
Short term funds	6,180	1,067
Fixed Deposits with Licensed Banks	7,193	9,691
Cash and Bank Balances	109,513	79,220
	<u>867,008</u>	<u>716,988</u>
TOTAL ASSETS	<u>1,163,303</u>	<u>1,006,757</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share Capital	418,104	418,104
Share Premium	6	6
Other Reserves	25,187	25,486
Retained Earnings	172,891	168,828
	<u>616,188</u>	<u>612,424</u>
Non-Controlling Interests	-	-
Total Equity	<u>616,188</u>	<u>612,424</u>
Non-Current Liabilities		
RCSLS - Liability component	105,185	103,669
Redeemable Preference Shares	3,000	-
Bank Borrowings	210,317	50,043
Hire-Purchase Payables	1,237	1,419
Deferred Tax Liabilities	5,799	5,799
	<u>325,538</u>	<u>160,930</u>
Current Liabilities		
Trade Payables	139,644	138,060
Advance Billings	13,478	17,215
Other Payables and Accrued Expenses	22,613	21,873
RCSLS - Liability component	11,524	11,524
Bank Borrowings	29,196	38,526
Hire-Purchase Payables	727	720
Tax Liabilities	4,395	5,485
	<u>221,577</u>	<u>233,403</u>
TOTAL EQUITY AND LIABILITIES	<u>1,163,303</u>	<u>1,006,757</u>
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	<u>1.47</u>	<u>1.46</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

(These figures have not been audited)

	Attributable to Owners of the Company							Distributable	Non-Controlling Interests	Total
	Share Capital	RCCLS Equity Component	Share Premium	Available-for-sale Reserve	Warrant Reserve	Revaluation Reserve	Option Reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.7.2012	418,104	3,378	6	(873)	20,546	2,065	190	143,894	-	587,310
Total comprehensive income	-	-	-	-	-	-	-	8,441	-	8,441
Balance as at 30.9.2012	418,104	3,378	6	(873)	20,546	2,065	190	152,335	-	595,751
Balance as at 1.7.2013	418,104	3,378	6	(693)	20,546	2,065	190	168,828	-	612,424
Total comprehensive income	-	-	-	(299)	-	-	-	4,063	-	3,764
Balance as at 30.9.2013	418,104	3,378	6	(992)	20,546	2,065	190	172,891	-	616,188

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

(These figures have not been audited)

