

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2011**

	Individual Quarter		Cumulative Period	
	Current year quarter 31/03/2011 RM'000 Unaudited	Preceding year quarter 31/03/2010 RM'000 Unaudited	Current year to date 31/03/2011 RM'000 Unaudited	Preceding year to date 31/03/2010 RM'000 Unaudited
<b>Continuing operations</b>				
Revenue	39,932	44,911	129,542	998,643
Cost of sales	(204,744)	(204,268)	(349,623)	(1,193,713)
Gross loss	(164,812)	(159,357)	(220,081)	(195,070)
Other operating income				
- Interest income	1,897	92	17,825	777
- Profit from Islamic deposits	3	0	3	70
- Investment income	-	5	-	19
- Other operating income	119	2,422	5,664	6,543
- Reversal of decline in value of marketable securities	-	45	-	2,552
- Gain on disposal of non-current asset classified as held for sale	-	(990)	-	2,637
- Loss on disposal of associate and jointly controlled entity	0	0	(166)	-
- Gain on disposal of available-for-sale investment	5,393	0	53,057	-
- Gain on disposal of marketable securities	0	8,600	-	11,614
Impairment loss on goodwill	0	(44,396)	-	(44,396)
Marketing expenses	2	45	(53)	(2,492)
Administrative expenses	(2,750)	(4,420)	(20,067)	(24,488)
Other operating expenses	(11,222)	(20,576)	(35,795)	(37,363)
Finance costs	(6,203)	(6)	(16,847)	(36)
Share of results of:				
- Associates	(219)	1,572	(17,218)	8,870
- Jointly controlled entities	-	(18)	-	636
<b>Loss before taxation</b>	(177,792)	(216,982)	(233,678)	(270,127)
Tax expense	15,430	(1,448)	13	(18,202)
<b>Loss for the period / year from continuing operations</b>	(162,362)	(218,430)	(233,665)	(288,329)
<b>Discontinuing operation</b>				
Loss for the period / year from discontinuing operation	0	1,528	(4,339)	(515)
<b>Loss for the period / year</b>	(162,362)	(216,902)	(238,004)	(288,844)
<b>Other comprehensive (loss)/income:</b>				
Changes in the fair value of available-for-sale investment	12,082	46,108	118,612	218,351
Reversal of fair value on disposal of available-for-sale investment	(5,393)	0	(53,057)	-
Exchange difference from translation of foreign operations	8,651	10,696	25,220	21,995
Reversal of exchange difference on disposal of subsidiary	0	0	74	-
<b>Other comprehensive income for the period</b>	15,340	56,804	90,849	240,346
<b>Total comprehensive (loss) / income for the period / year</b>	(147,022)	(160,098)	(147,155)	(48,498)
<b>Profit/ (Loss) for the period / year</b>				
Attributable to:				
Equity holders of the parent	(162,351)	(204,993)	(237,878)	(274,917)
Minority interest	(11)	(11,909)	(126)	(13,927)
	(162,362)	(216,902)	(238,004)	(288,844)
<b>Total comprehensive income /(loss) for the period / year</b>				
Equity holders of the parent	(147,592)	(147,378)	(146,214)	(34,150)
Minority interest	570	(12,720)	(941)	(14,348)
	(147,022)	(160,098)	(147,155)	(48,498)
Basic loss per share attributable to equity holders of the Company (sen):				
- profit/ (loss) from continuing operations	(28.82)	(36.54)	(41.47)	(48.65)
- loss from discontinuing operations	-	0.15	(0.76)	(0.16)
	(28.82)	(36.39)	(42.23)	(48.81)
Diluted loss per share attributable to equity holders of the Company (sen)	N/A	N/A	N/A	N/A

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010)

