

Condensed consolidated interim financial statements

For the six-month period ended 31 July 2013

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		31 July 2013 Unaudited RM'000	31 July 2012 Unaudited RM'000	31 July 2013 Unaudited RM'000	31 July 2012 Unaudited RM'000
Revenue		82,945	56,787	167,633	96,522
Cost of sales		(67,776)	(42,683)	(137,895)	(71,865)
Gross profit		15,169	14,104	29,738	24,657
Other operating income		383	1,135	1,162	1,785
Administrative expenses		(1,031)	(801)	(1,927)	(1,524)
Selling and distribution costs		(291)	(693)	(918)	(1,137)
Other operating expenses		(5,943)	(5,488)	(12,118)	(9,968)
Operating profit		8,287	8,257	15,937	13,813
Finance costs		(495)	(642)	(983)	(1,234)
Share of results of an associate		582	81	1,348	1,621
Profit before tax	8	8,374	7,696	16,302	14,200
Income tax expense	9	(3,259)	(1,901)	(5,650)	(3,674)
Profit for the period, net of tax, attributable to the owners of the Company		5,115	5,795	10,652	10,526
Other comprehensive income/(loss)					
Item that will be reclassified subsequently to profit or loss: Net gain/(loss) from translation of foreign operations		1,628	1,914	(2,710)	2,629
Total comprehensive income for the period, net of tax, attributable to the owners of the Company		6,743	7,709	7,942	13,155
Earnings per share attributable to the owners of the Company (sen):					
Basic	10	2.3	2.6	4.7	4.7
Diluted	10	2.3	2.6	4.7	4.7

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the six-month period ended 31 July 2013
Condensed consolidated statement of financial position

		31 July 2013	31 January 2013
		Unaudited	Audited
	Note	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	93,748	95,281
Intangible assets	12	339	379
Investments in an associate		24,022	27,241
Deferred tax asset		2,100	2,056
		<u>120,209</u>	<u>124,957</u>
Current assets			
Inventories	13	32,281	40,293
Trade and other receivables		105,895	75,589
Tax recoverable		491	81
Investment securities	15	2,898	2,243
Cash and bank balances	14	95,445	121,033
		<u>237,010</u>	<u>239,239</u>
Total assets		<u>357,219</u>	<u>364,196</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	16	112,654	112,651
Share premium	16	2,093	2,092
Retained earnings		123,810	120,762
Foreign currency translation reserve		(4,818)	(2,108)
Total equity		<u>233,739</u>	<u>233,397</u>
Non-current liabilities			
Loans and borrowings	17	10,360	11,607
Deferred tax liabilities		2,431	2,433
		<u>12,791</u>	<u>14,040</u>
Current liabilities			
Trade and other payables		100,664	96,646
Loans and borrowings	17	10,025	20,098
Tax payable		-	15
		<u>110,689</u>	<u>116,759</u>
Total liabilities		<u>123,480</u>	<u>130,799</u>
Total equity and liabilities		<u>357,219</u>	<u>364,196</u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the six-month period ended 31 July 2013
Condensed consolidated statements of changes in equity

	Attributable to the owners of the Company				Total RM'000
	Non-Distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserves RM'000	Retained Earnings RM'000	
At 1 February 2012	112,651	2,092	(3,611)	103,653	214,785
Total comprehensive income	-	-	2,629	10,526	13,155
At 31 July 2012	112,651	2,092	(982)	114,179	227,940
At 1 February 2013	112,651	2,092	(2,108)	120,762	233,397
Total comprehensive income	-	-	(2,710)	10,652	7,942
Transactions with owners					
Dividends	-	-	-	(7,604)	(7,604)
Issue of ordinary shares pursuant to employee share option scheme	3	1	-	-	4
At 31 July 2013	112,654	2,093	(4,818)	123,810	233,739

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements
For the six-month period ended 31 July 2013
Condensed consolidated statement of cash flows

