



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011 - UNAUDITED**

	31/03/2011 RM'000	31/12/2010 RM'000 Restated
Assets		
Property, plant and equipment	5,655	5,626
Intangible assets	368,595	350,782
Prepaid lease payments	24,310	23,642
Investment properties	3,169	3,443
Investment in associate	31,249	30,690
Other investments	86	86
Deferred tax assets	2,420	2,420
Total non-current assets	435,484	416,689
Trade and other receivables, including derivatives	295,470	272,404
Inventories	5,870	5,421
Current tax assets	101	143
Assets classified as held for sale	-	653
Cash and cash equivalents	217,579	145,230
Total current assets	519,020	423,851
Total assets	954,504	840,540
Equity		
Share capital	237,154	236,774
Reserves	48,805	50,865
Capital reserves	57,765	-
Retained earnings	26,125	21,833
Total equity attributable to owners of the Company	369,849	309,472
Non-controlling interests	136,163	84,546
Total equity	506,012	394,018
Liabilities		
Loans and borrowings	38,098	40,276
Deferred tax liabilities	79	79
Total non-current liabilities	38,177	40,355
Trade and other payables, including derivatives	192,568	205,519
Loans and borrowings	212,979	195,911
Current tax liabilities	4,768	4,737
Total current liabilities	410,315	406,167
Total liabilities	448,492	446,522
Total equity and liabilities	954,504	840,540
Net assets per share (RM)	0.78	0.65

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Revenue	110,437	112,953	110,437	112,953
Cost of sales	(92,606)	(92,188)	(92,606)	(92,188)
Gross Profit	17,831	20,765	17,831	20,765
Other income	1,256	736	1,256	736
Other expenses	-	-	-	-
Tendering and distribution costs	(867)	(1,271)	(867)	(1,271)
Administrative expenses	(10,403)	(9,987)	(10,403)	(9,987)
Profit from operations	7,817	10,243	7,817	10,243
Interest expense	(1,954)	(1,026)	(1,954)	(1,026)
Interest income	238	64	238	64
Share of profit after tax and minority interest of associates	559	797	559	797
Profit before tax	6,660	10,078	6,660	10,078
Taxation	(1,195)	(1,956)	(1,195)	(1,956)
Profit for the period	5,465	8,122	5,465	8,122
Profit attributable to:				
Owners of the Company	4,293	5,550	4,293	5,550
Non-controlling interests	1,172	2,572	1,172	2,572
Profit for the period	5,465	8,122	5,465	8,122
Basic earnings per ordinary share (sen)	0.91	1.19	0.91	1.19
Diluted earnings per ordinary share (sen)	0.86	-	0.86	-

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2011 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Profit for the period	5,465	8,122	5,465	8,122
Other comprehensive (loss)/income, net of tax				
Changes in fair value of cash flow hedge	-	5,389	-	5,389
Foreign currency translation differences for foreign operations	(2,727)	(12,197)	(2,727)	(12,197)
Other comprehensive (loss)/income for the period, net of tax	(2,727)	(6,808)	(2,727)	(6,808)
Total comprehensive (loss)/income for the period	2,738	1,314	2,738	1,314
Total comprehensive (loss)/income attributable to:				
Owners of the Company	2,329	1,104	2,329	1,104
Non-controlling interests	409	210	409	210
Total comprehensive (loss)/income for the period	2,738	1,314	2,738	1,314

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2010 – UNAUDITED**

	Attributable to owners of the Company									Total	Non-controlling interests	Total equity
	Non – distributable					Distributable						
	Share capital	Share premium	Warrant reserve	Translation reserve	Hedging reserve	Share option reserve	Capital reserve	Revaluation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	233,860	35,067	22,150	9,840	-	-	-	150	6,464	307,531	71,700	379,231
Total comprehensive income for the period	-	-	-	(9,835)	5,389	-	-	-	5,550	1,104	210	1,314
At 31 March 2010	233,860	35,067	22,150	5	5,389	-	-	150	12,014	308,635	71,910	380,545
At 1 January 2011	236,774	36,445	22,150	(8,658)	-	778	-	150	21,833	309,472	84,546	394,018
Total comprehensive income for the period	-	-	-	(1,963)	-	-	-	-	4,292	2,329	409	2,738
Share option exercised	380	53	-	-	-	-	-	-	-	433	-	433
Transfer to share premium for share options exercised	-	129	-	-	-	(129)	-	-	-	-	-	-
Acquisition by non-controlling interests	-	-	-	-	-	-	57,615	-	-	57,615	51,208	108,823
At 31 March 2011	237,154	36,627	22,150	(10,621)	-	649	57,615	150	26,125	369,849	136,163	506,012

