

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010**

	Individual Quarter		Cumulative Period	
	Current year quarter 31/12/2010 RM'000 Unaudited	Preceding year quarter 31/12/2009 RM'000 Unaudited	Current year to date 31/12/2010 RM'000 Unaudited	Preceding year to date 31/12/2009 RM'000 Unaudited
<b>Continuing operations</b>				
Revenue	(39,204)	229,423	89,610	953,732
Cost of sales	8,077	(280,465)	(144,879)	(989,445)
Gross loss	(31,127)	(51,042)	(55,269)	(35,713)
Other operating income				
- Interest income	5,529	92	15,928	685
- Profit from Islamic deposits	-	4	-	70
- Investment income	-	7	-	14
- Other operating income	455	1,231	5,545	4,121
- Reversal of decline in value of marketable securities	-	0	-	2,507
- Gain on disposal of non-current asset classified as held for sale	-	3,627	-	3,627
- Loss on disposal of associate and jointly controlled entity	(166)	0	(166)	-
- Gain on disposal of available-for-sale investment	17,980	0	47,664	-
- Gain on disposal of marketable securities	-	1,920	-	3,014
Marketing expenses	(5)	(78)	(55)	(2,537)
Administrative expenses	(3,919)	(6,753)	(17,317)	(20,068)
Other operating expenses	3,496	(4,617)	(24,573)	(16,787)
Finance costs	(3,689)	136	(10,644)	(30)
Share of results of:				
- Associates	(12,819)	2,222	(16,999)	7,298
- Jointly controlled entities	-	294	-	654
<b>Loss before taxation</b>	<b>(24,265)</b>	<b>(52,957)</b>	<b>(55,886)</b>	<b>(53,145)</b>
Tax expense	(16,232)	(11,092)	(15,417)	(16,754)
<b>Loss for the period from continuing operations</b>	<b>(40,497)</b>	<b>(64,049)</b>	<b>(71,303)</b>	<b>(69,899)</b>
<b>Discontinuing operation</b>				
Loss for the period from discontinuing operation	0	(372)	(4,339)	(2,043)
<b>Loss for the period</b>	<b>(40,497)</b>	<b>(64,421)</b>	<b>(75,642)</b>	<b>(71,942)</b>
<b>Other comprehensive (loss)/income:</b>				
Changes in the fair value of available-for-sale investment	76,571	(2,306)	106,530	172,243
Reversal of fair value on disposal of available-for-sale investment	(17,980)	0	(47,664)	-
Exchange difference from translation of foreign operations	(1,329)	1,357	16,569	11,299
Reversal of exchange difference on disposal of subsidiary	0	0	74	-
<b>Other comprehensive income for the period</b>	<b>57,262</b>	<b>(949)</b>	<b>75,509</b>	<b>183,542</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>16,765</b>	<b>(65,370)</b>	<b>(133)</b>	<b>111,600</b>
<b>Profit/ (Loss) for the period</b>				
Attributable to:				
Equity holders of the parent	(41,295)	(60,378)	(75,527)	(69,924)
Minority interest	798	(4,043)	(115)	(2,018)
	<b>(40,497)</b>	<b>(64,421)</b>	<b>(75,642)</b>	<b>(71,942)</b>
<b>Total comprehensive income /(loss) for the period</b>				
Equity holders of the parent	17,130	(61,014)	1,378	113,228
Minority interest	(365)	(4,356)	(1,511)	(1,628)
	<b>16,765</b>	<b>(65,370)</b>	<b>(133)</b>	<b>111,600</b>
Basic loss per share attributable to equity holders of the Company (sen):				
- profit/ (loss) from continuing operations	(7.33)	(10.71)	(12.65)	(12.10)
- loss from discontinuing operations	-	(0.01)	(0.76)	(0.31)
	<b>(7.33)</b>	<b>(10.72)</b>	<b>(13.41)</b>	<b>(12.41)</b>
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 DECEMBER 2010