ZELAN BERHAD 27676-V

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

	AS AT END OF CURRENT QUARTER 31 MARCH 2011 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2010 RM'000 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,353	65,970
Investment properties	5,557	5,699
Investments in associates	15,061	33,214
Investments in jointly controlled entities	0	127
Available-for-sale investment	425,420	562,509
	<u>485,391</u>	<u>667,519</u>
<b>Current assets</b>		
Inventories	9,194	9,537
Trade and other receivables	453,436	610,719
Tax recoverable	48,289	38,341
Other investments	-	433
Cash and bank balances	18,601	43,908
	<u>529,520</u>	<u>702,938</u>
Assets of disposal group classified as held for sale	-	36,939
	<u>529,520</u>	<u>739,877</u>
<b>TOTAL ASSETS</b>	<u><u>1,014,911</u></u>	<u><u>1,407,396</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	281,632	281,632
Reserves	5,689	159,465
Amount recognised directly in equity relating to asset classified as held for sale	-	(68)
	<u>287,321</u>	<u>441,029</u>
Minority interest	11,631	17,273
<b>Total equity</b>	<u>298,952</u>	<u>458,302</u>
<b>Non-current liabilities</b>		
Borrowings	36	300
Deferred tax liabilities	4,030	3,661
	<u>4,066</u>	<u>3,961</u>
<b>Current liabilities</b>		
Trade and other payables	510,290	655,036
Borrowings	201,525	273,546
Current tax liabilities	78	338
Liabilities of disposal group classified as held for sale	-	16,213
	<u>711,893</u>	<u>945,133</u>
<b>Total liabilities</b>	<u>715,959</u>	<u>949,094</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,014,911</u></u>	<u><u>1,407,396</u></u>
Net assets per share (RM)	<u>0.51</u>	<u>0.78</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010)

ZELAN BERHAD 27676-V

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINAL QUARTER ENDED 31 MARCH 2011

	Attributable to equity holders of the parent						Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Fair Value Reserve ^ RM'000				
Balance as at 1 April 2010										
- As previously reported	281,632	124,396	50,717	35,457	4,254	84,831	(140,258)	441,029	17,273	458,302
- Effects arising from adoption of FRS 139 (Note 1)	-	-	-	-	-	-	(7,494)	(7,494)	-	(7,494)
Balance as at 1 April 2010 - as restated	281,632	124,396	50,717	35,457	4,254	84,831	(147,752)	433,535	17,273	450,808
<u>Movements during the year</u>										
Total comprehensive income/ (loss) for the year	-	-	26,109	-	-	65,555	(237,878)	(146,214)	(941)	(147,155)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(4,228)	(4,228)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(473)	(473)
Balance as at 31 March 2011	281,632	124,396	76,826	35,457	4,254	150,386	(385,630)	287,321	11,631	298,952
Balance as at 1 April 2009	281,632	124,396	28,301	35,457	4,254	(133,520)	134,659	475,179	34,863	510,042
<u>Movements during the year</u>										
Total comprehensive income/ (loss) for the year	-	-	22,416	-	-	218,351	(274,917)	(34,150)	(14,348)	(48,498)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(3,242)	(3,242)
Balance as at 31 March 2010	281,632	124,396	50,717	35,457	4,254	84,831	(140,258)	441,029	17,273	458,302

\* These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves and transfer of profits to a statutory reserve by an overseas subsidiary.

^ This reserve relates to changes in fair value of an available-for-sale investment.

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010)

ZELAN BERHAD 27676-V

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2011**

	Current year to date 31/03/2011 RM'000	Preceding year to date 31/03/2010 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss for the year, attributable to shareholders	(237,878)	(274,917)
Adjustments for :		
Tax expense	157	18,471
Impairment loss on property plant and equipment	-	610
Bad debts written off	3	-
Allowance for doubtful debts written back	-	(761)
Allowance for doubtful debts	1,623	5,085
Depreciation of property, plant and equipment	6,553	23,088
Amortisation of prepaid lease	-	46
Depreciation of investment properties	142	142
Property, plant and equipment written off	186	1,850
Inventories written down	0	630
(Gain)/loss on disposal of property, plant and equipment	703	(414)
Reversal of decline in value of marketable securities	-	(2,552)
Impairment loss on goodwill	-	44,396
Gain on disposal of other investments	(42)	(11,620)
Loss / (Gain) on disposal of an associate	39	(3,627)
Loss on disposal of jointly controlled entity	127	990
Gain on disposal of available-for-sale investments	(53,057)	-
Dividend income	(13,726)	(4,117)
Loss on disposal of a subsidiary	4,040	-
Interest income	(17,873)	(777)
Profit from Islamic deposits	(3)	(70)
Investment income	(1)	(19)
Finance costs	16,848	40
Unrealised foreign exchange loss / (gain)	23,953	(22,826)
Minority interest	(126)	(13,927)
Share of results of jointly controlled entities	-	(636)
Share of results of associates	17,218	(8,870)
	(251,114)	(249,785)
Changes in working capital :		
Property development costs	0	2,014
Inventories	343	2,223
Receivables	150,322	62,257
Payables	(123,527)	(1,159)
Cash used in operations	(223,976)	(184,450)
Taxation paid	(7,106)	(24,725)
<b>Net cash flows from operating activities</b>	<b>(231,082)</b>	<b>(209,175)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investments	557	17,740
Proceeds from disposal of associate	629	3,627
Proceeds from disposal of jointly controlled entity	-	7,657
Proceeds from disposal of available-for-sale investment	255,701	-
Acquisition of marketable securities	-	(2,881)
Acquisition of other investments	-	(2,957)
Purchase of property, plant and equipment	(141)	(7,876)
Proceeds from disposal of property, plant and equipment	6,457	1,103
Dividends received	11,006	3,088
Proceeds from disposal of a subsidiary	10,000	-
Interest income received	17,825	777
Profit from Islamic deposits received	3	70
Investment income received	-	19
<b>Net cash flows from investing activities</b>	<b>302,037</b>	<b>20,367</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(86,439)	(260,033)
Proceeds from borrowings	18,219	406,176
Dividend paid to minority interest	(473)	(3,242)
Repayments of hire purchase liabilities	(603)	(625)
Finance costs	(16,847)	(6,574)
Release of / (Additional) deposits pledged as security	579	(2,189)
<b>Net cash flows from financing activities</b>	<b>(85,564)</b>	<b>133,513</b>
Net movement in cash and cash equivalents	(14,610)	(55,295)
Cash and cash equivalents at beginning of the year	41,359	99,935
Currency translation differences	(10,118)	(3,281)
<b>Cash and cash equivalents at end of the year</b>	<b>16,631</b>	<b>41,359</b>

