

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012**

	Individual Quarter		Cumulative Period	
	Current year quarter 30/09/2012 RM'000 Unaudited	Preceding year quarter 30/09/2011 RM'000 Unaudited	Current year to date 30/09/2012 RM'000 Unaudited	Preceding year to date 30/09/2011 RM'000 Unaudited
Continuing operations				
Revenue	9,173	101,064	34,463	113,867
Cost of sales	(17,051)	(98,572)	(42,088)	(112,867)
Gross (loss) / profit	(7,878)	2,492	(7,625)	1,000
Other operating income				
- Interest income	277	234	2,283	528
- Profit from Islamic deposits	-	0	-	1
- Other operating income	4,835	1,149	5,705	2,111
- Gain on disposal of available-for-sale financial assets	57	0	57	0
- Gain on fair value of derivative	10,627	0	32,160	0
Unrealised foreign exchange (loss) / gain , net	(1,396)	26,429	19,791	25,600
Administrative expenses	(3,648)	(3,792)	(7,356)	(7,986)
Other operating expenses	(8,960)	(282)	(9,217)	(2,223)
Depreciation	(962)	(228)	(1,258)	(495)
Finance costs	(3,554)	(5,657)	(22,078)	(5,863)
Share of results of associates	(484)	-	(529)	-
(Loss) / profit before taxation	(11,086)	20,345	11,933	12,673
Tax expense	(24,137)	(624)	(24,172)	(995)
(Loss) / profit for the period	(35,223)	19,721	(12,239)	11,678
Other comprehensive loss :				
Changes in the fair value of available-for-sale financial assets	(19,892)	(96,233)	(60,376)	(93,579)
Reversal of fair value on disposal of available-for-sale investment	(57)	0	(57)	-
Exchange difference from translation of foreign operations	6,938	(34,700)	(12,076)	(36,987)
Other comprehensive income /(loss) for the period, net of tax	(13,011)	(130,933)	(72,509)	(130,566)
Total comprehensive loss for the period	(48,234)	(111,212)	(84,748)	(118,888)
(Loss) / profit for the period				
Attributable to:				
Equity holders of the parent	(35,202)	19,719	(12,216)	11,674
Non-controlling interest	(21)	2	(23)	4
	(35,223)	19,721	(12,239)	11,678
Total comprehensive loss for the period				
Equity holders of the parent	(48,220)	(111,214)	(84,759)	(119,097)
Non-controlling interest	(14)	2	11	209
	(48,234)	(111,212)	(84,748)	(118,888)
Basic earnings / (loss) per share attributable to equity holders of the Company (sen):	(6.25)	3.50	(2.17)	2.07
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 2012)

ZELAN BERHAD 27676-V

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	AS AT END OF CURRENT QUARTER 30 SEPTEMBER 2012 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2012 RM'000 Audited	1 APRIL 2011 RM'000 Unaudited
ASSETS			
Non-current assets			
Property, plant and equipment	23,321	27,948	39,353
Investment properties	5,344	5,415	5,557
Investments in associates	10,262	12,341	15,383
Other receivables	69,015	69,015	0
Cash and bank balances (restricted)	16,848	40,440	1,790
Available-for-sale financial assets	312,936	373,652	425,420
	<u>437,726</u>	<u>528,811</u>	<u>487,503</u>
Current assets			
Inventories	9,080	9,080	9,194
Trade and other receivables	241,175	238,470	521,920
Tax recoverable	11,429	38,693	47,640
Deposit, cash and bank balances	39,532	16,769	16,811
	<u>301,216</u>	<u>303,012</u>	<u>595,565</u>
TOTAL ASSETS	<u><u>738,942</u></u>	<u><u>831,823</u></u>	<u><u>1,083,068</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	281,632	281,632	281,632
Reserves	(137,309)	(52,550)	(12,161)
	<u>144,323</u>	<u>229,082</u>	<u>269,471</u>
Non-controlling interest	(118)	(129)	11,631
Total equity	<u>144,205</u>	<u>228,953</u>	<u>281,102</u>
Non-current liabilities			
Borrowings	232,695	283,934	36
Derivative financial liability	259	32,419	0
Deferred tax liabilities	2,681	2,676	2,697
	<u>235,635</u>	<u>319,029</u>	<u>2,733</u>
Current liabilities			
Trade and other payables	248,874	239,237	504,511
Borrowings	66,055	15,105	201,525
Current tax liabilities	20,752	1,307	18
Provisions for liabilities	23,421	28,192	93,179
	<u>359,102</u>	<u>283,841</u>	<u>799,233</u>
Total liabilities	<u>594,737</u>	<u>602,870</u>	<u>801,966</u>
TOTAL EQUITY AND LIABILITIES	<u><u>738,942</u></u>	<u><u>831,823</u></u>	<u><u>1,083,068</u></u>
Net assets per share (RM)	<u>0.26</u>	<u>0.41</u>	<u>0.48</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 2012)