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011 – UNAUDITED**

	3 months Ended 31/03/2011 RM'000	3 months Ended 31/03/2010 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	6,660	10,078
Adjustments for :		
- Non-cash items	3,789	2,083
- Non-operating items	1,716	962
Operating profit before changes in working capital	<u>12,165</u>	<u>13,123</u>
Changes in working capital	<u>(35,916)</u>	<u>(22,707)</u>
Cash generate from operations	<u>(23,751)</u>	<u>(9,584)</u>
Income taxes paid	(1,379)	(933)
Interest paid	<u>(1,954)</u>	<u>(1,026)</u>
Net cash used in operating activities	<u>(27,084)</u>	<u>(11,543)</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	25	6
- Proceeds from disposal of assets classified as held for sale	653	-
- Proceeds from disposal of investment properties	279	-
- Disposal of subsidiary, net of cash disposed	107,847	-
- Acquisition of property, plant and equipment	(24,044)	(15,745)
- Acquisition of subsidiary, net of cash acquired	32	(38)
- Acquisition of investment properties	-	(5)
- Prepayment of lease term	(1,225)	(11)
- Dividends received	-	-
- Interest received	238	64
Net cash generated from/(used in) investing activities	<u>83,805</u>	<u>(15,729)</u>
<u>Cash flows from financing activities</u>		
- Net proceeds from issue of shares capital	433	-
- Proceeds from bank borrowings	29,363	53,735
- Repayments of bank borrowings	(11,437)	(24,355)
- Payment of hire purchase liabilities	(373)	(290)
Net cash generated from financing activities	<u>17,986</u>	<u>29,090</u>
Exchange differences on translation of the financial statements of foreign entities	<u>(1,252)</u>	<u>(5,634)</u>
Net decrease in cash and cash equivalents	<u>73,455</u>	<u>(3,816)</u>
Cash and cash equivalents at beginning of period	<u>139,400</u>	<u>147,312</u>
Cash and cash equivalents at end of period	<u>212,855</u>	<u>143,496</u>



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The cash and cash equivalents comprise the following balance sheet amounts

	3 months Ended 31/03/2011 RM'000	3 months Ended 31/03/2010 RM'000
Cash and bank balances	103,154	101,584
Deposits placed with licensed banks	114,425	45,423
Bank overdrafts	(2,523)	(3,511)
	215,056	143,496
Less: Amount placed with debts service reserve accounts	(2,201)	-
	212,855	143,496

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The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



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

A. EXPLANATORY NOTES PURSUANT TO FRS 134 – Interim Financial Reporting

1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and with the explanatory notes attached herein. These explanatory notes 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 last audited financial statement for year ended 31 December 2010.

1.1 Changes in Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for year ended 31 December 2010 except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Issues Committee (IC) Interpretation and Amendments to FRSs and IC Interpretations by the Group with effect from 1 January 2011.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment Transactions*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)



IC Interpretation 17 and IC Interpretation 18 are not applicable to the Group and the Company.

The adoption of the abovementioned new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations do not have any significant impact on the financial statements of the Group except for the following:

a) FRS 127, *Consolidated and Separate Financial Statements* (revised) ("FRS 127")

FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interest to be absorbed by the non-controlling interest instead of by the parent. The term minority interest was replaced by the term non-controlling interest.

b) IC Interpretation 12, *Service Concession Agreements* ("IC 12")

The interpretation requires the Group to records its concession assets as intangible assets at cost less amortisation. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the interpretation and has no effect on the reported profit equity. The following comparative figures have been restated following the adoption of the IC 12:

	As previously reported RM'000	Adoption of IC 12 RM'000	As restated RM'000
Property, plant and equipment	340,703	(335,077)	5,626
Intangible assets	15,705	335,077	350,782

2. Preceding Annual Financial Statement

The audit report of the Group's annual financial statements for the year ended 31 December 2010 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The principal activities of the Group are not subject to any seasonal or cyclical changes.