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010)

**ZELAN BERHAD**  
**(“ZB” or “the Group”)**  
**(Company No: 27676-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 31 MARCH 2011**

**1. Basis of Preparation**

The interim financial report of the Group has been prepared in accordance with FRS 134, “Interim Financial Reporting” and paragraph 9.22 of the 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 31 March 2010.

The Group incurred net losses of RM162,362,000 and RM238,004,000 during the financial quarter ended 31 March 2011 and for the year ended 31 March 2011, respectively. As of that date, the current liabilities of the Group exceeded their current assets by RM182,373,000.

As of the date of the approval of this interim financial report, the Group had completed disposal of available-for-sale investment which was approved by the shareholders at an Extraordinary General Meeting on 7 September 2010.

The Group is currently in the final stage of the negotiations with the bankers for a new credit facility, which will be secured on the remaining available-for-sale investment, which is currently pledged against the existing borrowings of the Group.

The new credit facility, together with the proceeds from the disposal of certain plant and equipment and the receipt of retention sums of certain projects of the Group which are anticipated to be received on the assumption that the projects are completed based on the expected completion dates, will be utilised to repay the existing borrowings of the Group, complete the construction projects in progress, meet working capital and covenant requirements, and the investing and financing activities for the next twelve months from the date of the approval of this interim financial report.

The Directors are of the view that the negotiations in securing the new credit facility will be concluded satisfactorily, and consequently, the drawdown of the new facility and the completion of the existing projects will allow the Group to have sufficient cash flows to carry on as a going concern. In addition, the Group is also actively bidding for new contracts. Accordingly, this interim financial report of the Group is prepared on a going concern basis.

## 1. **Basis of Preparation (Continued)**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2010, except for the adoption of the following new Financial Reporting Standards (“FRSs”) Amendments to FRSs and Interpretations with effect from 1 April 2010.

- Amendment to FRS 1 “First-time Adoption of Financial Reporting Standards”
- Amendment to FRS 2 “Share-based Payment - Vesting Conditions and Cancellations”
- Amendment to FRS 5 “Non-current Assets Held for Sale and Discontinued Operations”
- FRS 7 “Financial Instruments: Disclosures”
- Amendment to FRS 7 “Financial Instruments: Disclosures”
- FRS 8 “Operating Segments”
- Amendment to FRS 8 “Operating Segments”
- Revised FRS 101 “Presentation of Financial Statements”
- Amendment to FRS 107 “Statement of Cash Flows”
- Amendment to FRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendment to FRS 110 “Events after the Balance Sheet Date”
- Amendment to FRS 116 “Property, Plant and Equipment
- Amendment to FRS 117 “Leases”
- Amendment to FRS 118 “Revenue”
- Amendment to FRS 119 “Employee Benefits”
- FRS 123 “Borrowing Costs”
- Amendment to FRS 123 “Borrowing Costs”
- Amendment to FRS 127 “Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”
- Amendment to FRS 127 “Consolidated and Separate Financial Statements”
- Amendment to FRS 128 “Investments in Associates”
- Amendment to FRS 131 “Interests in Joint Ventures”
- Amendment to FRS 132 “Financial Instruments: Presentation”
- Amendment to FRS 134 “Interim Financial Reporting”
- Amendment to FRS 136 “Impairment of Assets”
- Amendment to FRS 138 “Intangible Assets”
- FRS 139 “Financial Instruments: Recognition and Measurement”