	30.09.2013 RM'000	30.09.2012 RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	6,004	11,383
Adjustments for :		
Finance costs	4,181	3,676
Write off of:		
Development expenditure	45	45
Share in results of associated companies	(846)	(157)
Depreciation of property, plant & equipment	511	508
Impairment loss on other investment	-	69
Reversal of provision for foreseeable loss	(7)	(125)
Gain on fair value changes of investment properties	(900)	-
Distribution income on short term funds	(118)	(819)
Gain on disposal of property, plant & equipment	-	(26)
Interest income	(2,891)	(1,234)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>5,979</u>	<u>13,320</u>
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease:		
Property development - current portion	15,359	90,543
Inventories	(7,818)	(90,367)
Receivables	(137,707)	(32,921)
Accrued billings	(953)	-
Amount owing by contract customers	14,314	(430)
Increase/(Decrease) in:		
Payables	(1,456)	(7,833)
CASH USED IN OPERATIONS	<u>(112,282)</u>	<u>(27,688)</u>
Income tax paid net of refund	(3,008)	(4,746)
NET CASH USED IN OPERATING ACTIVITIES	<u>(115,290)</u>	<u>(32,434)</u>
INVESTING ACTIVITIES		
Interest received	2,577	1,234
Distribution income from short term funds received	118	819
(Increase)/Decrease in:		
Property development - non-current portion	(3,178)	(2,292)
Short term funds	(5,113)	43,182
Proceeds from disposal of property, plant and equipment	1	26
(Placement)/Withdrawal of fixed deposit	(3)	5
Addition to property, plant & equipment	(170)	(152)
NET CASH FROM INVESTING ACTIVITIES	<u>(5,768)</u>	<u>42,822</u>
FINANCING ACTIVITIES		
Finance costs paid	(4,959)	(3,276)
Proceeds from long-term loan	175,000	-
Proceeds from issuance of redeemable preference shares in a subsidiary company	3,000	-
Repayment of borrowings	(14,726)	(180)
Repayment of hire purchase payables	(175)	(158)
NET CASH (USED IN)/ FROM FINANCING ACTIVITIES	<u>158,140</u>	<u>(3,614)</u>
Net increase/(decrease) in cash and cash equivalents	37,082	6,774
Cash and cash equivalents at the beginning of the period	62,017	65,770
Cash and cash equivalents at the end of the period	<u>99,099</u>	<u>72,544</u>
Cash and cash equivalents comprise the followings :		
Fixed deposits net of amounts pledged	4,500	14,731
Cash and bank balances	96,795	57,841
Bank overdrafts	(2,196)	(28)
	<u>99,099</u>	<u>72,544</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1 Accounting Policies and Method of Computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2013.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual audited financial statements for the financial year ended 30 June 2013.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") had issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, within which the MFRS Framework is mandatory to be adopted by the TEs. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year. Therefore, the mandatory adoption date of the MFRS Framework for TEs has been extended from annual periods beginning on or after 1 January 2014 to annual periods beginning on or after 1 January 2015.

The Group being a TE has availed itself of these transitional arrangements and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 June 2016, being the first set of financial statements prepared in accordance with new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The following FRS and IC Interpretation have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendment to Government Loans) ¹
FRS 1	First-time Adoption of Financial Reporting Standards (Amendment to Improvements to FRSs (2012)) ¹
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities) ¹
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ³
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ³
FRS 10	Consolidated Financial Statements ¹

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FRS 10	Consolidated Financial Statements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) ¹
FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities) ²
FRS 11	Joint Arrangements ¹
FRS 11	Joint Arrangements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) ¹
FRS 12	Disclosures of Interests in Other Entities ¹
FRS 12	Disclosures of Interests in Other Entities (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) ¹
FRS 12	Disclosures of Interests in Other Entities (Amendments relating to Investment Entities) ²
FRS 13	Fair Value Measurement ¹
FRS 101	Presentation of Financial Statements [Improvements to FRSs (2012)] ¹
FRS 116	Property, Plant and Equipment [Improvements to FRSs (2012)] ¹
FRS 119	Employee Benefits (2011) ¹
FRS 127	Separate Financial Statements (2011) ¹
FRS 127	Separate Financial Statements (2011) (Amendments relating to Investment Entities) ²
FRS 128	Investments in Associates and Joint Ventures (2012) ¹
FRS 132	Financial Instruments: Presentation [Amendment relating to Improvements to FRSs (2012)] ¹
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ²
FRS 134	Interim Financial Reporting [Amendment to Improvements to FRSs (2012)] ¹
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ Effective for annual periods beginning on or after January 1, 2013

² Effective for annual periods beginning on or after January 1, 2014

³ Effective for annual periods beginning on or after January 1, 2015

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The directors anticipate that abovementioned FRSs and IC Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these FRSs and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

2 Audit Report

The auditors' report on preceding year's annual financial statements of the Company and of the Group was not qualified.

3 Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

4 Unusual Items

There were no material items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

5 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6 Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter.

