ZECON BERHAD (134463-X)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013

Explanatory Notes

1. Corporate information

Zecon Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at 8th Floor, Menara Zecon, No. 92, Lot 393, Section 5, KTLD, Jalan Satok, 93400 Kuching, Sarawak.

The principal activities of the Company are foundation engineering, civil engineering and building contracting works and their related activities. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The year end of the Company was changed from 31 December to 30 June so as to be coterminous with the year end of its holding company. Accordingly, comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24th May 2013

2. Significant accounting policies

The condensed consolidated interim financial statements of the group for the period ended 31 March 2013 were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia.

The significant account policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

2.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2012, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments.
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirements.
- Amendments to FRS1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
- Amendments to FRS 7: Transfers of Financial Assets.
- Amendments to FRS 112: Deferred Tax: Recover of Underlying Assets.
- FRS 124 Related Party Disclosures

Adoption of the above FRS and IC Interpretations did not have any effect on the financial performance or position of the Group and the Company.

2. Significant accounting policies (cont'd)

2.2 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
FRS101 Presentation of Items of Other Comprehensive Income (Amendment to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interest in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (2012) Employee Benefits	1 January 2013
FRS 127 (2012) Separate Financial Statements	1 January 2013
FRS 128 (2012) Investment in Associates and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2013
Amendments to FRS 134: Interim Financial Reporting	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11:Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Asset and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

2. Significant accounting policies (cont'd)

2.2 Standards issued but not yet effective (cont'd)

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

FRS 11 will be applied in accordance with the relevant transitional provisions set out in FRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method will be measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

2. Significant accounting policies (cont'd)

2.2 Standards issued but not yet effective (cont'd)

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of FRS 13 is expected to result in higher fair value of certain properties of the Group.

FRS 119 Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to FRS 119 require retrospective application with certain exceptions. The directors anticipate that the application of the amendments to FRS 119 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Group is currently assessing the impact that this standard will have on the financial position and performance of the Group.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

2. Significant accounting policies (cont'd)

2.2 Standards issued but not yet effective (cont'd)

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods 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 venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

On 4 July 2012, MASB has decided to allow the Transitioning Entities to defer the adoption of the MFRS Framework for another year. MFRS Framework will therefore be mandated for all companies for annual period beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;

2. Significant accounting policies (cont'd)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

(ii) Evaluation of any training requirements; and
(iii) Preparation of a conversion plan

The Group has commenced its assessment and planning phase, with work progressing in each of the areas described above. This phase is expected to be completed during the upcoming financial year.

(b) Implementation and review phase

This phase aims to:

(i) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework

(ii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework;

(iii) develop disclosures required by the MFRS Framework; and

(iv)develop training programs for the staff

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the period ended 31 March 2013 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2014.

3. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 December 2011 was not subject to any qualification

4. Seasonality or cyclicality of operations

The business operations of the Group are not materially affected by any seasonal or cyclicality fluctuations during the quarter under review

5. Changes in accounting estimate and judgement

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements

(a) Impairment of goodwill on consolidation

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and brands are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Constructions contracts and property development

The Group recognises construction contracts and property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts costs and property development costs incurred for work performed to date bear to the estimated total construction costs and property development costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs and property development costs incurred, the estimated total construction and property development revenue and costs, as well as the recoverability of the construction and property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(c) Useful life of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 7 to 10 years. These are common life expectancies applied in the construction industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

5. Changes in accounting estimate and judgement (cont'd)

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(e) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

There were no changes in estimates and judgement on the above mentioned that have any material effect in the current quarter under review

6. Debt and equity securities

There were no issuances, cancellations, repurchases, re-sales and repayments of debt and equity securities for the current quarter under review. There we no share buy-back during the quarter

7. Changes in the composition of the Group

There were no changes to the composition of the Group except for the following:-

a. **Restructuring of subsidiaries**

On February 2013, Zecon International Limited, a subsidiary company of the Group disposed the ordinary shares of the following companies to Zecon Mutiara Sdn. Bhd, which is also subsidiary company of the Group:-