## 1. **Basis of Preparation (Continued)**

- Amendment to FRS 139 “Financial Instruments: Recognition and Measurement”
- Amendment to FRS 140 “Investment Property”
- IC Interpretation 9 “Reassessment of Embedded Derivatives”
- IC Interpretation 10 “Interim Financial Reporting and Impairment”
- IC Interpretation 11 “FRS 2 – Group and Treasury Share Transactions”
- IC Interpretation 13 “Customer Loyalty Programmes”
- IC Interpretation 14 “FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”
- MASB’s improvements project

Other than the application of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group. The effects of the adoption of FRS 8, Revised FRS 101 and FRS 139 are as follows:

### (a) FRS 8: Operating Segments (“FRS 8”)

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group’s segmental reporting had been presented based on the internal reporting to the chief operating decision maker, who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

This standard does not have any impact on the financial position and results of the Group.

### (b) Revised FRS 101 : Presentation of Financial Statements (“FRS 101 revised”)

This revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity. ‘Non-owner changes in equity’ are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

The Group has elected to adopt the one performance statement presentation; i.e. the statement of comprehensive income.

## 1. **Basis of Preparation (Continued)**

### (c) FRS 139: Financial Instruments – Recognition and Measurements (“FRS 139”)

FRS 139 sets out the new requirements for the recognition and measurement of the Group’s financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at the transitional date on 1 April 2010.

#### Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity, available-for-sale (“AFS”) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group’s financial assets include cash and short-term deposits, loans and receivables and AFS investments.

#### (i) Loans and receivables

The Group’s receivables, previously measured at invoiced amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. Impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset’s original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.



**1. Basis of Preparation (Continued)****(c) FRS 139: Financial Instruments – Recognition and Measurements (“FRS 139”) (Continued)****(ii) AFS investments**

The AFS investment is initially recognised at fair value plus transaction costs. After the initial recognition, the Group measures the AFS investment at its fair value based on quoted prices in an active market.

Any gain or loss arising from a change in the fair value of the AFS investment is recognised directly in equity as “fair value reserve”, except for impairment losses and foreign exchange gains and losses, if any, until the AFS investment is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in the statement of comprehensive income.

The Group assesses at each balance sheet date whether there is objective evidence that an AFS investment is impaired. In the case of equity securities classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for an AFS investment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that AFS investment previously recognised in statement of comprehensive income – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

**Financial liabilities**

The Group’s financial liabilities include trade and other payables and are carried at amortised cost.

## 1. **Basis of Preparation (Continued)**

(c) FRS 139: Financial Instruments – Recognition and Measurements (“FRS 139”) (Continued)

### Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 March 2010 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2010.

	<b>As previously reported 31 March 2010</b>	<b>Effects of adoption of FRS 139</b>	<b>As restated 1 April 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current Assets</b>			
Other investments	433	(433)	-
Trade and other receivables	610,719	(26,599)	584,120
Financial assets at fair value through profit or loss	-	557	557
<b>Current Liabilities</b>			
Trade and other payables	655,036	(18,981)	636,055
<b>Equity</b>			
Reserves	159,465	(7,494)	151,971

## 2. **Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the financial year ended 31 March 2010 was not subject to any qualification.

## 3. **Seasonal or Cyclical Factors**

The Group's operations were not materially affected by any seasonal or cyclical factors.

#### **4. Unusual Items**

##### **Current quarter**

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter under review because of their nature, size, or incidence except for the following:

- i) an increase of fair value reserve amounting to RM12.1 million in respect of the available-for-sale investment for the quarter ended 31 March 2011 due to the increase in market value from RM6.23 per IJM Corporation Berhad (“IJM”) share to RM6.41 per IJM share, offset by the sale of 2.5 million IJM shares which has resulted in the transfer of RM5.4 million from the “Fair Value Reserve” to the statement of comprehensive income as gain on disposal of available-for-sale investment.
- ii) the loss on contracts amounting to RM121.0 million in respect of a project in Indonesia, RM26.6 million in respect of a project in Kingdom of Saudi Arabia and RM17.3 million in respect of a project in United Arab Emirates.