7 Dividend Paid

There were no dividends paid during the quarter under review.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

8 Segmental Reporting

a) Analysis by business segments for the period ended 30 September 2013:

	Property development	Construction & project management	Property trading	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External Sales	35,225	53,262	2,443	177		91,107
Internal Sales	-	4,191	-	1,032	(5,223)	-
	<u>35,225</u>	<u>57,453</u>	<u>2,443</u>	<u>1,209</u>	<u>(5,223)</u>	<u>91,107</u>
Results						
Segmental operating profit/(loss)	<u>4,001</u>	<u>5,001</u>	<u>478</u>	<u>(2,903)</u>	<u>(247)</u>	<u>6,330</u>
Interest and distribution income						<u>3,009</u>
Profit from operations						<u>9,339</u>
Finance costs						<u>(4,181)</u>
Share in results of associated companies						<u>846</u>
Profit before tax						<u>6,004</u>
Income tax expense						<u>(1,941)</u>
Net profit for the period						<u><u>4,063</u></u>

b) Analysis by business segments for the period ended 30 September 2012:

	Property development	Construction & project management	Property trading	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External Sales	42,133	29,304	6,442	173		78,052
Internal Sales	-	1,235	-	1,064	(2,299)	-
	<u>42,133</u>	<u>30,539</u>	<u>6,442</u>	<u>1,237</u>	<u>(2,299)</u>	<u>78,052</u>
Results						
Segmental operating profit/(loss)	<u>8,890</u>	<u>2,958</u>	<u>2,510</u>	<u>(3,624)</u>	<u>2,115</u>	<u>12,849</u>
Interest and distribution income						<u>2,053</u>
Profit from operations						<u>14,902</u>
Finance costs						<u>(3,676)</u>
Share in results of associated companies						<u>157</u>
Profit before tax						<u>11,383</u>
Income tax expense						<u>(2,942)</u>
Net profit for the period						<u><u>8,441</u></u>

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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9 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the annual financial statements for the financial year ended 30 June 2013.

10. Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the current quarter ended 30 September 2013 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in the Composition of the Group

There were no material changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the Group for the quarter under review.

12 Contingent Liabilities

As at this reporting date, the Group does not have any material contingent liabilities.

13 Significant Related Party Transactions

The significant transactions with entities in which certain Directors of the Company are also Directors are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2013 RM'000	Preceding Year Corresponding Quarter 30.9.2012 RM'000	Current Year To-Date 30.9.2013 RM'000	Preceding Year Corresponding Year To-Date 30.9.2012 RM'000
Rental paid/payable to:				
Pavilion REIT #	535	535	535	535
Purchase of gifts and hampers				
Crabtree & Evelyn (Malaysia) Sdn Bhd	5	-	5	-

Pavilion REIT is managed by Pavilion REIT Management Sdn Bhd, a company in which certain Directors of the Company have directorships.

14 Capital Commitments

There is no outstanding capital commitment as at the end of the current quarter.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

1 Review of Performance

Under the 2014 Budget and the recent Bank Negara Malaysia's new guidelines on lending to property sectors, several measures have been announced by the Government to curb excessive property speculations. These cooling measures may post potential downside risks for the property sectors. The Malaysian economy recorded stronger growth of 5.0% in the third quarter of 2013 as compared to 4.3% recorded in the second quarter of 2013.

The Group's revenue for the current quarter improved by 16.6% to RM91.1 million as compared to RM78.1 million reported in the previous corresponding quarter while pre-tax profit for the current quarter decreased to RM6.0 million as compared to RM11.4 million reported in the previous corresponding quarter. Revenue from the property development division which was mainly contributed by the on-going projects namely Nova Saujana in Subang and The Cantonment in Penang was lower as compared to the previous corresponding quarter due to higher billings from the completion of Phase 2 of the commercial property project known as V Square @ PJ City Centre in September 2012. Profit from the property development division declined as compared to the previous corresponding quarter mainly due to higher profits registered in the previous corresponding quarter upon completion of Phase 2 of the V Square @ PJ City Centre project which enjoyed better margins. Revenue and profit from the construction and project management division showed an increase in current quarter due to contribution from new contracts secured as compared to previous corresponding quarter.