ZELAN BERHAD 27676-V

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	Attributable to equity holders of the parent							Non-controlling 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	Accumulated Losses RM'000			Total RM'000
Balance as at 1 April 2012	281,632	124,396	51,772	35,457	4,254	98,618	(367,047)	229,082	(129)	228,953
<u>Comprehensive loss:</u>										
Loss for the period	-	-	-	-	-	-	(12,216)	(12,216)	(23)	(12,239)
<u>Other comprehensive income:</u>										
Currency translation reserve	-	-	(12,110)	-	-	-	-	(12,110)	34	(12,076)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	(60,433)	-	(60,433)	-	(60,433)
Total comprehensive income / (loss) for the period	-	-	(12,110)	-	-	(60,433)	(12,216)	(84,759)	11	(84,748)
Balance as at 30 September 2012	<u>281,632</u>	<u>124,396</u>	<u>39,662</u>	<u>35,457</u>	<u>4,254</u>	<u>38,185</u>	<u>(379,263)</u>	<u>144,323</u>	<u>(118)</u>	<u>144,205</u>
Balance as at 1 April 2011	281,632	124,396	54,007	35,457	4,254	150,386	(380,661)	269,471	11,631	281,102
<u>Comprehensive loss:</u>										
Profit for the period	-	-	-	-	-	-	11,674	11,674	4	11,678
<u>Other comprehensive income:</u>										
Currency translation difference	-	-	(37,192)	-	-	-	-	(37,192)	205	(36,987)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	(93,579)	-	(93,579)	-	(93,579)
Total comprehensive (loss)/ income for the period	-	-	(37,192)	-	-	(93,579)	11,674	(119,097)	209	(118,888)
Balance as at 30 September 2011	<u>281,632</u>	<u>124,396</u>	<u>16,815</u>	<u>35,457</u>	<u>4,254</u>	<u>56,807</u>	<u>(368,987)</u>	<u>150,374</u>	<u>11,840</u>	<u>162,214</u>

* 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 financial assets

(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 2012)