##### **Year to date**

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the year ended 31 March 2011 because of their nature, size, or incidence except for the following:

- (i) an increase of fair value reserve amounting to RM118.7 million in respect of the available-for-sale investment for the year-to-date ended 31 March 2011 due to increase in market value from RM6.23 per IJM share to RM6.41 per IJM share, offset by the sale of 48.9 million of IJM shares, which has resulted in the transfer of RM53.1 million from the “Fair Value Reserve” to the statement of comprehensive income as gain on disposal of available-for-sale investment.
- (ii) European Profile (M) Sdn Berhad was disposed of for a consideration of RM10 million, resulting in a loss on disposal of RM4.4 million.
- (iii) the loss on contracts amounting to RM140.7 million in respect of another project in Indonesia, RM67.1 million in respect of a project in Kingdom of Saudi Arabia and RM12.6 million in respect of a project in United Arab Emirates.

#### **5. Changes in Estimates of Amount Reported Previously**

There was no change in estimates of amounts reported in the prior financial period that has a material effect in the current quarter.

## 6. Debt and Equity Securities

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

## 7. Dividends Paid

For the current financial year-to-date, no dividend has been paid. For the preceding year's corresponding period, no dividend was paid.

## 8. Segmental Reporting

Segment analysis for the quarter is as follows:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
<b><u>Revenue</u></b>				
Total	39,732	196	176	40,104
Inter-segment	(164)	-	(8)	(172)
External	<b>39,568</b>	<b>196</b>	<b>168</b>	<b>39,932</b>
<b><u>Results</u></b>				
Segment (loss) / profit	(177,140)	78	(1,601)	(178,663)
Interest income	1,852	5	40	1,897
Profit from Islamic deposits	-	-	3	3
Gain on disposal of available-for-sale investment	-	-	5,393	5,393
Finance costs	(6,203)	-	-	(6,203)
Share of results of associates and jointly controlled entities	(219)	-	-	(219)
(Loss)/ profit before taxation	(181,710)	83	3,835	(177,792)
Tax credit				15,430
Loss for the quarter				<b>(162,362)</b>

## 8. Segmental Reporting (Continued)

### Analysis by business segments for the financial year to date:

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000	Discontinued operation RM'000
<b>Revenue</b>					
Total	115,008	31,343	51,688	198,039	6,476
Inter-segment	(8,480)	(30,000)	(30,017)	(68,497)	(4,385)
External	<b>106,528</b>	<b>1,343</b>	<b>21,671</b>	<b>129,542</b>	<b>2,091</b>

### Results

Segment loss	(265,911)	(820)	(3,601)	(270,332)	(176)
Interest income	17,629	18	178	17,825	48
Profit from Islamic deposits	0	0	3	3	0
Loss on disposal of associate and jointly controlled entity	(150)	0	(16)	(166)	0
Gain on disposal of available-for-sale investment	0	0	53,057	53,057	0
Loss on disposal of a subsidiary	0	0	0	0	(4,040)
Finance costs	(16,839)	0	(8)	(16,847)	(1)
Share of results of associates and jointly controlled entities	(17,218)	0	0	(17,218)	0
(Loss)/profit before Taxation	(282,489)	(802)	49,613	(233,678)	(4,169)
Tax (credit)/expense				13	(170)
Loss for the financial year				<b>(233,665)</b>	<b>(4,339)</b>

The Group's segmental report for the corresponding three-month financial quarter and year to date ended 31 March 2010 is as follows:-

### Analysis by business segments for the quarter:

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000	Discontinued operation RM'000
<b>Revenue</b>					
Total	61,085	218	2,325	63,628	6,161
Inter-segment	(18,713)	-	(4)	(18,717)	382
External	<b>42,372</b>	<b>218</b>	<b>2,321</b>	<b>44,911</b>	<b>6,543</b>

**8. Segmental Reporting (Continued)**

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000	Discontinued operation RM'000
<b>Results</b>					
Segment (loss)/profit	(182,576)	(816)	1,506	(181,886)	2,069
Interest income	73	9	10	92	1
Profit from Islamic deposits	-	-	-	-	-
Investment income	-	5	-	5	-
Reversal of decline in value of investments	-	-	45	45	-
Gain on disposal of marketable securities	-	-	8,600	8,600	-
Gain on disposal of jointly controlled entity and an associate	-	(990)	-	(990)	-
Impairment loss on goodwill	(44,396)	-	-	(44,396)	-
Finance costs	(1)	-	(5)	(6)	-
Share of results of associates and jointly controlled entities	1,554	-	-	1,554	-
(Loss)/profit before Taxation	<u>(225,346)</u>	<u>(1,792)</u>	<u>10,156</u>	<u>(216,982)</u>	<u>2,070</u>
Tax expense				<u>(1,448)</u>	<u>(542)</u>
(Loss)/ Profit for the quarter				<b><u>(218,430)</u></b>	<b><u>1,528</u></b>