	AS AT END OF CURRENT QUARTER 31 DECEMBER 2010 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	45,804	65,970
Investment properties	5,593	5,699
Investments in associates	15,280	33,214
Investments in jointly controlled entities	0	127
Available-for-sale investment	429,173	562,509
	<u>495,850</u>	<u>667,519</u>
<b>Current assets</b>		
Inventories	9,194	9,537
Property development costs	304	0
Trade and other receivables	552,788	610,719
Tax recoverable	45,466	38,341
Other investments	-	433
Cash and bank balances	36,509	43,908
	<u>644,261</u>	<u>702,938</u>
Assets of disposal group classified as held for sale	-	36,939
	<u>644,261</u>	<u>739,877</u>
<b>TOTAL ASSETS</b>	<u><u>1,140,111</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	153,281	159,465
Amount recognised directly in equity relating to asset classified as held for sale	-	(68)
	<u>434,913</u>	<u>441,029</u>
Minority interest	11,061	17,273
<b>Total equity</b>	<u>445,974</u>	<u>458,302</u>
<b>Non-current liabilities</b>		
Borrowings	52	300
Deferred tax liabilities	3,948	3,661
	<u>4,000</u>	<u>3,961</u>
<b>Current liabilities</b>		
Trade and other payables	471,316	655,036
Borrowings	203,238	273,546
Current tax liabilities	15,583	338
Liabilities of disposal group classified as held for sale	-	16,213
	<u>690,137</u>	<u>945,133</u>
<b>Total liabilities</b>	<u>694,137</u>	<u>949,094</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,140,111</u></u>	<u><u>1,407,396</u></u>
Net assets per share (RM)	<u>0.77</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 THIRD QUARTER ENDED 31 DECEMBER 2010

	Attributable to equity holders of the parent						Total	Minority Interest	Total Equity	
	Share Capital	Share Premium	Translation Reserve	Capital Reserve *	General Reserve *	Fair Value Reserve ^				Retained Earnings/ (Accumulated Losses)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 period</u>										
Total comprehensive income/ (loss) for the period	-	-	18,039	-	-	58,866	(75,527)	1,378	(1,511)	(133)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(4,228)	(4,228)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(473)	(473)
Balance as at 31 December 2010	281,632	124,396	68,756	35,457	4,254	143,697	(223,279)	434,913	11,061	445,974
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 period</u>										
Total comprehensive income for the period	-	-	10,909	-	-	172,243	(69,924)	113,228	(1,628)	111,600
Dividend paid	-	-	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(3,242)	(3,242)
Balance as at 31 December 2009	281,632	124,396	39,210	35,457	4,254	38,723	64,735	588,407	29,993	618,400

\* 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 THIRD QUARTER ENDED 31 DECEMBER 2010**

	Current year to date 31/12/2010 RM'000	Preceding year to date 31/12/2009 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss for the period, attributable to shareholders	(75,527)	(69,924)
Adjustments for :		
Tax expense	15,587	16,482
Allowance for doubtful debts	1,599	499
Allowance for doubtful debts written back	-	(295)
Depreciation of property, plant and equipment	5,986	16,717
Amortisation of prepaid lease	0	46
Depreciation of investment properties	106	106
Property, plant and equipment written off	169	1,648
(Gain)/loss on disposal of property, plant and equipment	(1,168)	(382)
Reversal of decline in value of marketable securities	-	(2,507)
Gain on disposal of marketable securities	-	(3,004)
Gain on disposal of other investments	(42)	-
Gain on disposal of non current assets classified as held for sale	-	(3,627)
Loss on disposal of associate and jointly controlled entity	166	-
Gain on disposal of available-for-sale investments	(47,664)	-
Dividend income	(13,726)	(4,117)
Loss of disposal of a subsidiary	4,040	-
Interest income	(15,933)	(983)
Profit from Islamic deposits	-	(70)
Investment income	(1)	(14)
Finance costs	10,645	34
Unrealised foreign exchange loss / (gain)	15,046	9,204
Minority interest	(115)	(2,018)
Share of results of jointly controlled entities	-	(654)
Share of results of associates	16,999	(7,298)
	<u>(83,833)</u>	<u>(50,157)</u>
Changes in working capital :		
Property development costs	(304)	3,383
Inventories	343	2,794
Receivables	55,686	88,817
Payables	(175,263)	(160,511)
Cash used in operations	(203,371)	(115,674)
Taxation paid	(4,290)	(17,803)
<b>Net cash flows from operating activities</b>	<u>(207,661)</u>	<u>(133,477)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investments	557	7,608
Proceeds from disposal of associate	629	-
Proceeds from disposal of available-for-sale investment and marketable securities	234,051	-
Acquisition of marketable securities	-	(2,881)
Acquisition of other investments	-	(3,011)
Purchase of property, plant and equipment	(733)	(7,673)
Proceeds from disposal of property, plant and equipment	6,032	922
Dividends received	11,006	3,088
Proceeds from disposal of a subsidiary	10,000	-
Interest income received	15,928	983
Profit from Islamic deposits received	-	70
Investment income received	-	14
<b>Net cash flows from investing activities</b>	<u>277,470</u>	<u>(880)</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(70,010)	(290,732)
Proceeds from borrowings	0	382,399
Dividend paid to minority interest	(473)	(3,242)
Repayments of hire purchase liabilities	(545)	(625)
Finance costs	(10,644)	(2,060)
Additional deposits pledged as security	771	(1,749)
<b>Net cash flows from financing activities</b>	<u>(80,901)</u>	<u>83,991</u>
Net movement in cash and cash equivalents	(11,093)	(50,366)
Cash and cash equivalents at beginning of the period	41,359	95,055
Currency translation differences	4,465	2,926
<b>Cash and cash equivalents at end of the period</b>	<u>34,731</u>	<u>47,615</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 2010)