The share of results of associated companies during the quarter improved marginally to RM0.8 million as compared to profit RM0.2 million reported in the previous corresponding quarter.

2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The Group's revenue decreased to RM91.1 million for the current quarter as compared to RM130.0 million for the immediate preceding quarter. The 29.9% decline was mainly attributed to lower billings from the Nova Saujana project in Subang during the current quarter under review as compared to higher billings from the same project in the preceding quarter since it was launched in March 2013 and the completion of Amaya Maluri in Cheras in August 2013, under the property development division as well as lower billings from external construction projects. The Group recorded a pre-tax profit of RM6.0 million for the current quarter as compared to the pre-tax profit of RM23.3 million for the immediate preceding quarter. The lower pre-tax profit for the current quarter was mainly due to projects completion and costs incurred for projects pending launch offset to a certain extent by increase in the share of results of associated companies in current quarter compared to the preceding quarter.

3 Prospects for the current Financial Year Ending 30 June 2014

The Malaysian economic prospects and business fundamentals are expected to be stable with a projected growth of between 4.5% to 5.0% for the year 2013, to be driven largely by domestic consumption with the global economy continuing to face downside risks. The cooling measures announced by the Government will not have significant effects on the Group's immediate earnings due to high percentage of lock-in sales for launched projects.

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With the expected completion of the proposed disposal of Block 1 of V Square @ PJ City Centre together with 964 car park bays by Khuan Choo Property Management Sdn Bhd, a wholly-owned subsidiary of the Company, to Bukit Damansara Development Sdn Bhd for a total consideration of RM140 million (as mentioned in Note 8 below) by end of December 2013, the Group is expected to record an after-tax gain on disposal amounting to RM37.8 million for the second financial quarter ending 31 December 2013.

In the meantime, the on-going development projects of the Group namely The Cantonment in Penang and Nova Saujana in Subang, together with the on-going construction contracts in hand, will continue to contribute positively to the earnings of the Group for the financial year ending 30 June 2014. During the financial year ending 30 June 2014, the Group has plans to continue to launch new property projects within the Klang Valley, including the upcoming mixed development project in Bukit Jalil, Kuala Lumpur.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2014.

4 Profit Forecast or Profit Guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee.

5 Taxation

Details of taxation are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2013 RM'000	Preceding Year Corresponding Quarter 30.9.2012 RM'000	Current Year To-Date 30.9.2013 RM'000	Preceding Year Corresponding Year To-Date 30.9.2012 RM'000
Current taxation	1,625	4,421	1,625	4,421
Under provision in prior year	292	-	292	-
Deferred taxation	24	(1,479)	24	(1,479)
	<u>1,941</u>	<u>2,942</u>	<u>1,941</u>	<u>2,942</u>

The effective tax rate for the current year to-date (before share of results of associated companies) is higher than the statutory tax rate due to the incurrence of certain expenses that are not deductible for tax purposes and losses incurred by certain subsidiary companies which do not qualify for group relief.

6 Profits /(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investment and/or properties for the quarter under review.

7 Purchases or Disposals of Quoted Securities

There was no purchase and disposal of quoted securities by the Group for the current financial quarter under review.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

8 Status of Corporate Proposals

On 10 May 2013, Khuan Choo Property Management Sdn Bhd (“KCPM”), a wholly-owned subsidiary of the Company had entered into the following agreements:

- (a) Conditional Sale and Purchase Agreement (“**VSQ SPA**”) entered into between KCPM and Bukit Damansara Development Sdn Bhd (“BDDSB”) for the proposed disposal of a 20-storey office building and 964 car park bays (“VSQ Properties”), which formed part of a property project undertaken by KCPM known as V Square @ PJ City Centre in Petaling Jaya, Selangor, to BDDSB for a consideration of RM140,000,000 to be satisfied by BDDSB via a written irrevocable absolute assignment of BDDSB’s entitlement comprising office space at Pusat Bandar Damansara Complex in Damansara Heights, Kuala Lumpur which is proposed to be redeveloped/refurbished by Impian Ekspresi Sdn Bhd (“IESB”) (“Subject Entitlement”) to KCPM (“**Proposed VSQ Disposal**”); and
- (b) Conditional Sale and Purchase Agreement (“**Office Entitlement SPA**”) between KCPM and BDDSB for KCPM to acquire the Subject Entitlement from BDDSB for the purchase price of RM140,000,000 to be fully satisfied by KCPM when the absolute beneficial ownership of the VSQ Properties is vested unto BDDSB pursuant to the terms and conditions of the VSQ SPA (“**Proposed Office Entitlement Acquisition**”).

The Proposed VSQ Disposal and Proposed Office Entitlement Acquisition are hereinafter collectively referred to as the “**Proposed Asset Exchange**”.

Simultaneously with the Proposed Asset Exchange, KCPM and IESB had also entered into an agreement dated 10 May 2013 to vary and/or clarify certain terms of the rights, title, benefits and interest over the Subject Entitlement which are to be assigned by BDDSB to KCPM pursuant to the Proposed Asset Exchange, which included amongst others, fixing the office space in the Redeveloped PBD Complex to be received by KCPM forming the Subject Entitlement at 186,667 square feet in net lettable area.

IESB has also agreed to grant KCPM a conditional put option giving KCPM the right to require IESB to acquire the Subject Entitlement from KCPM, subject to terms and conditions as provided in the Put Option Agreement dated 10 May 2013.

The above proposals are conditional upon the fulfilment of the following conditions precedent:-

- (a) approvals being received from the Board of Directors of the Company (excluding the interested directors);
- (b) approval which was received from the non-interested shareholders of the Company at the Extraordinary General Meeting of the Company held on 12 September 2013;
- (c) Economic Planning Unit of the Prime Minister’s Department, Malaysia, which was obtained on 23 July 2013; and
- (d) IESB having paid or deemed to have paid the cash entitlement to BDDSB pursuant to the Joint Venture Agreement dated 7 January 2009, First Supplemental Agreement dated 31 January 2011 and Second Supplemental Agreement dated 10 May 2013 entered into between IESB, BDDSB and Damansara Assets Sdn Bhd.

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As at to-date, the Proposed Asset Exchange is pending fulfilment of the condition precedent for IESB to pay the balance cash entitlement amounting to RM450 million to BDDSB.

Saved for the above, there was no other outstanding corporate proposal for the Group.

9 Borrowings and Debt Securities

The Group's borrowings and debt securities as at the end of the current quarter are as follows:

	RM'000
RCSLS – Liability Component	116,709
Term Loans	205,658
Revolving Credits	27,000
Bridging Loans	4,659
Redeemable Preference Shares	3,000
Bank Overdrafts	2,196
Hire Purchase Payables	1,964
Total	<u>361,186</u>
Repayment due within next 12 months	<u>41,447</u>
Repayment due after 12 months	<u>319,739</u>

All borrowings are denominated in Ringgit Malaysia and are secured.

10 Off Balance Sheet Financial Instruments

There were no off balance sheet arrangements entered into nor were there any off balance sheet financial instruments issued by the Group as at the date of this report.

11 Material Litigation

Save as disclosed below, there is no pending material litigation as at the date of this report:-

- (i) **Claim by Impian Ekspresi Sdn Bhd (“IESB”) (as the first plaintiff), Khuan Choo Property Management Sdn Bhd (“KCPM”) (as the second plaintiff) and Pembinaan Gapadu Sdn Bhd (“PGSB”) (as the third plaintiff) against Bukit Damansara Development Sdn Bhd (“BDDSB”) and Damansara Assets Sdn Bhd (“DASB”) (both collectively referred to as the “Defendants”)**