7. Changes in the composition of the Group (cont'd)

a. Restructuring of subsidiaries (cont'd)

i) 100,000 ordinary shares of RM1.00 each in IR Concept (M) Sdn. Bhd., representing 100% of equity interest, for a total consideration of RM2.00;

ii) 2 ordinary shares of RM1.00 each in ZPM Satu Sdn. Bhd., representing 100% of equity interest, for a total consideration of RM2.00;

iii) 1,000,000 ordinary shares of RM1.00 each in Zalpoint Tanah Putih Sdn. Bhd., representing 100% of equity interest, for a total consideration of RM2.00.

b. Acquisition of Zecon Medicare Sdn Bhd

On July 2012, Zecon Berhad has acquired 2 ordinary shares of RM2 each of Zecon Medicare Sdn Bhd, representing 100% of equity interest, for a total consideration of RM2.

The acquisition of subsidiary has been accounted for as an acquisition of assets and liabilities.

8. Property, plant and equipment – acquisition and disposals

During the current quarter, the group acquired property, plant and equipment costing about RM2,398,000.

9. Segmental Reporting

The segment revenue and segment results for business segments predominantly conducted in Malaysia for the financial year-to-date were as follows:

	Construction		Property Development		Toll Concession		Others		Adjustments and eliminations		Total	
	1.1.2012 to 31.03.2013	1.1.2011 to 31.12.2011	1.1.2012 to 31.03.2013	1.1.2011 to 31.12.2011	1.1.2012 to 31.03.2013	1.1.2011 to 31.12.2011	1.1.2012 to 31.03.2013	1.1.2011 to 31.12.2011	1.1.2012 to 31.03.2013	1.1.2011 to 31.12.2011	1.1.2012 to 31.03.2013	1.1.2011 to 31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE												
External sales	158,601	131,201	2,634	9,171	16,453	11,868	255	114			177,942	152,354
Inter-segment sales	134,011	78,661	-	-	-	-	2,011	2,763	(131,381)	(81,424)	-	-
Total Revenue	292,612	192,470	2,634	7,964	16,453	11,871	2,266	819	(131,381)	(80,123)	177,942	152,354
Segment Profit Note A	**(465)**	**5,440**	**(1,952)**	**1,976**	**13,150**	**9,041**	**(1,548)**	**(266)**			**9,186**	**16,191**

Note A

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows :-

	1.1.2012 to 31.03.2013 RM'000	1.1.2011 to 31.12.2011 RM'000
Segment Profit	9,186	16,191
Share of profit in associate	258	99
Finance Cost	(11,730)	(10,210)
(Loss)/Profit before tax	**(2,286)**	**6,080**

9. Segmental Reporting (cont'd)

(i) Construction Sector

There is slight increase on the segment revenue compared to revenue in the corresponding quarter of the preceding year.

The better revenue mainly derived from the Unimas FMHS and IHCM Project. However, most of other construction projects are nearly completion. The completing projects are Matang Highway project, Logi Air Kapit, Triang Project, and Bintulu Compressor Station project.

(ii) Property Sector

The property sector achieved revenue of RM11.8 million cumulatively mainly from the Vista Tunku projects. Lower revenue achieved on 5^{th} quarter of financial year 2013 is due to existing project phases are nearly completed.

Emphasis is still to ensure the completion of the obligation from the prior year sales and the completion of the shophouse and terrace houses this year in 2013.

(iii) Toll Concession

On the 4^{th} quarter of financial year 2013, the segment recorded a revenue to RM13 million, that showing an increase of RM2 million comparing with financial year 2011. On the end of 5^{th} quarter, the segment has recorded revenue of RM16.4 million.

The increase was contributed by the increase in toll rates which was implemented on 1 January 2012, and increase in traffic volume.

(iv) Others

Revenue and profit from other operations mainly consists of activities by the Group's Asset Management services.