	Note	6 months ended	
		31 July 2013 Unaudited RM'000	31 July 2012 Unaudited RM'000
Operating activities			
Profit before tax		16,302	14,200
<u>Adjustments for:</u>			
Interest income		(504)	(981)
Interest expenses		983	1,234
Gain on disposal of property, plant and equipment	11	(89)	(13)
Gain on disposal of investment securities		(107)	(7)
Net fair value gain on held for trading investment securities		(89)	(98)
Amortisation of intangible assets	12	40	45
Depreciation of property, plant and equipment		1,331	1,480
Inventories written down	13	-	500
Unrealised loss on foreign exchange		(374)	(487)
Share of results of an associate		(1,348)	(1,621)
Other non-cash adjustments		(43)	(153)
Total adjustments		<u>(200)</u>	<u>(101)</u>
Operating cash flows before changes in working capital		16,102	14,099
<u>Changes in working capital</u>			
Decrease/(increase) in inventories		7,959	(5,124)
Increase in trade and other receivables		(27,673)	(19,518)
(Decrease)/increase in trade and other payables		(2,477)	5,196
Total changes in working capital		<u>(22,191)</u>	<u>(19,446)</u>
Interest received		504	981
Interest paid		(1,454)	(1,234)
Income tax paid		(5,609)	(3,537)
		<u>(6,559)</u>	<u>(3,790)</u>
Cash flows from operations		(12,648)	(9,137)
<u>Investing activities</u>			
Purchase of property, plant and equipment		(151)	(4,731)
Proceeds from disposal of property, plant and equipment		89	80
Purchase of intangible assets		-	(14)
Purchase of investment securities		(1,324)	(671)
Proceeds from disposal of investment securities		773	3,437
Others		42	107
Net cash generated from/(used in) investing activities		<u>(571)</u>	<u>(1,792)</u>
<u>Financing activities</u>			
(Repayment)/drawdown of bank borrowings		(9,456)	3,934
Proceeds from exercise of employee share options		4	-
Others		-	(142)
Net cash (used in)/generated from financing activities		<u>(9,452)</u>	<u>3,792</u>
Net change in cash and cash equivalents		(22,671)	(7,137)
Effect of exchange rate changes on cash and cash equivalents		(856)	1,655
Cash and cash equivalents at 1 February		117,835	54,896
Cash and cash equivalents at 31 July*		<u>94,308</u>	<u>49,414</u>
* Cash and cash equivalents comprise the following at 31 July:			
Cash and bank balances		95,445	54,199
Bank overdrafts		(1,137)	(4,785)
Total cash and cash equivalents		<u>94,308</u>	<u>49,414</u>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

1 Corporate information

George Kent (Malaysia) Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("Bursa").

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

2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 July 2013, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2013.

The consolidated financial statements of the Group for the financial year ended 31 January 2013 are available upon request from the Company's registered office at Lot 1115, Batu 15, Jalan Dengkil, 47100 Puchong, Selangor Darul Ehsan.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2013.

3 Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2013, except for the adoption of the following MFRSs, Amendments and IC Interpretations:

(a) Effective for financial periods beginning on or after 1 July 2012

- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

(b) Effective for financial periods beginning on or after 1 January 2013

- MFRS 10: Consolidated Financial Statements
- MFRS 11: Joint Arrangements
- MFRS 12: Disclosure of Interests in Other Entities
- MFRS 13: Fair Value Measurement
- MFRS 119: Employee Benefits
- MFRS 127: Consolidated and Separate Financial Statements
- MFRS 128: Investments in Associates and Joint Ventures
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10: Consolidated Financial Statements : Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities : Transition Guidance
- Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

3 Significant accounting policies (continued)

The Directors expect that the adoption of the above MFRSs, Amendments and IC Interpretations will not result in any significant changes in the accounting policies and will not have any significant effect on the financial position, results and disclosures in the financial statements of the Group and the Company in the period of initial application.

4 Changes in estimates

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

5 Changes in composition of the Group

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

6 Segment information

Segment information is presented in respect of the Group's operating segments. The activities within each of these segments are explained below:

(a) Manufacturing and Trading

Manufacturing and Trading comprises mainly revenue derived from the production, marketing and trading of water related product and services.

(b) Construction

Construction comprises mainly revenue derived from the execution of construction contracts.

(c) Infrastructure Investment

Infrastructure Investment comprises mainly income derived from investments in infrastructure.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements except for Infrastructure Investment being reported separately.