By a Writ of Summons and Statement of Claim dated 25 November 2011 (as amended), IESB commenced an action against the Defendants and claimed, primarily for specific performance of the Joint Venture Agreement dated 7 January 2009 entered into amongst IESB, BDDSB and DASB (“JV Agreement”) as varied by a Supplemental Agreement dated 31 January 2011 (“First Supplemental Agreement”) involving, inter alia, IESB acquiring a freehold land measuring 38,740 square meters in land area held under Geran 61509, Lot No. 54325, Mukim Kuala Lumpur, District of Kuala Lumpur (“PBD Land”) together with nine (9) blocks of office/commercial buildings (“PBD Complex”) currently known as Pusat Bandar Damansara Kuala Lumpur (“Subject Property”) from BDDSB for purposes of developing, redeveloping, constructing, refurbishing, selling, granting leases/tenancies and in any manner dealing with the Subject Property.

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The second and third plaintiffs, KCPM and PGSB (both wholly-owned subsidiaries of the Company) claimed for, inter-alia, an order of the High Court of Kuala Lumpur (“High Court”) directing the Defendants to do all necessary acts to fulfill their obligations within 14 days from the date of the order of the High Court to execute the sale and purchase agreements as set out in the Appendix to the First Supplemental Agreement with KCPM and PGSB as the case may be, in relation to the following:-

- (a) sale by KCPM of a block of corporate office with gross area of approximately 207,772 square feet and 963 car parks erected on a piece of leasehold land under HS(D) 236663, PT No. 5, Seksyen 27, Daerah Petaling, Negeri Selangor (now identified as Block 1 of VSQ) for a consideration of RM141,307,980.00 in exchange for ownership of such amount of office space in the PBD Complex and/or any part of the office building within the vicinity of the PBD Complex to the prevailing market value of RM141,307,980.00; and
- (b) sale by PGSB of a block of 7-storey corporate office with gross area of approximately 86,856 square feet and 223 car parks to be erected on a piece of leasehold land held under HS(D) 177909, PT No. 4, Daerah Petaling, Negeri Selangor for a consideration of RM58,692,020.00 in exchange for ownership of such amount of office space in the PBD Complex and/or any part of the office building within the vicinity of the PBD Complex to the prevailing market value of RM58,692,020.00.

The abovementioned claims shall hereinafter be collectively referred to as the “Specific Performance Suit”.

On 8 November 2011, BDDSB filed three (3) separate Originating Summons against the plaintiffs wherein BDDSB prayed for inter alia, the private caveats entered by the plaintiffs on the PBD Land be removed forthwith. On 31 January 2012, the High Court dismissed all the three (3) aforementioned Originating Summons with cost. BDDSB did not file an appeal to the Court of Appeal.

The Defendants, had on 13 March 2012, filed a counter claim against IESB for, inter-alia, finance costs, legal costs, administration costs, a declaration that the private caveats over the Subject Property were wrongfully entered into by IESB in 2009 and by KCPM and PGSB in 2011 and damages/compensation for the alleged wrongful entry of the said private caveats (hereinafter referred to as the “Counterclaim”). The amount of damages/compensation sought under the Counterclaim was not determinable at this stage.

The Plaintiffs and the Defendants had agreed to an amicable settlement to the dispute over the JV Agreement and the First Supplemental Agreement and the Specific Performance Suit upon terms and conditions as set out in the Second Supplemental Agreement dated 10 May 2013 entered into amongst IESB, BDDSB and DASB, wherein the relevant parties had agreed, inter alia, that the Specific Performance Suit and the Counterclaim shall be kept in abeyance pending full payment of the cash entitlement amounting to RM500 million by IESB to BDDSB. Upon full settlement of the said cash entitlement by IESB, the Specific Performance Suit and the Counterclaim shall be withdrawn with each party bearing its own costs without liberty to file afresh.

The case management which has been initially fixed on 8 July 2013 has been vacated and the High Court has fixed the matter for further case management on 11 December 2013, pending the payment of the cash entitlement by IESB to BDDSB.