ZELAN BERHAD 27676-V

**STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012**

	Current year to date 30/09/2012 RM'000	Preceding year to date 30/09/2011 RM'000
OPERATING ACTIVITIES		
Profit / (loss) for the period attributable to equity holders of the parent	(12,216)	11,674
Adjustments for :		
Tax expense	24,172	995
Depreciation of property, plant and equipment	1,258	495
Depreciation of investment properties	71	71
(Gain) / loss on disposal of property, plant and equipment	(4,734)	903
Gain on disposal of available-for-sale financial assets	(57)	-
Gain on fair value of derivative	(32,160)	-
Interest income	(2,283)	(528)
Profit from Islamic deposits	-	(1)
Finance costs	22,078	5,863
Unrealised foreign exchange loss / (gain)	(19,791)	(25,600)
Dividend income	(5,309)	(4,646)
Non-controlling interest	(23)	4
Share of results of associates	529	-
	<u>(28,465)</u>	<u>(10,770)</u>
Changes in working capital :		
Inventories	-	114
Receivables	1,870	114,162
Payables	(6,630)	(105,862)
	<u>(33,225)</u>	<u>(2,356)</u>
Cash flows used in operations	(33,225)	(2,356)
Tax refund, net	22,542	4,027
Net cash flows (used in) / from operating activities	<u>(10,683)</u>	<u>1,671</u>
INVESTING ACTIVITIES		
Investment in associate	-	2,200
Purchase of property, plant and equipment	(15)	-
Proceeds from disposal of property, plant and equipment	5,324	3,250
Proceeds from disposal of available-for-sale investment	340	-
Dividends received from associate company	1,550	-
Dividends received	5,309	4,646
Interest received	527	528
Profit from Islamic deposits received	-	1
Net cash flows from investing activities	<u>13,035</u>	<u>10,625</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(2,606)	(90,259)
Proceeds from borrowings	-	170,000
Repayments of hire purchase liabilities	(102)	(64)
Interest paid	(8,124)	(5,863)
Release of / (additional) deposits pledged as security	1,150	(74,758)
Net cash flows used in financing activities	<u>(9,682)</u>	<u>(944)</u>
Net movement in cash and cash equivalents	(7,330)	11,352
Cash and cash equivalents at beginning of the period	6,140	16,632
Currency translation differences	7,650	(7,614)
Cash and cash equivalents at end of the period	<u>6,460</u>	<u>20,370</u>

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2012)

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012

PART A – Explanatory Notes Pursuant to Financial Reporting Standard

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The explanatory notes attached to the 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 March 2012.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2012.

The Group adopted the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”) with effect from 1 April 2012. In adopting the new framework, the Group has applied MFRS 1 “First Time Adoption of MFRS”.

The adoption of MFRS 1 did not result in a significant impact on the financial statements of the Group, hence no reconciliations from FRSs to MFRSs were prepared.

In addition, the financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Group incurred a net loss of RM35,223,000 during the financial quarter ended 30 September 2012 and incurred a net loss of RM12,239,000 for the six months period ended 30 September 2012, respectively.

1. Basis of Preparation (Continued)

In respect of the project in Indonesia which was undertaken by the Group through a Consortium in which the Group has 70% interest, the Group achieved the commercial operation dates for both Unit 1 and Unit 2 on 10 December 2011. Accordingly, the Consortium had, on 21 February 2012, reached a negotiated final settlement sum with the owner of the project amounting to USD13.9 million (approximately RM42.3 million) which comprised Liquidated Ascertained Damages (“LAD”) of USD9.2 million (RM28.1 million) and deviation list of USD4.7 million (RM14.2 million). The LAD amount is now revised to USD7.7 million (RM23.4 million), as a result of savings earned from the additional seven (7) days extension of time granted by the owner of the project. Both parties agreed that any claims in relation to effective date of the contract, extension of time, variations works and liquidated damages between the owner and the Consortium will be considered settled and neither party will be liable for further claims in relation to such completion of works except for certain items which were subject to further negotiations. On 12 September 2012, a revised Negotiation Agreement was entered to replace the earlier Negotiation Agreement signed on 21 February 2012. The Amendment Agreement No. 4, is currently being finalised and completed. Based on that Amendment Agreement, the contract sum is revised to USD 563.1 million (RM1,756.0 million) from the original contract sum of USD 572.4 million (RM1,785.0 million). The reduction of USD9.3 million (RM29.0 million) in the contract sum is mainly attributed by the variations/deviations and deduction of works. In addition, the Consortium is in the midst of obtaining the taking over certificates for Unit 1 and Unit 2 from the owner.

The Group also anticipates to recover an estimated LAD of USD22.5 million (approximately RM68.0 million) from the subcontractor / supplier as a result of delay in completing their scope of work as set out in the agreement for supply for the above project. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement, which is supported by external legal advice.