	Manufac- turing and Trading RM'000	Construc- tion RM'000	Infrastruc- ture Investment RM'000	Others RM'000	Adjustments eliminations RM'000	Per condensed consolida- and ted financial statements RM'000
Current quarter						
3 months period ended						
31 July 2013						
Revenue:						
External customers	28,955	49,341	4,649	-	-	82,945
Results:						
Interest income	-	-	27	83	119	229
Depreciation and amortisation	177	53	32	-	313	575
Share of results of an associate	-	-	582	-	-	582
Segment profit (Note A)	3,547	5,979	2,334	(1,558)	(1,928)	8,374

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

6 Segment information (continued)

	Manufacturing and Trading RM'000	Construction RM'000	Infrastructure Investment RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
Current quarter						
3 months period ended 31 July 2012						
Revenue:						
External customers	32,102	20,151	4,534	-	-	56,787
Results:						
Interest income	-	-	34	423	67	524
Depreciation and amortisation	615	-	-	-	206	821
Share of results of an associate	-	-	81	-	-	81
Segment profit (Note A)	4,673	2,758	2,076	664	(2,475)	7,696

	Manufacturing and Trading RM'000	Construction RM'000	Infrastructure Investment RM'000	Others RM'000	Adjustments and eliminations RM'000	Per condensed consolidated financial statements RM'000
Cumulative quarter						
6 months period ended 31 July 2013						
Revenue:						
External customers	57,648	100,899	9,086	-	-	167,633
Results:						
Interest income	-	-	58	177	269	504
Depreciation and amortisation	687	98	65	-	521	1,371
Share of results of an associate	-	-	1,348	-	-	1,348
Segment profit (Note A)	6,171	10,622	5,393	(1,100)	(4,784)	16,302

6 months period ended

31 July 2012

Revenue:

External customers	58,876	29,000	8,646	-	-	96,522
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Results:

Interest income	-	-	59	853	69	981
Depreciation and amortisation	1,118	-	-	-	407	1,525
Share of results of an associate	-	-	1,621	-	-	1,621
Segment profit (Note A)	7,064	4,490	5,618	962	(3,934)	14,200

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

6 Segment information (continued)

Note A

The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	31 July	31 July	31 July	31 July
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Finance costs	(495)	(642)	(983)	(1,234)
Unallocated corporate expenses	(1,433)	(1,833)	(3,801)	(2,700)
	<u>(1,928)</u>	<u>(2,475)</u>	<u>(4,784)</u>	<u>(3,934)</u>

Manufacturing and Trading

Revenue of RM28.96 million for the current quarter ended 31 July 2013 is lower by 10% compared to RM32.10 million for the corresponding quarter in 2012. Profit before tax of RM3.55 million for the current quarter ended 31 July 2013 is lower by 24% compared to RM4.67 million for the corresponding quarter in 2012 due to lower sales.

Revenue of RM57.65 million for the current period ended 31 July 2013 is marginally lower by 2% compared to RM58.88 million for the corresponding period in 2012. Profit before tax of RM6.17 million for the current period ended 31 July 2013 is lower by 13% compared to RM7.06 million for the corresponding period in 2012 due to lower sales.

Construction

Revenue of RM49.34 million for the current quarter ended 31 July 2013 is higher by 145% compared to RM20.15 million for the corresponding quarter in 2012. Profit before tax of RM5.98 million for the current quarter ended 31 July 2013 is higher by 117% compared to RM2.76 million for the corresponding quarter in 2012 in line with higher contract revenue from projects.

Revenue of RM100.90 million for the current period ended 31 July 2013 is higher by 248% compared to RM29.00 million for the corresponding period in 2012. Profit before tax of RM10.62 million for the current period ended 31 July 2013 is higher by 137% compared to RM4.49 million for the corresponding period in 2012 in line with higher contract revenue from projects.

Infrastructure Investment

Profit before tax of RM2.33 million for the current quarter ended 31 July 2013 is higher by 12% compared to RM2.08 million for the corresponding quarter in 2012.

Profit before tax of RM5.39 million for the current period ended 31 July 2013 is lower by 4% compared to RM5.62 million for the corresponding period in 2012 mainly due to lower share of results of an associate.

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

6 Segment information (continued)

Consolidated revenue

The operations for the Group are mainly concentrated in Malaysia, with the regional activities in the ASEAN countries and Papua New Guinea. Its core businesses are centred in the water industry and engineering works. The steady progress of project works led to higher revenue for the current quarter and cumulative quarter ended 31 July 2013.

Consolidated profit before tax

The Group's current quarter profit before tax of RM8.37 million (31 July 2012: RM7.70 million) has increased by 9%. The Group's cumulative quarter profit before tax of RM16.30 million (31 July 2012: RM14.20 million) has increased by 15%. The main factors which have affected the Group's profit before tax have been discussed above.

7 Seasonality of operations

The Group's performance was not affected by any significant seasonal or cyclical factors.