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13 Dividend

The Directors have proposed a first and final single-tier dividend of 2.5% per share in respect of the year ended 30 June 2013 (2012: Tax exempt dividend of 2.5% per share), and the dividend has been approved by the shareholders at the Annual General Meeting of the Company held on 22 November 2013.

The dividend will be paid on 27 January 2014 to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on 31 December 2013.

No interim dividend has been recommended for the financial quarter ended 30 September 2013.

14 Earnings Per Share (“EPS”)

Basic

The basic earnings per ordinary share of the Group for the current quarter and current year to date have been calculated based on the Group’s profit attributable to equity holders of the Company of RM4,063,000 and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter.

Fully Diluted

Under FRS 133 on Earnings Per Share, the options pursuant to the Employee Shares Option Scheme and Warrants have no dilutive effect as both the exercise prices of the options and Warrants are above the average market price of the Company’s shares during the quarter ended 30 June 2013.

The diluted earnings per ordinary share of the Group for the current quarter and current year to date have been calculated based on the Group’s adjusted profit attributable to equity holders of the Company of RM5,630,000 and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the quarter assuming full conversion of the outstanding RCSLS.

(a) Basic EPS	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2013	Preceding Year Corresponding Qtr 30.9.2012	Current Year To Date 30.9.2013	Preceding Year to Date 30.9.2012
Profit attributable to equity holders of the Company (RM’000)	4,063	8,441	4,063	8,441
Weighted average number of shares in issue (’000)	418,104	418,104	418,104	418,104
Basic earnings per share (sen)	0.97	2.02	0.97	2.02

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(b) Diluted EPS	Current Quarter 30.9.2013	Preceding Year Corresponding Qtr 30.9.2012	Current Year To Date 30.9.2013	Preceding Year to Date 30.9.2012
Profit attributable to equity holders of the Company (RM'000)	4,063	8,441	4,063	8,441
Effects on earnings upon conversion of RCSLS (RM'000)	1,567	1,567	1,567	1,567
	<u>5,630</u>	<u>10,008</u>	<u>5,630</u>	<u>10,008</u>
Weighted average number of shares in issue ('000)	418,104	418,104	418,104	418,104
Effects of dilution	139,301	139,301	139,301	139,301
Adjusted weighted average number of shares in issue and issuable ('000)	<u>557,405</u>	<u>557,405</u>	<u>557,405</u>	<u>557,405</u>
Diluted earnings per share (sen)	1.01	1.80	1.01	1.80

15 Profit Before Tax

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

After charging:	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2013 RM'000	Preceding Year Corresponding Qtr 30.9.2012 RM'000	Current Year To Date 30.9.2013 RM'000	Preceding Year to Date 30.9.2012 RM'000
Interest expense	4,181	3,676	4,181	3,676
Depreciation and Amortization	511	508	511	508
Impairment loss on other investment	-	69	-	69
After crediting:				
Interest income	2,891	1,234	2,891	1,234
Gain on fair value changes of investment properties	900	-	900	-
Other income	544	828	544	828
Distribution income from short term funds	118	819	118	819

There were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current quarter under review and financial period ended 30 September 2013.

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16 Realised and Unrealised Retained Earnings

	As at 30.9.2013 RM'000	As at 30.6.2013 RM'000
Total retained earnings:		
Company and subsidiaries		
-realised profit	385,937	382,058
-unrealised loss	(155)	(131)
	<u>385,782</u>	<u>381,927</u>
Associated companies		
-realised profit	2,782	1,936
-unrealised profit	4,494	4,494
	<u>7,276</u>	<u>6,430</u>
Less: Consolidation adjustments	(220,167)	(219,529)
Total group retained earnings as per unaudited consolidated financial statements	<u><u>172,891</u></u>	<u><u>168,828</u></u>