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

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 31 DECEMBER 2010**

**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 a net loss of RM40,497,000 and a net loss of RM75,642,000 during the financial quarter ended 31 December 2010 and for the nine months period ended 31 December 2010, respectively. As of that date, the current liabilities of the Group exceeded their current assets by RM45,876,000.

The Group had partially disposed off its available-for-sale investment and received gross proceeds of approximately RM14.7 million between January and February 2011. The proceeds from the disposal have been utilised for working capital purpose.

As of the date of the approval of this interim financial report, the Group is in the process of disposing further available-for-sale investment which has been approved by the shareholders at an Extraordinary General Meeting on 7 September 2010 and negotiating with the bankers to secure credit facilities in order to ensure that the Group would have sufficient cash flows to complete the construction contracts in progress, meet working capital requirements, loan repayments, 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 proposed disposal of the remaining available-for-sale investment of the Group which has been approved by the shareholders at an Extraordinary General Meeting, the continuing support from the existing bankers and the successful negotiations in securing credit facilities will allow the Group to carry on as a going concern. 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 RM76.6 million in respect of the available-for-sale investment for the quarter ended 31 December 2010 due to the increase in market value from RM5.19 per IJM Corporation Berhad (“IJM”) share to RM6.23 per IJM share, offset by the sale of 12.5 million IJM shares which has resulted in the transfer of RM17.9 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 RM32.4 million in respect of a project in Indonesia .

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

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the period ended 31 December 2010 because of their nature, size, or incidence except for the following:

- (i) an increase of fair value reserve amounting to RM106.5 million in respect of the available-for-sale investment for the year-to-date ended 31 December 2010 due to increase in market value from RM4.88 per IJM share to RM6.23 per IJM share, offset by the sale of 46.4 million of IJM shares. This has resulted in the transfer of RM47.7 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 RM40.5 million in respect of a project in Kingdom of Saudi Arabia and RM32.4 million in respect of another project in Indonesia.

#### **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	(42,246)	366	6,435	(35,445)
Inter-segment	(3,759)	-	-	(3,759)
External	<b>(46,005)</b>	<b>366</b>	<b>6,435</b>	<b>(39,204)</b>
<b><u>Results</u></b>				
Segment loss	(28,106)	(186)	(2,808)	(31,100)
Interest income	5,447	2	80	5,529
Gain on disposal of available-for-sale investment	-	-	17,980	17,980
Loss on disposal of associate and jointly controlled entity	(150)	-	(16)	(166)
Finance costs	(3,688)	-	(1)	(3,689)
Share of results of associates and jointly controlled entities	(12,819)	-	-	(12,819)
(Loss)/ profit before taxation	(39,316)	(184)	15,235	(24,265)
Tax expense				(16,232)
Loss for the quarter				<b>(40,497)</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	75,276	31,147	51,511	157,934	6,476
Inter-segment	(8,316)	(30,000)	(30,008)	(68,324)	(4,385)
External	<b>66,960</b>	<b>1,147</b>	<b>21,503</b>	<b>89,610</b>	<b>2,091</b>