8 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	31 July	31 July	31 July	31 July
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(229)	(524)	(504)	(981)
Other income (including investment income)	(351)	(623)	(373)	(639)
Interest expenses	495	642	983	1,234
Depreciation of property, plant and equipment	555	797	1,331	1,480
Amortisation of intangible assets	20	24	40	45
(Gain)/loss on disposal of investment securities	(20)	12	(107)	(7)
Gain on disposal of property, plant and equipment	-	(17)	(89)	(13)
Net fair value loss/(gain) on held for trading investment securities	60	(267)	(89)	(98)
Loss/(gain) on foreign exchange:				
- realised	773	(478)	995	(46)
- unrealised	(285)	(60)	(374)	(487)

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

9 Income tax expenses

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	31 July	31 July	31 July	31 July
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current Tax:				
Malaysian income tax	2,026	1,302	3,140	1,980
Foreign tax	1,233	599	2,510	1,694
	<u>3,259</u>	<u>1,901</u>	<u>5,650</u>	<u>3,674</u>

Domestic income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective rate for the current period was higher than the statutory rate principally due to withholding tax paid for dividend declared and paid/payable by a foreign subsidiary and an associate and non-deductible expenses.

10 Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax attributable to owners by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	31 July	31 July	31 July	31 July
	2013	2012	2013	2012
Profit net of tax attributable to owners used in computation of earnings per share (RM'000)	<u>5,115</u>	<u>5,795</u>	<u>10,652</u>	<u>10,526</u>
Weighted average number of ordinary shares in issue ('000)	225,304	225,303	225,303	225,303
Effects of dilution				
- Share options ('000)	<u>60</u>	<u>56</u>	<u>54</u>	<u>50</u>
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	<u>225,364</u>	<u>225,359</u>	<u>225,357</u>	<u>225,353</u>
Basic earnings per share (sen)	<u>2.3</u>	<u>2.6</u>	<u>4.7</u>	<u>4.7</u>
Diluted earnings per share (sen)	<u>2.3</u>	<u>2.6</u>	<u>4.7</u>	<u>4.7</u>

Explanatory notes pursuant to MFRS 134

For the six-month period ended 31 July 2013

11 Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 July 2013, the Group acquired assets at a cost of RM0.35 million (31 July 2012: RM4.73 million).

Assets with carrying amount of Nil (31 July 2012: RM484,000) were disposed of by the Group during the six months period ended 31 July 2013, resulting in a gain on disposal of RM89,000 (31 July 2012: RM13,000), recognised and included in other operating income in the statement of profit or loss and other comprehensive income.

12 Intangible assets

	Computer software RM'000	Develop- ment RM'000	Total RM'000
Cost:			
At 1 February 2013	303	980	1,283
Addition	-	-	-
At 31 July 2013	303	980	1,283
Accumulated amortisation:			
At 1 February 2013	218	686	904
Amortisation	16	24	40
At 31 July 2013	234	710	944
Carrying amount:			
At 1 February 2013	85	294	379
At 31 July 2013	69	270	339

Computer software

Computer software is stated at cost less any accumulated impairment losses and amortised on a straight-line basis over the estimated economic useful lives at the annual rate of 20%. Impairment is assessed whenever there is an indication that the intangible asset may be impaired. The amortisation of computer software is included in administrative expenses in the statement of profit or loss and other comprehensive income.

Development costs

Development costs, considered to have finite useful lives, are stated at cost less any accumulated impairment losses and are amortised using the straight-line basis from the commencement of the contract to which they relate over the period of their expected benefit not exceeding 20 years. The amortisation of development costs is included in administrative expenses in the statement of profit or loss and other comprehensive income.

13 Inventories

During the six months ended 31 July 2013, there was no inventory write-down (31 July 2012: RM500,000).

Explanatory notes pursuant to MFRS 134 For the six-month period ended 31 July 2013

14 Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	31 July 2013 RM'000	31 January 2013 RM'000
Cash on hand and at banks	49,534	67,141
Short term deposits	45,911	53,892
	<u>95,445</u>	<u>121,033</u>

15 Fair value hierarchy

The Group used the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Input that are based on observable market data

Level 3 - Input that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 July 2013				
Financial assets held for trading:				
- Quoted shares	2,898	2,898	-	-
At 31 January 2013				
Financial assets held for trading:				
- Quoted shares	2,243	2,243	-	-

16 Share capital, share premium and treasury shares

On 19 July 2013, 5,000 new ordinary shares of RM0.50 each were issued pursuant to the exercise of option shares under the Employee Share Option Scheme of the Company.

Save for the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current interim period.