In respect of the Group’s on-going project in the Middle East, the project in Abu Dhabi, United Arab Emirates (“UAE”) has a revised completion date of 21 months from the re-commencement date of 16 July 2011 based on a supplementary agreement entered into with the owner of the project on 9 June 2011. Accordingly, the project has a revised contractual completion date of 15 April 2013. Based on the current progress of the project, the Group has written to the owner to apply for a six months extension of time for completion on 15 October 2013. The Board of Directors does not anticipate any foreseeable losses for this project nor any provision for LAD.

1. Basis of Preparation (Continued)

However, on 21 November 2012, the Group received a letter from the owner of the project in Abu Dhabi, UAE, giving 14 days notice to terminate the contract and liquidate the performance bond.

The Group is contesting the notice of termination as baseless and wrongful in view of the application for extension of time submitted prior to the notice of termination which has yet to be assessed and determined in accordance with the provisions of the contract. The Group, through its legal counsels in UAE, has immediately initiated all necessary legal actions to dispute the notice of termination of contract and notice of liquidation of the performance bond in accordance with the provisions of the contract and laws of UAE.

Based on the advice given by its legal counsels, the Board of Directors is of the view that it is not necessary to make any provision in the financial statements of the Group at this juncture.

In order to ensure that the Group would have sufficient cash flows in the twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet the working capital and covenant requirement, and the investing and financing activities, the Group may seek further financing from the banks and dispose of its available-for-sale financial assets, subject to the approval of the shareholders.

The Directors are of the view that the disposal of the available-for-sale financial assets, the continuing support from the existing bankers which include seeking new financing facilities and the cash generated from the existing projects will enable the Group to carry on as a going concern. Accordingly, the financial statements of the Group are prepared on a going concern basis.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 March 2012 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 and period to date

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:

4. Unusual Items (Continued)

- i) as at 30 September 2012, the fair value of the derivative was RM0.2 million, resulting in a write back of RM10.6 million and RM32.2 million to the income statement during the quarter and six months period under review, respectively.
- ii) a net decrease of fair value reserve amounting to RM19.9 million and RM60.4 million, in respect of the available-for-sale financial assets for the quarter and six months ended 30 September 2012 respectively due to the decrease in market value from RM5.14 as at 30 June 2012 per IJM Corporation Berhad (“IJM”) share to RM4.72 per IJM shares as at 30 September 2012, offset by the sale of 68,106 IJM shares which has resulted in the transfer of RM57,600 from the “Fair Value Reserve” to the statement of comprehensive income as gain on disposal of available-for-sale investment.

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 quarter ended 30 September 2012.

7. Dividends Paid

For the current financial period-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 current quarter is as follows:

	Engineering & construction RM’000	Property & development RM’000	Investment & Others RM’000	Total RM’000
<u>Revenue</u>				
Total	3,571	191	5,892	9,654
Inter-segment	(77)	-	(404)	(481)
External	3,494	191	5,488	9,173

8. Segmental Reporting (Continued)

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Results				
Segment (loss)/profit	(21,218)	253	3,918	(17,047)
Interest income	10	1	266	277
Depreciation	(844)	(79)	(39)	(962)
Gain on fair value of derivative	-	-	10,627	10,627
Gain on disposal of available for sale financial assets	-	-	57	57
Finance costs	438		(3,992)	(3,554)
Share of results of associates	(484)	-	-	(484)
(Loss)/profit before taxation	(22,098)	175	10,837	(11,086)
Tax expense				(24,137)
Loss for the quarter				(35,223)

Analysis by business segments for the financial period to date:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Revenue				
Total	28,562	389	7,742	36,693
Inter-segment	(155)	-	(2,075)	(2,230)
External	28,407	389	5,667	34,463

8. Segmental Reporting (Continued)

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Results				
Segment (loss) /profit	(1,667)	421	2,544	1,298
Interest income	1,786	1	496	2,283
Depreciation	(1,064)	(116)	(78)	(1,258)
Gain on fair value of derivative	-	-	32,160	32,160
Gain on disposal of available for sale financial asset	-	-	57	57
Finance costs	(14,076)	-	(8,002)	(22,078)
Share of results of associates	(529)	-	-	(529)
(Loss)/profit before taxation	(15,550)	306	27,177	11,933
Tax expense				(24,172)
Loss for the period				(12,239)