4. Unusual Items that Affect the Financial Statements

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the quarter ended 31 March 2011.

5. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect in the current interim period.



6. Debt and Equity Securities

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter ended 31 March 2011 other than the issuance of 759,500 new ordinary shares of RM0.50 each pursuant to the exercise of the Employees' Share Option Scheme (ESOS) at the option price of RM0.57.

7. Dividends Paid

There were no payment of dividend for the quarter ended 31 March 2011.

8. Segmental Reporting

The segmental revenue and results of the Group for the quarter ended 31 March 2011 are as follows:-

	Constructions RM'000	Concessions RM'000	Trading RM'000	Total RM'000
Revenue from external customers	87,439	22,530	468	110,437
Share of profit of associate	-	559	-	559
Segment profit	3,675	8,388	5	12,068
Depreciation and amortization	(348)	(3,338)	(6)	(3,692)
Finance costs	(684)	(1,270)	-	(1,954)
Finance income	50	177	11	238
Income tax expense	(721)	(470)	(4)	(1,195)
Profit after tax	1,972	3,487	6	5,465
Segment assets	398,406	550,271	5,827	954,504
<i>Included in the measure of segment assets are:</i>				
Investment in associate	-	31,249	-	31,249
Additions to non-current assets other than financial instruments and deferred tax assets	159	24,215	-	24,374

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter ended 31 March 2011. The valuation of land and buildings have been brought forward without amendment from the previous annual audited report.



10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period up to 19 May 2011 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report), that have not been reflected in the financial statement for the interim period.

11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the following:-

- (i) Salcon Capital Sdn. Bhd., a wholly owned subsidiary of Salcon Berhad (“the Company”), had on 14 January 2011 entered into a Shares Subscription Agreement with Eco-Tours Sdn. Bhd. (“Eco-Tours”) and Eco NGT Sdn. Bhd. (Existing Sole Shareholders of Eco-Tours) to subscribe for 1,026,000 new ordinary shares of RM1.00 each in the issued and paid-up share capital of Eco-Tours which represents 51.3% of the share capital of 2,000,000 ordinary shares of RM1.00 each. The principal activity of Eco-Tours is in the business of transportation services. The acquisition will not have any material effect on the earnings and net assets of the Group, and the share capital of the Company.
- (ii) Further to the announcement on 21 March 2011 on the execution of Concession Agreement between SCHK and Changzhou City Tian Ning District Diao Zhuang Street Office (“CCTNDDZSO”) and the execution of Asset Transfer Agreement between Salcon Changzhou (HK) Limited (“SCHK”) and Changzhou Southeast Industrial Wastewater Treatment Plant whereby a new company will be incorporated in People’s Republic of China to carry out the obligations and responsibilities of SCHK, Salcon Berhad (“Salcon” or “Company”) wishes to announce that SCHK Limited had on 20 April 2011 incorporated a new wholly-owned subsidiary company in People’s Republic of China, details of which are set out below:

1.	Name of Company	Changzhou Salcon Wastewater Treatment Co. Ltd. (“CSWT”)
2.	Principal Activities	Wastewater operation and treatment
3.	Registered share capital	USD5.07 million (equivalent to approximately RM15,236,100)
4.	Paid up capital	As at the date of incorporation, there is no paid up capital. The proposed paid up capital is USD5.07 million
5.	Mr. Tey Thiam Huat has been nominated as the legal representative of CSWT	

The incorporation of CSWT will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2011.



12. Changes in Contingent Liabilities/Contingent Assets

The contingent as at financial period ended 31 March 2011 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	169,252
Guarantees given in favour of third parties	<u>10,918</u>

13. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	369,849
No. of shares	<u>474,308</u>
NA per share (RM)	<u>0.78</u>

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B. ADDITIONAL DISCLOSURE PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

1. Taxation

The breakdown of tax charge is as follows:-

	Current Quarter Ended 31/03/2011 RM'000	Cumulative Quarter To-date 31/03/2011 RM'000
Malaysian - current period	822	822
Overseas - current period	373	373
	<u>1,195</u>	<u>1,195</u>

The Group's lower effective tax rate (excluding the results of associates which is equity accounted net of tax) is mainly due to certain overseas income is exempted from tax.

2. Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments during the quarter ended 31 March 2011.

3. Purchase or Disposal of Quoted Investments

There were no purchases or disposals of quoted investments during the quarter ended 31 March 2011.

4. Status of Corporate Proposals

On 22 November 2010, Salcon Berhad ("Salcon" or the "Company") entered into a Conditional Sale and Purchase Agreement ("SPA") with Challenger Emerging Market Infrastructure Fund Pte. Ltd. ("EMIF") in relation to the proposed disposal by the Company of 40% of the entire issued and paid-up share capital of Salcon Water (Asia) Limited ("Salcon Asia") to EMIF for a total cash consideration of Renminbi ("RMB") 238 million (or an equivalent of Hong Kong dollar ("HKD") 278.46 million or RM112.26 million based on an exchange rate of RMB1.00 : HKD1.17 and RM1.00 : RMB2.12 respectively) ("Proposed Disposal").

To facilitate, inter-alia, the Proposed Disposal, Salcon shall undertake a proposed internal restructuring involving its wholly-owned subsidiary company, namely, Salcon Asia (currently a dormant investment holding company), and five (5) other wholly-owned subsidiary companies of the Company, namely, Salcon Services (HK) Limited, Salcon Shandong (HK) Limited, Salcon Linyi (HK) Limited, Salcon Zhejiang (HK) Limited and Salcon Fujian (HK) Limited (collectively referred to as the "HK Subsidiaries") (which are principally involved in water treatment, sewage treatment, raw water supply/transfer activities) whereby the HK Subsidiaries will become approximately 99.99%-owned subsidiary companies of Salcon Asia ("Proposed Internal Restructuring").

The Proposed Internal Restructuring is to be completed prior to the Proposed Disposal.



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On 21 January 2011, the ordinary resolution set out in the Notice of Extraordinary General Meeting regarding the Proposed Disposal was duly passed by the shareholders of the Company.

On 28 February 2011, the disposal of 40% equity interest in Salcon Asia to EMIF ("Disposal") was deemed completed by the Board following the completion of the conditions precedent of the Sale and Purchase Agreement dated 22 November 2010 relating to the Disposal ("SPA"). Concurrent with the completion of the Disposal, Salcon had on even date entered into a Shareholders' Agreement ("SA") with EMIF.

The SA governs matters relating to the ownership, management, control and operation of the Salcon Asia Group as well as the relationship between Salcon and EMIF.

On 29 April 2011, the consideration for the Disposal of RMB238 million (or equivalent to approximately RM112.26 million based on the exchange rate of RM1.00 : RMB2.12 as at 6 January 2011) had been adjusted to RMB202.62 million (or equivalent of RM95.58 million based on an exchange rate of RM1.00: RMB2.12 as at 6 January 2011) pursuant to Clause 3 and Schedule 5 of the SPA. Accordingly, Salcon had on 29 April 2011 refunded RMB35.38 million (or equivalent of RM16.69 million based on an exchange rate of RM1.00: RMB2.12 as at 6 January 2011) in cash to EMIF.

Both Salcon and EMIF have mutually agreed to the value of the said adjusted Disposal consideration.

The status of the utilisation of the proceeds as at 19 May 2011 arising from the disposal is as follows: (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

Purpose	Proposed	Actual	Intended	Deviation		Explanation
	Revised			Utilisation	RM'000	
	Utilisation	Utilisation	Timeframe			
	RM'000	RM'000	for			
			Utilisation			
Future investments	84,380	-	24 months	Nil	Nil	Not completed
Repayment of bank borrowings	10,000	(4,514)	12 months	Nil	Nil	Not completed
Defraying estimated expenses relating to the Disposal	1,200	(1,200)	3 months	Nil	Nil	Completed
Total	95,580	(5,714)				



5. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	36,000	36,000
Finance lease creditors	2,098	-	2,098
	<u>2,098</u>	<u>36,000</u>	<u>38,098</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	2,522	2,522
Revolving credits	-	9,376	9,376
Bankers acceptances	-	863	863
Term loan	-	198,806	198,806
Finance lease creditors	1,412	-	1,412
	<u>1,412</u>	<u>211,567</u>	<u>212,979</u>
Total Group Borrowings	<u>3,510</u>	<u>247,567</u>	<u>251,077</u>

Included in the above Group borrowings are the following loans denominated in Chinese Renminbi (RMB) :

	Foreign currency RMB'000	Equivalent RM'000
Short Term Borrowings (Unsecured)	<u>420,360</u>	<u>194,081</u>

6. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 19 May 2011 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

7. Changes in Material Litigation

There was no material update as at 19 May 2011 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

8. Material Changes in the Results of the Current Quarter compared to that of the Preceding Quarter

For the current financial quarter, the Group revenue was lower by 7% and profit before tax was higher by 62% respectively as compared with the immediate preceding quarter.

9. Review of Performance of the Company and its Principal Subsidiaries

For the current financial quarter under review, the Group achieved lower revenues amounting to RM110.44 million compared to RM112.95 million for the same period in the preceding year; or a decrease of 2%. Profit before taxation was lower by 34%, as a result of lower profit margin from construction activities.



10. Prospects

The Group's success in securing the first industrial waste water project in Changzhou, Jiangsu Province of China will strengthen our strategy to source for more industrial waste water concessions in China which give higher returns.

11. Variance of Profit Forecast / Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

12. Financial instruments - derivatives

As at 31 March 2011, the Group has the following outstanding foreign currency forward contracts under derivative financial instruments with the notional value of RM24.23 million:

Derivatives	Carrying Value RM'000	Fair Value RM'000
Foreign currency forward contracts – less than one year	313	313

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13. Earnings Per Share

The basic and diluted earnings per share have been calculated based on the consolidated net profit attributable to equity holders of the parent for the period and the weighted average number of ordinary shares outstanding during the period as follows:

Basic earnings per share

	Current Quarter Ended 31/03/2011	Comparative Quarter Ended 31/03/2010	Cumulative Quarter To-date 31/03/2011	Cumulative Quarter To-date 31/03/2010
Profit attributable to equity holders of the parent (RM'000)	<u>4,293</u>	<u>5,550</u>	<u>4,293</u>	<u>5,550</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>473,548</u>	<u>467,720</u>	<u>473,548</u>	<u>467,720</u>
Effect of shares issued during the period ('000)	<u>347</u>	<u>-</u>	<u>347</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>473,895</u>	<u>467,720</u>	<u>473,895</u>	<u>467,720</u>
Basic earnings per share (sen)	0.91	1.19	0.91	1.19

Diluted earnings per share

	Current Quarter Ended 31/03/2011	Comparative Quarter Ended 31/03/2010	Cumulative Quarter To-date 31/03/2011	Cumulative Quarter To-date 31/03/2010
Profit attributable to equity holders of the parent (RM'000)	<u>4,293</u>	<u>5,550</u>	<u>4,293</u>	<u>5,550</u>
<u>Weighted average number of ordinary shares (diluted)</u>				
Weighted average number of ordinary shares as above ('000)	<u>473,895</u>	<u>467,720</u>	<u>473,895</u>	<u>467,720</u>
Effect of approved unexercised ESOS ('000)	<u>24,172</u>	<u>-</u>	<u>24,172</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>498,067</u>	<u>467,720</u>	<u>498,067</u>	<u>467,720</u>
Diluted earnings per share (sen)	0.86	*	0.86	*

* Note: Antidilutive



14. Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses at the end of the reporting period, into realised and unrealised profits or losses

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 March 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31/03/2011 RM'000	As at 31/12/2010 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	62,895	59,116
- Unrealised	(546)	118
	<hr/>	<hr/>
	63,013	59,234
Total share of retained profits from associated company:		
- Realised	9,449	8,890
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	<hr/>	<hr/>
	73,958	69,620
Less: Consolidation adjustments	(47,833)	(47,787)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated accounts	26,125	21,833
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Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 May 2011.

ON BEHALF OF THE BOARD

DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
26 May 2011