### Results

Segment loss	(88,773)	(897)	(1,999)	(91,669)	(176)
Interest income	15,777	13	138	15,928	48
Loss on disposal of associate and jointly controlled entity	(150)	0	(16)	(166)	0
Gain on disposal of available-for-sale investment	0	0	47,664	47,664	0
Loss on disposal of a subsidiary	0	0	0	0	(4,040)
Finance costs	(10,637)	0	(7)	(10,644)	(1)
Share of results of associates and jointly controlled entities	(16,999)	0	0	(16,999)	0
(Loss)/profit before taxation	(100,782)	(884)	45,780	(55,886)	(4,169)
Tax expense				(15,417)	(170)
Loss for the period				<b>(71,303)</b>	<b>(4,339)</b>

The Group's segmental report for the corresponding three-month financial quarter and year to date ended 31 December 2009 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	232,496	220	4,857	237,573	3,793
Inter-segment	(8,146)	-	(4)	(8,150)	(77)
External	<b>224,350</b>	<b>220</b>	<b>4,853</b>	<b>229,423</b>	<b>3,716</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	(65,379)	4,796	(676)	(61,259)	(283)
Interest income	69	13	10	92	26
Profit from Islamic deposits	-	-	4	4	-
Investment income	-	7	-	7	-
Gain on disposal of marketable securities	-	-	1,920	1,920	-
Gain on disposal of non current assets classified as held – for-sale	-	-	3,627	3,627	-
Finance costs	141	(1)	(4)	136	(1)
Share of results of associates and jointly controlled entities	2,466	-	50	2,516	-
(Loss)/profit before Taxation	(62,703)	4,815	4,931	(52,957)	(258)
Tax credit/(expense)				(11,092)	(114)
Loss for the Quarter				<b>(64,049)</b>	<b>(372)</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	948,779	21,728	19,949	990,456	16,016
Inter-segment	(36,711)	-	(13)	(36,724)	(1,215)
External	<b>912,068</b>	<b>21,728</b>	<b>19,936</b>	<b>953,732</b>	<b>14,801</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	(86,853)	12,742	3,126	(70,985)	(2,064)
Interest income	588	77	20	685	299
Profit from Islamic deposits	-	-	70	70	-
Investment income	-	14	-	14	-
Gain on disposal of marketable securities and non- current assets classified as held for sale	-	-	6,641	6,641	-
Reversal of decline in value of marketable securities	-	-	2,507	2,507	-
Finance costs	(9)	(4)	(16)	(29)	(5)
Share of results of associates and jointly controlled entities	7,908	-	44	7,952	-
(Loss)/profit before taxation	<u>(78,366)</u>	<u>12,829</u>	<u>12,392</u>	<u>(53,145)</u>	<u>(1,770)</u>
Tax credit/(expense)				<u>(16,754)</u>	<u>273</u>
Loss for the period				<u><b>(69,899)</b></u>	<u><b>(2,043)</b></u>

**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**

Subsequent to the period under review, the Company sold 2,330,000 ordinary shares of RM1.00 each in IJM for a cash consideration of RM14.7 million. The gain on disposal of these shares amounted to approximately RM5.0 million.

Save for the above, there was 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 possible imposition of a liquidated ascertained damages (“LAD”) claim to a maximum of RM125 million, and the possible drawdown of a performance bond of RM132 million.

**13. Capital Commitments**

The Group did not have any capital commitment as at 31 December 2010.

**14. Review of Performance**

For the current quarter under review, the Group recorded a negative revenue from continuing operations of RM39.2 million. This is due to a reversal made on the revenue recognised earlier as a result of additional foreseeable losses for the Indonesian project. In addition, there was minimal revenue recognised from other existing projects.

The Group recorded a loss after tax from continuing operations of RM40.5 million as compared to RM64.4 million loss in the preceding year’s quarter.

In view of the delays suffered by the Group in respect of the project in Indonesia, the Group has applied for an extension of time. However, in December 2010, the owner of the project issued a notice, indicating their intention to take over the outstanding works.

Pursuant thereto, the Group engaged into negotiations 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. In the meantime, the Group is continuing work on site.