The Group's segmental report for the corresponding three-month financial quarter and financial period to date ended 30 September 2011 is as follows:

Segment analysis for the quarter is as follows:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Revenue				
Total	95,954	363	4,829	101,146
Inter-segment	(78)	-	(4)	(82)
External	95,876	363	4,825	101,064

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Results				
Segment profit	23,560	313	2,123	25,996
Interest income	(84)	1	317	234
Depreciation	(186)	(23)	(19)	(228)
Finance costs	(5,656)	-	(1)	(5,657)
Profit before taxation	17,634	291	2,420	20,345
Tax expense				(624)
Profit for the quarter				19,721

8. Segmental Reporting (Continued)

Analysis by business segments for the financial period to date:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
<u>Revenue</u>				
Total	108,526	556	5,010	114,092
Inter-segment	(217)	-	(8)	(225)
External	108,309	556	5,002	113,867
	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Segment profit/(loss)	18,530	361	(389)	18,502
Interest income	194	3	331	528
Profit from Islamic deposits	-	-	1	1
Depreciation	(409)	(47)	(39)	(495)
Finance costs	(5,861)	-	(2)	(5,863)
Profit/(loss) before taxation	12,454	317	(98)	12,673
Tax expense				(995)
Profit for the period				11,678

9. Material Events Subsequent to the End of the Reporting Period

Save and except as disclosed below, there is no other material event subsequent to the end of the current quarter under review that has not been reflected in the interim financial report.

- a) Zelan had on 14 November 2012, announced that its wholly owned subsidiary, Zelan Construction Sdn Bhd, has been awarded by Pelabuhan Tanjung Pelepas Sdn Bhd, the contract for the construction, completion and maintenance of wharf structures for Berths 13 & 14 and back of wharf works at Pelabuhan Tanjung Pelepas in Johor Darul Takzim for the contract sum of Ringgit Malaysia One Hundred Seventy Nine Million Three Hundred Twenty Five Thousand One Hundred Ninety Five and Sen Twenty Three (RM179,325,195.23) only.

The completion period for the abovementioned works is 17 months, commencing on 12 November 2012.

9. Material Events Subsequent to the End of the Reporting Period (Continued)

- b) A subsidiary company, had on 21 November 2012, received a letter from the owner of its project in Abu Dhabi, United Arab Emirates (“UAE”), giving 14 days’ notice to terminate the contract and to liquidate the performance bond.

The Company is contesting the notice of termination as baseless and wrongful in view of the application for extension of time submitted prior to the notice of termination which has yet to be assessed and determined in accordance with the provisions of the contract. The Company, through its legal counsels in UAE has immediately initiated all necessary legal actions to dispute the notice of termination of contract and notice of liquidation of the performance bond in accordance with the provisions of the contract and laws of UAE.

Based on the advice given by its legal counsels, the Board of Directors is of the view that it is not necessary to make any provision in the financial statement of the Company at this juncture.

10. Changes in Composition of the Group

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

11. Changes in Contingent Liabilities or Contingent Assets

Save and except as disclosed below, there was no change in contingent liabilities or contingent assets since the last annual balance sheet date.

Further to the announcement made on 2 July 2012 on the written decision from the Tax Court of Indonesia received by Zelan Holdings (M) Sdn Bhd (“Branch”), whereby the Tax Court has ruled that a potential tax payable and related tax penalties of approximately RM32.5 million to be incurred by the Branch, the Group has now decided to make a full provision of RM32.5 million in the financial statements.

The provision is made after considering and adopting the legal opinion rendered by the Branch's solicitors in Indonesia on the chances of the Branch succeeding in the Judicial Review submitted by the Branch to the Supreme Court of the Republic of Indonesia. Although the solicitors are of the position that the petition for Judicial Review has a strong legal basis and that the Branch has a credible chance of prevailing strictly based on the merits of the case and the applicable tax regulation, there is no assurance that the Supreme Court will reach such a favourable decision.