**Analysis by business segments for the financial year to date:**

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000	Discontinued operation RM'000
<b>Revenue</b>					
Total	1,009,864	21,946	22,274	1,054,084	22,177
Inter-segment	(55,424)	-	(17)	(55,441)	(833)
External	<b><u>954,440</u></b>	<b><u>21,946</u></b>	<b><u>22,257</u></b>	<b><u>998,643</u></b>	<b><u>21,344</u></b>

## 8. Segmental Reporting (Continued)

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000	Discontinued operation RM'000
<b>Results</b>					
Segment (loss)/profit	(269,429)	11,926	4,633	(252,870)	(543)
Interest income	661	86	30	777	301
Profit from Islamic deposits	-	-	70	70	-
Investment income	-	19	-	19	-
Gain on disposal of marketable securities	-	-	11,614	11,614	-
Gain on disposal of jointly controlled entity and an associate	(990)	3,627	-	2,637	-
Reversal of decline in value of marketable securities	-	-	2,552	2,552	-
Impairment loss on Goodwill	(44,396)	-	-	(44,396)	-
Finance costs	(10)	(4)	(22)	(36)	(4)
Share of results of associates and jointly controlled entities	9,506	-	-	9,506	-
(Loss)/profit before taxation	(304,658)	15,654	18,877	(270,127)	(246)
Tax expense				(18,202)	(269)
Loss for the financial year				<b>(288,329)</b>	<b>(515)</b>

## 9. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Fair value adjustments that have been made at Group level on the acquisition of subsidiaries in the previous years have been brought forward without amendment.

## 10. Material Events Subsequent to the End of the Reporting Period

There are no material event subsequent to the end of the current quarter under review that has not been reflected in the interim financial report.

## 11. Changes in Composition of the Group

There was no change in the composition of the Group during the current quarter.

## **12. Changes in Contingent Liabilities or Contingent Assets**

There was no change in contingent liabilities or contingent assets since the last annual balance sheet date except for the following:-

- (i) The possible imposition of a liquidated ascertained damages (“LAD”) claim to a maximum of RM167.9 million, and the possible drawdown of a performance bond of RM143.5 million of a project in Indonesia which is undertaken by a subsidiary of the Group. (Refer to Note 14 for further details).
- (ii) A subsidiary’s branch in Indonesia received a tax assessment for the 2007 fiscal year on 26 June 2009, which shows a tax liability of IDR60.9 billion (approximately RM21.1 million) and tax penalty of IDR19.9 billion (approximately RM6.9 million). The branch is disputing the assessment and the case is now being tried in the tax court. Based on the advice received from the branch’s tax agent, the Board is confident that the branch will not be liable to the tax liability and tax penalty.
- (iii) A contractor to a subsidiary’s branch in Abu Dhabi is claiming for a sum of AED13.5 million (approximately RM11.1 million) for works done and a sum of AED1 million (approximately RM820,000) as compensation. No provision is made in the financial statements as the branch is acting as a project manager to the principal of this project on a cost-plus basis. Therefore, any additional costs to be incurred by the branch will be claimed from the principal.

## **13. Capital Commitments**

The Group did not have any capital commitment as at 31 March 2011.

## **14. Review of Performance**

For the current quarter under review, the Group recorded a revenue from continuing operations of RM39.9 million.

The Group recorded a loss after tax from continuing operations of RM162.4 million for the current quarter as compared to RM218.4 million loss in the preceding year’s quarter. The net loss for the current quarter is mainly attributable to the additional foreseeable losses incurred on the Group's projects overseas as set out below.

### Project in Indonesia

Arising from the review of the present status of the project in Indonesia undertaken by a subsidiary, an additional foreseeable loss of RM121.0 million has been recognised in the current quarter in respect of costs incurred on the project on behalf of the subcontractors which may not be recoverable from these subcontractors.



**14. Review of Performance (Continued)**

In view of the delays in completing the project, the Group has applied for an extension of time. However, the owner rejected the application for extension of time and in December 2010 the owner of the project issued a notice, indicating their intention to take over the outstanding works. A notice was also issued to the bank by the owner to call the performance bond. Pursuant thereto, the Group engaged into negotiations with the owner to persuade the owner to refrain from taking over the project and to cancel the call on the bond. The Group further engaged into negotiation with the owner towards entering into a supplementary agreement setting out the remaining outstanding works and the cost to be incurred to complete the works, as assessed by an independent consultant, as well as a revised timeline for completion of the outstanding works.