17 Interest-bearing loans and borrowings

	31 July 2013 RM'000	31 January 2013 RM'000
Secured		
Short term borrowings	10,025	20,098
Long term borrowings	10,360	11,607
	<u>20,385</u>	<u>31,705</u>

18 Provisions for costs of restructuring

Not applicable.

Explanatory notes pursuant to MFRS 134 For the six-month period ended 31 July 2013

19 Dividends

On 10 July 2013, Shareholders of the Company had approved the final dividend of 4.5 sen less 25% tax per share for the financial year ended 31 January 2013 (FY2012: 3.0 sen less 25% tax). The dividend was paid on 22 August 2013, amounting to RM7.604 million. The total dividend (interim and final) declared and paid for the financial year ended 31 January 2013 was 6.5 sen less 25% tax per share, an increase of 30% when compared to 5.0 sen less 25% tax per share in FY2012. In Ringgit Malaysia term, the total net dividend amounted to RM10.984 million (FY2012: RM8.448 million).

The Board has declared an interim dividend of 2.0 sen less 25% tax per share (FY2013: 2.0 sen less 25% tax per share) amounting to RM3.380 million (FY2013: RM3.379 million) for the financial year ending 31 January 2014.

The dividend will be paid on 31 October 2013 to shareholders whose names appear in the Register of Members and/or Record of Depositors on 9 October 2013.

20 Commitments

Capital expenditure as at the reporting date is as follows:

	31 31 July 2013 RM'000	31 January 2013 RM'000
Approved and contracted for:		
Property, plant and equipment	217	429
Approved but not contracted for:		
Property, plant and equipment	91	490

21 Contingencies

The Group does not have any material contingent liabilities or contingent assets.

22 Related party transactions

The Group had the following transactions with related parties during the six months period ended 31 July:

	Cumulative quarter 6 months ended	
	31 July 2013 RM'000	31 July 2012 RM'000
Related companies: *		
Rental income for motor vehicle	6	-
Purchase of air tickets	187	179
Professional and share registration charges	43	119
Sale of products	4,062	883

* Related companies are companies within the Johan Holdings Berhad group.

23 Events after the reporting period

There were no material event subsequent to the end of current interim period.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the six-month period ended 31 July 2013**

24 Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

25 Comment on material change in profit before taxation

The profit before taxation for the current quarter ended 31 July 2013 is 6% higher than the preceding quarter due to higher profit margin from projects and lower operating expenses.

26 Commentary on prospects

At the pre-tax level, the Group performed better with higher construction revenue. However, the overall gross margin is lower. This is mainly due to lower manufacturing revenue and margin and lower construction margin. We will intensify our efforts to achieve higher revenue in Manufacturing and Trading Division and to attain greater efficiency and productivity in our manufacturing capabilities to increase gross margin.

The Ampang LRT Extension Project is expected to contribute positively to the earnings of the Group.

The Board is optimistic of the Group's prospects for the current financial year ending 31 January 2014.

27 Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

Not applicable.

28 Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

Not applicable.

29 Profit forecast or profit guarantee

Not applicable.

30 Corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

31 Changes in material litigation

There are no changes to the status of the material litigations since the quarterly results announced by the Company on 28 March 2013.

32 Dividend payable

Please refer to Note 19 for details.

Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the six-month period ended 31 July 2013

33 Disclosure of nature of outstanding derivatives

Not applicable.

34 Rationale for entering into derivatives

The Group did not enter into any derivatives during the financial period ended 31 July 2013 or the previous financial year ended 31 January 2013.

35 Risks and policies of derivatives

The Group did not enter into any derivatives during the financial period ended 31 July 2013 or the previous financial year ended 31 January 2013.

36 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any gains/losses arising from fair value changes of financial liabilities as at 31 July 2013 and 31 January 2013.

37 Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 July 2013 and 31 January 2013 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses 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 July 2013 RM'000	Previous financial year ended 31 January 2013 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(60,736)	(63,190)
- Unrealised	43,061	40,249
	<u>(17,675)</u>	<u>(22,941)</u>
Total share of profits/(losses) from an associate		
- Realised	22,809	25,429
- Unrealised	(1,183)	(584)
	<u>3,951</u>	<u>1,904</u>
Less: Consolidation adjustments	119,859	118,858
Total retained earnings as per financial statements	<u>123,810</u>	<u>120,762</u>



**Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A
For the six-month period ended 31 July 2013**

38 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 January 2013 was not qualified.

BY ORDER OF THE BOARD

TEH YONG FAH
(MACS00400)

Company Secretary
24 September 2013