12. Insurance Liability

The Company has given guarantee amounting to RM27,106,878 to an owner of a project as security for a subsidiary's performance of its obligations under the relevant project and the Company does not anticipate any outflows of economic benefits arising from these undertakings.

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012

**PART B Additional Information as required by Part A of Appendix 9B of the
Bursa Malaysia Listing Requirements**

1. Review of Performance

For the current quarter under review, the Group recorded revenue from engineering and construction operations of RM3.5 million as compared to a revenue of RM95.9 million in the same quarter last year. The current quarter's revenue is mainly attributed to a project carried out for the construction of mixed used development plaza in Abu Dhabi, United Arab Emirates (“UAE”) of RM26.1 million and a reversal of provision for Liquidated Ascertained Damages for a project in Rembang, Indonesia amounting to RM4.9 million. However, the revenue was offset by provisions made on deductions of works and variations/deviations from contract for the Rembang project amounting to RM27.5 million. In the previous corresponding quarter last year, there was a full recognition of revenue contribution from the completed project in Rembang, Indonesia of RM99.1 million.

The revenue recorded from property and development and the investment holding and others segments for the quarter is comparable to the corresponding quarter last year.

The Group recorded a loss after taxation of RM35.2 million for the current quarter as compared to a profit after taxation from continuing operations of RM19.7 million in the same quarter last year. The loss for the quarter is mainly attributable to gross loss of RM7.9 million (30/09/2011: gross profit of RM2.5 million) and the provision of tax expense and its related tax penalty charges of RM32.5 million. However the loss was offset by a gain in fair value of derivative of RM10.6 million (30/9/2011: RM nil) resulting from the valuation of equity collar derivative embedded with the term loan.

2. Material Changes in the Quarterly Results Compared to the preceding quarter

For the current quarter under review, the Group recorded revenue from engineering and construction segment of RM3.5 million as compared to a revenue of RM24.9 million in the preceding first quarter ended 30 June 2012.

2. Material Changes in the Quarterly Results Compared to the preceding quarter (Continued)

The revenue of RM26.1 million is mainly contributed from the progress works on the project in Abu Dhabi, UAE and a reversal of provision for Liquidated Ascertained Damages for a project in Rembang, Indonesia amounting to RM4.9 million. However, the revenue was offset by provisions made on deductions of works and variations/deviations from contract for the Rembang project amounting to RM27.5 million.

The revenue recorded from property and development segment is recurring rental income from office premises and car park bays.

The revenue recorded from the investment holding and others segments of RM5.7 million as opposed to RM0.2 million recorded in preceding quarter is mainly due to dividend received in the current quarter.

For the current quarter, the Group recorded a loss after taxation of RM35.2 million as compared to the preceding quarter's profit after taxation of RM22.9 million. The loss for the quarter is mainly attributable to gross loss of RM7.9 million and the provision of tax expense and its related tax penalty charges of RM32.5 million. However, the loss was offset by a gain on fair value derivative of RM10.6 million. The preceding quarter's profit is mainly attributed by the gain on fair value of derivative of RM21.5 million.

3. Current Year Prospects

For the current year, the Group is focusing on implementing the projects that have already been secured while continuing to secure new local projects.

Moving forward, the Group is expected to generate revenue from the new local projects secured, therefore the Group's performance is expected to be satisfactory for the financial year ending 31 March 2013.

4. Profit Forecast or Profit Guarantee

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

5. Taxation

	Current Quarter Ended		Six months Ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Continuing operations				
Malaysian income tax	23	625	44	643
Overseas income tax	24,114	-	24,129	355
Deferred tax	-	(1)	(1)	(3)
Tax expense	24,137	624	24,172	995

The effective tax rate for the Group 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.

The tax charge incurred by the Group for the quarter and year to date is principally in respect of the potential tax payable to be incurred by a subsidiary's branch.

6. Status of Corporate Proposals Announced

There was no corporate proposal announced but not completed as at 28 November 2012.