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

As a consequence of the notification letter from the owner of the project, there is the possibility that liquidated ascertained damages (“LAD”) of a maximum of approximately RM125 million may be imposed and the performance bond issued by the Group to the owner of the project of RM132 million may be drawdown. It may also result in delays in the collection of the outstanding progress billings previously certified by the owner of the project of approximately RM181 million, potentially pending ascertainment of costs to completion by the independent consultants.

However, the Directors are optimistic that, based on the negotiations held with the owner to date, they will be successful in their negotiations with the owner of the project and a supplementary agreement will be signed.

**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 RM24.3 million as compared to the preceding quarter’s loss before taxation from continuing operations of RM34.9 million. The loss from continuing operations for the current quarter was mainly due to additional foreseeable losses incurred on the project in Indonesia which is partially offset by a gain on disposal of the Group’s investments.

**16. Current Year Prospects**

The Group is expected to continue to make losses in the final quarter of the current financial year as its revenue is expected to come only from its existing secured order book.

**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	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Malaysian income tax	15,545	14,885	13,967	24,216
Overseas income tax	688	(3,778)	1,163	(7,274)
Deferred tax	(1)	(15)	287	(188)
Tax expense/(credit)	16,232	11,092	15,417	16,754

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

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**

Save for Note 11 above, there was 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 12,480,000 IJM shares for a net cash consideration of RM69.698 million.

**Year to date**

During the financial year to date under review, the Group disposed of 46,380,000 IJM shares for a net cash consideration of RM239.870 million.

The investments in quoted securities as at 31 December 2010 are as follows:

(i) at cost	= RM285,476,253
(ii) at carrying value	= RM429,172,901
(iii) at market value	= RM429,172,901

**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, if deemed fit in the future, 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.

To date, the Company had sold 29,810,000 shares of the 30,000,000 shares mandated by the shareholders. As at 31 December 2010, 27,480,000 shares have been sold for a cash consideration of RM146.490 million, realising a gain on sale of RM32.612 million.

Subsequent to 31 December 2010 till 16 February 2011, a further 2,330,000 shares have been sold for a cash consideration of RM14.677 million, realising a gain on sale of RM5.022 million.

**22. Borrowings and Debt Securities**

**As at  
31.12.10  
RM'000**

<b>(i) Current borrowings</b>	
<i>Secured:-</i>	
- Revolving credit	153,232
- Term loans	49,867
- Hire purchase liabilities	139
	<b>203,238</b>

**22. Borrowings and Debt Securities (Continued)**

<b>(ii) Non current borrowings</b>	
<i>Secured:-</i>	
- Hire purchase liabilities	52
	<b>52</b>
<b>Total</b>	<b>203,290</b>

As at 31 December 2010, the outstanding revolving credit balance of RM46.3 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 RM49.8 million which is denominated in United Arab Emirates Dirhams.

Included in the current hire purchase liabilities is an amount of RM0.01 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 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.

	Current Quarter Ended		Year-To-Date Ended	
	31/12/10	31/12/09	31/12/10	31/12/09
Group's loss from continuing operations attributable to ordinary equity holders of the parent (RM' 000)	(41,295)	(60,301)	(71,236)	(68,172)
Group's profit/(loss) from discontinued operations attributable to ordinary equity holders of the parent (RM' 000)	-	(77)	(4,291)	(1,752)
Group's profit/(loss) for the period, attributable to the equity holders of the parent (RM' 000)	<u>(41,295)</u>	<u>(60,378)</u>	<u>(75,527)</u>	<u>(69,924)</u>

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

Number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
<b>Basic profit/(loss) per share for (sen):</b>				
<b>(a) Loss from continuing operations</b>	(7.33)	(10.71)	(12.65)	(12.10)
<b>(b) Loss from discontinued operations</b>	-	(0.01)	(0.76)	(0.31)
<b>(c) Loss for the period</b>	<u>(7.33)</u>	<u>(10.72)</u>	<u>(13.41)</u>	<u>(12.41)</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.

	Year to date 31.12.2010 RM'000
Accumulated losses of the Group and its subsidiaries	
- realised	(177,499)
- unrealised	(45,780)
<b>Total accumulated losses as per consolidated accounts</b>	<b>(223,279)</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 16 February 2010.

**By order of the Board**

**Suhla Al Asri  
Secretary**

**Kuala Lumpur  
16 February 2011**