Subsequently, the Group submitted a request for a new completion date on the basis that the owner did not comply with the provision of the contract in relation to the readiness of financing for the project. Although the owner again rejected the submission, the Group has re-submitted the request with well supported arguments. This submission is now being reviewed by the owner. Should the owner reject the submission, the Group may refer this matter to arbitration.

The Directors are of the opinion that based on the terms and conditions of the contract, the Group has a strong ground to secure the revised date of completion which would save the Group on Liquidated Ascertained Damages (LAD).

In the meantime, the Group is continuing work and has made significant progress on site and both units of the power plants are generating power while undergoing test prior to handing over. No LAD claim has been issued by the owner, the call on the performance bond has been put on hold and the outstanding progress billings, which comprise mainly retention sums, are expected to be settled in due course.

In the event that the Group fails to secure the revised completion date after going through all avenues provided under the contract:

- (i) the Group may incur a maximum LAD of RM167.9 million, which would result in a decrease in the Group's results and cash flows.
- (ii) the performance bond issued to the owner of RM143.5 million may be drawn down by the owner if the Group is unable to adequately meet its obligations specified within the contract with the owner, which would result in a decrease in the Group's cash flows.
- (iii) the outstanding progress billings of RM170.5 million may not be recoverable or payment thereof may be substantially delayed, which may lead to an impairment of this amount.

**14. Review of Performance (Continued)**Project in Abu Dhabi

As the owner failed to fulfil its obligations in paying progress payment for the project, the project has experienced considerable delay.

Under the contract, the Group is entitled to claim compensation due to the delay. Negotiations with the owner is ongoing to determine the amount of compensation and the terms and conditions to resume work to complete the project.

Based on the development of the negotiation, the Directors are of the opinion that both parties would reach an agreement and that, at this juncture, no provision should be made.

In the event that the outcome of the negotiations is unfavourable which may then lead to a termination of the contract, the Group will, at that time, record a provision or impairment of the following balances as at 31 March 2011 in relation to the project:

- an impairment loss on the unbilled work-in-progress of the project of RM53 million;
- progress billings and other receivables outstanding, net of advances received from the owner, of RM57 million; and
- the carrying value of the plant and equipment relating to the project of RM20 million.

Project in Kingdom of Saudi Arabia

The Group has received provisional acceptance on the three units of the plant during the financial year and is awaiting the final overall completion certificate from the principal. However, as a result of a claim made by the main contractor for work done on behalf of the Group, the additional costs expected to be incurred due to the extended time and costs to be incurred during the defects liability period, additional foreseeable losses of RM26.6 million have been recorded in the current quarter.

**15. Comparison of Loss Before Tax for the Current Quarter with Immediate Preceding Quarter**

For the current quarter, the Group recorded a loss before taxation from continuing operations of RM177.8 million as compared to the preceding quarter's loss before taxation from continuing operations of RM24.3 million. The loss from continuing operations for the current quarter was mainly due to additional foreseeable losses incurred on the project in Indonesia, Kingdom of Saudi Arabia and United Arab Emirates which is partially offset by a gain on disposal of the Group's investments.

**16. Current Year Prospects**

Looking forward, the Group's revenue will continue to come from the order book secured and promising prospects which the Group is bidding.

The Group is gearing itself to secure new contracts in order to return to profitability.

**17. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued in a public document for the current financial year.

**18. Taxation**

	Current Quarter Ended		Year-To-Date Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Malaysian income tax	(15,286)	(14,807)	(1,607)	9,480
Overseas income tax	(82)	16,270	1,245	8,997
Deferred tax	(62)	(15)	349	(275)
Tax expense/(credit)	(15,430)	1,448	(13)	18,202

The Group operates in the following overseas countries and the statutory tax rates applicable in the respective countries are:

	<i>Corporate Tax</i>	<i>Branch profit tax</i>
<i>India</i>	33%	N/A
<i>Indonesia</i>	3% of billings collected	
<i>Kingdom of Saudi Arabia (KSA)</i>	20%	N/A
<i>United Arab Emirates (UAE)</i>	Nil	N/A

**18. Taxation (Continued)**

The effective tax rates for the Group's operations in India approximate the applicable statutory tax rate in India.

No tax is paid in KSA due to project losses incurred.

The tax rates for the Group's operations in Indonesia is based on billings made, which does not take into account the profitability of the project.