7. Borrowings and Debt Securities

**As at
30.09.2012
RM'000**

(i) Current borrowings	
<i>Secured</i>	
- Term loan	65,941
- Hire purchase liabilities	112
- Overdraft	2
	66,055

(ii) Non-current borrowings	
<i>Secured</i>	
- Equity Collar Loan	234,003
- Borrowing cost on equity collar loan	(1,962)
- Hire purchase liabilities	654
	232,695
Total	298,750

7. Borrowings and Debt Securities(Continued)

Included in the term loan (current borrowing) is an amount of RM12.6 million which is denominated in United Arab Emirates Dirhams.

In relation to the term loan facility with equity collar financial derivative above, the Group is required to perform a valuation of the equity collar financial derivative on each reporting date. As a result, the Group has recognised a gain on fair value of RM10.6 million during the quarter and RM32.1 million for the period ended 30 September 2012 arising from the fair value changes on the equity collar options.

These shares are reflected as available-for-sale financial assets. A fair value assessment of the available-for-sale financial assets is carried out at each reporting date, and the change in fair value is recorded in available-for-sale reserves. As at 30 September 2012, the fair value on available-for-sale financial assets reserve stood at RM38.2 million.

8. (Losses)/ Earnings Per Share

The basic (losses)/earnings per share for the financial period are calculated based on the Group's (loss)/profit attributable to the equity holders of the Company, divided by the number of ordinary shares outstanding at the end of the period to date.

	Current Quarter Ended		Six Months Ended	
	30/09/12	30/09/11	30/09/12	30/09/11
Group's (losses)/profit for the period, attributable to the equity holders of the parent (RM' 000)	(35,202)	19,719	(12,216)	11,674
Number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
(Loss) /profit per share for the period (sen)	(6.25)	3.50	(2.17)	2.07
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

The Group has no dilution in its (losses) /earnings per ordinary share, as there is no potential dilutive ordinary shares in issue during the current financial period.

9. 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's 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.

	As at 30.09.2012 RM'000	As at 31.03.2012 RM'000
Accumulated losses of the Group and its subsidiaries		
- realised	(1,164,115)	(1,443,869)
- unrealised	(24,903)	(28,225)
	(1,189,018)	(1,472,094)
Accumulated losses of the associates		
- realised	9,332	10,525
- unrealised	(1,137)	(1,137)
	(1,180,823)	(1,462,706)
Consolidated adjustments	801,560	1,095,659
Total accumulated losses as per consolidated accounts	(379,263)	(367,047)

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.

10. 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 reporting date as at 31 March 2012, except in relation to Note 32(c) of the Audited Financial Statements where the Court of Appeal has made an order against a subsidiary company's branch in Abu Dhabi for AED12,916,515.75 (approximately RM11.0 million) as outstanding payment together with AED300,00,000 (approximately RM0.25 million) as compensation and dismissed the subsidiary company's appeal for a counter action to join the project owner as co-defendant in the suit.

10. Changes in Material Litigation (Continued)

On 6 August 2012, 3 September 2012 and 24 September 2012, the Execution Court has issued letters to project owner instructing project owner to deposit the sum of AED14,256,520.17 (approximately RM12.1 million) to the Execution Court in order to pay the judgment obtained by the subcontractor. This has been appealed by the project owner and the matter was fixed for hearing on 7 October 2012. The subsidiary company's branch in Abu Dhabi had then submitted its objection to the said appeal by project owner. On 17 October 2012, the Court has dismissed the said appeal by project owner. Hence, the earlier instruction from the Execution Court for project owner to pay the sum of AED14,256,520.17 to the Execution Court remains. As the process is currently ongoing, the Conservatory Attachment has not been discharged.

There is no financial impact to the Group as the project owner has the contractual obligation to reimburse the Group.

11. Dividends

There was no dividend declared for the quarter under review.

12. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2012.

By order of the Board

**Norlida Jamaludin
Secretary**

**Kuala Lumpur
28 November 2012**