Consolidated loss before tax
The group's current quarter loss before tax stands at RM2.3 million (31 December 2011: Profit of RM6.08 million).

The lower current quarter's loss before tax is mainly contributed from construction sector and property development sector. Refer Note 9(i) and 9 (ii) above.

10. (Loss)/profit before taxation

The following amounts have been included in arriving at (loss)/profit before taxation:

	Unaudited 1.1.2012 to 31.03.2013 RM'000	Audited 1.1.2011 to 31.12.2011 RM'000
Amortization of prepaid land lease payment	4	12
Depreciation of property, plant and equipment	6,094	7,193
Impairment loss on investment on joint venture	-	800
Impairment loss on other investment	59	-
Impairment loss on receivables written-off	1,749	35
Interest expense	11,730	10,210
Interest income	(982)	(822)
(Gain)/loss on disposal of property, plant and equipment	(904)	(198)
Gain on foreign exchange	(14)	14
Impairment loss written back	-	(274)

11. Income Tax Expense

	Unaudited 1.1.2012 to 31.03.2013 RM'000	Audited 1.1.2011 to 31.12.2011 RM'000
Current tax :		
Malaysian income tax	3,083	2,671
Under/(over) provision in prior years	(63)	2,162
	3,020	**4,833**
Deferred tax :		
Under/(over) provision in prior years	(249)	33
Relating to origination and reversal of temporary differences	(28)	189
	2,743	**5,055**

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year. During the current financial period, the income tax rate applicable to the subsidiary in Australia is 30% (2011: 30%).

12. Earnings Per Share

	1.1.2012 to 31.03.2013 RM'000	1.1.2011 to 31.12.2011 RM'000
Net profit attributable to equity holders of the Company	(3,008)	1,294
Weighted average number of ordinary shares in issue	119,106	119,106
Basic earnings per ordinary share for profit for the year (sen)	(2.53)	1.09

13. Carrying amount of revalued assets

The Group has not adopted revaluation model on its property, plant and equipment. All property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

14. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2011 till the date of this quarterly report.

15. Capital commitments

There were no material capital commitments in respect of the Group that had arisen since 31 December 2011 till the date of this quarterly report

16. Recurrent Related Party Transactions (RRPT)

The aggregate gross value of RRPT for the period ended 31 March 2013 were as follows:

	15 months 31- March 2013 RM'000	12 months 31-December 2011 RM'000
Aggregate gross value of RRPT	2,816	4,225

The RRPT comprise transactions controlled by or connected to certain substantial shareholders and/or Directors of the Company, namely Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo, Datuk Haji Zainal Abidin Bin Haji Ahmad, Haji Zainurin Bin Haji Ahmad and Haji Abg Azahari Abg Osman.

The above transactions have been entered into in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.

17. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 March 2013.

18. Gains/Losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2013.

19. Material subsequent event

There were no material subsequent events that have been reflected in the financial statements for the current quarter under review.

20. Dividends paid

No interim ordinary dividend has been declared for the financial period ended 31 March 2013 (31 December 2011 : Nil)

21. Cash and cash equivalent

	Unaudited 31.03.2013 RM	Audited 31.12.2012 RM
Cash on hand and at banks	5,087	8,326
Bank overdrafts	(1,193)	(1,983)
	3,894	6,343

22. Review of performance

The group recorded higher revenue for the period under review and the detailed review of the performance is elaborated in Note 9.

The group recorded a profit before tax of RM166,000 compared to a profit before tax of RM140,000 in the corresponding quarter of the preceding year.

23. Material changes in the quarterly results

No material changes in the quarterly results as compared in the immediate preceding quarter. The Group recorded higher interest expenses of RM2.1 million as compare to RM1.8 million recorded in the preceding quarter due to drawdown of new borrowing facilities.

24. Commentary on prospects

Overall prospects

The Group anticipates increase in revenue contribution from the construction and development sectors due to the expected completion of all current on-going projects and commencement of work for new projects in year 2013 and 2014.