The effective tax rate for the Group's operations locally is higher than the applicable statutory rates mainly due to certain companies within the Group which were loss making and certain expenses which were not deductible for tax purposes.

**19. Profit/(Loss) on Sale of Unquoted Investments and Properties**

There were no sale of unquoted investments and properties outside the ordinary course of business for the current quarter and financial year to date under review.

**20. Quoted Securities****Current quarter**

During the financial quarter under review, the Group disposed of 2,520,000 IJM shares for a net cash consideration of RM15.836 million.

**Year to date**

During the financial year to date under review, the Group disposed of 48,900,000 IJM shares for a net cash consideration of RM255.701 million.

The investments in quoted securities as at 31 March 2011 are as follows:

(i)	at cost	= RM275,033,228
(ii)	at carrying value	= RM425,419,559
(iii)	at market value	= RM425,419,559

**21. Status of Corporate Proposals Announced**

As announced on 7 September 2010, the Company had obtained a mandate from its shareholders for the Company to dispose of up to 30,000,000 ordinary shares of RM1.00 each held in IJM Corporation Berhad for cash to buyers to be identified and at price(s) to be determined later.

As at 31 March 2011, 30,000,000 shares have been sold for a cash consideration of RM162.326 million, realising a gain on disposal of RM38.004 million.

**22. Borrowings and Debt Securities**

**As at  
31.03.11  
RM'000**

<b>(i) Current borrowings</b>	
<i>Secured:-</i>	
- Revolving credit	152,329
- Term loans	48,893
- Hire purchase liabilities	95
	201,317
<i>Unsecured:-</i>	
- Term Loan	208
	<b>201,525</b>
<b>(ii) Non current borrowings</b>	
<i>Secured:-</i>	
- Hire purchase liabilities	36
	<b>36</b>
<b>Total</b>	<b>201,561</b>

As at 31 March 2011, the outstanding revolving credit balance of RM152.3 million in respect of a subsidiary of the Company was subject to compliance with two financial loan covenants, which had not been complied with as at the balance sheet date.

Included in the term loan (current portion) is an amount of RM48.9 million which is denominated in United Arab Emirates Dirhams.

The carrying amount of the term loans with fixed interest rate which are due within one year approximate their fair values at the balance sheet date.

**23. Off Balance Sheet Financial Instruments**

There was no derivative instrument in issue for the current quarter under review.

**24. Loss Per Share**

The basic loss per share for the financial period has been calculated based on the Group's consolidated loss attributable to the equity holders of the Company, divided by the number of ordinary shares outstanding at the end of the period.

**24. Loss Per Share (Continued)**

	Current Quarter Ended		Year-To-Date Ended	
	31/03/11	31/03/10	31/03/11	31/03/10
Group's loss from continuing operations attributable to ordinary equity holders of the parent (RM' 000)	(162,351)	(205,725)	(233,587)	(273,896)
Group's profit/(loss) from discontinued operations attributable to ordinary equity holders of the parent (RM' 000)	-	732	(4,291)	(1,021)
Group's profit/(loss) for the period, attributable to the equity holders of the parent (RM' 000)	<u>(162,351)</u>	<u>(204,993)</u>	<u>(237,878)</u>	<u>(274,917)</u>
Number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
<b>(a) Loss from continuing operations</b>	(28.82)	(36.54)	(41.47)	(48.65)
<b>(b) Loss from discontinued operations</b>	-	0.15	(0.76)	(0.16)
<b>(c) Loss for the period</b>	<u>(28.82)</u>	<u>(36.39)</u>	<u>(42.23)</u>	<u>(48.81)</u>
<b>Diluted loss per share (sen)</b>	N/A	N/A	N/A	N/A

The Group does not have in issue any financial instruments or other contracts that may entitle its holder to ordinary shares and therefore dilute its basic loss per share.

**25. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements**

The following analysis of realised and unrealised accumulated losses at the Group is prepared in accordance with Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

**25. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements(Continued)**

	Year to date 31.03.2011 RM'000
Accumulated losses of the Group and its subsidiaries	
- realised	(320,946)
- unrealised	(64,684)
Total accumulated losses as per consolidated accounts	<b>(385,630)</b>

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

**26. Changes in Material Litigation**

There was no change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last annual balance sheet date of 31 March 2010.

**27. Dividends**

There was no dividend declared for the quarter under review.

**28. Authorisation for Issue**

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 27 May 2011.

**By order of the Board**

**Suhla Al Asri  
Secretary**

**Kuala Lumpur  
27 May 2011**