The Management has started to place emphasis on the implementation of those action plans in tandem with the mandated change in direction for selected ventures by focusing on project development rather than construction.

a) Construction Division

The Group has secured sale and purchase agreement on the Mydin Supermall, and works on the construction of supermall has started during the fourth quarter of 2012.

On 26th April 2013, the Group received a Letter of Award from Jabatan Kerja Raya, for the Implementation of the Proposed Construction of Petra Jaya Hospital in Kuching, Sarawak, for a contract sum of RM495million. The duration for the Project is 42 months.

On 17th May 2013, the Group has accepted the award of tender by Sime Darby Property Berhad for the building works of a ten (10)-storey commercial building in Selangor Darul Ehsan, at a total contract sum of RM83million consisting of the following:-

a) 6 units of shops (1 level)
b) 104 units of officers (9 levels)
c) 4 levels basement

The year 2013 would also see another of the Group's involvement in the concessionaire activity besides the toll operation with the expected finalization of the Concession Agreement involving a Private-Fund-Initiative (PFI) project. Agreement in principle for the project financing is currently in progress..

24. Commentary on prospects (cont'd)

b) Property Division

Property sector is expecting to complete the remaining works for the shophouses and residential units of Vista Tunku project with the expected completion to be in 2013. Based on the demand achieved to-date, appropriation of revenues from the sales would be achievable in 2013.

c) Toll Operation Division

The Group is also expecting an increase on the toll operation revenue for year 2013 because the toll operation is experiencing the chain effect of the surrounding development with more vehicles expected to utilize the facility in ensuring cost effectiveness. An average of 6% growth has been targeted to be achieved by this sector.

It is the Group's view that with increase in revenue backed by the new direction on project development will result in a better return.

25. Commentary on the company's progress to achieve the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the revenue of profit estimate, forecast, projection or internal targets.

Not applicable to the Group as no announcements or disclosures were published in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

26. Statement of the Board of Directors' opinion as to whether the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the revenue or profit estimate, forecast, projections or internal targets as at the date of this announcement.

Not applicable to the Group as no announcements or disclosures were published in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

27. Variance of Actual Profit from Forecast Profit

The Group has not announce any profit forecast or profit estimate for the current financial year in any public document and hence this information is not applicable

28. Profit Guarantee

This note is not applicable, as no profit forecast was published and the Group is not required to give any profit guarantee.

29. Status of corporate proposals

There were no corporate proposals during the quarter and financial year-to-date.

30. Borrowings

	Unaudited 31-March 2013 RM'000	Audited 31-December 2011 RM'000	Audited 01-January 2011 RM'000
Short term borrowings			
Secured	42,180	37,258	61,010
Unsecured	443	37,183	36,568
	42,623	**74,441**	**97,578**
Long term borrowings			
Secured	111,965	58,087	70,596
Unsecured	-	-	-
	111,965	**58,087**	**70,596**
TOTAL BORROWINGS	**154,588**	**132,528**	**168,174**

31. Material Litigation

Neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group and the Directors of the Company are not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

32. Dividend payable

The Board has not declared any interim dividend in the current quarter in respect of the financial period ending 31st March 2013

33. Breakdown of realised and unrealised profit or loss

The breakdown of the retained earnings of the group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No 1, Determination of Realised and Unrealised Profit or Loss in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31 March 2013 RM '000	Previous Financial year ended 31 December 2011 RM'000
Total retained earnings of the Group		
- Unrealised	4,250	3,974
- Realised	12,008	10,692
	16,258	14,666
Total share of retained earnings from Associate		
- Unrealised	-	-
- Realised	258	550
	16,516	15,216
(Less)/add : Consolidation adjustment	(1,667)	2,642
Retained earnings as per financial statements	**14,849**	**17,857**

34. Auditors' report in preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

35. Authorisation for Issue

The interim financial statements were authorized for issue in accordance with the resolution passed at the Board of Directors' Meeting held on 24th May 2013.