UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 OCTOBER 2007

	Individual Quarter		Cumulat	ive Period
	Current year	Preceding year	Current year	Preceding year
	quarter	quarter	to date	to date
	31/10/2007	31/10/2006	31/10/2007	31/10/2006
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	216,669	126,949	695,826	443,043
Cost of sales	(179,469)	(107,575)	(575,991)	(377,427)
Gross profit	37,200	19,374	119,835	65,616
Other operating income				40.400
- Gain on disposal of other investments	0	3,146	31,750	18,683
- Gain on deemed disposal of investment in an associate	0	0	10,088	0
-(Allowance)/ Write back of allowance for decline in market value of investments	0	(856)	0	1,494
- Interest income	3,555 387	424 768	6,393 998	2,290 1,994
- Profit from Islamic deposits	387 1,925	788 4,047	5,219	6,874
- Other operating income Marketing expenses	(4,999)	(656)	(27,562)	(5,419)
Administrative expenses	(4,373) (9,379)	(6,556)	(23,132)	(18,494)
Other operating expenses	(2,667)	(1,418)	(6,300)	(18,494)
Finance costs	(2,007)	(1,410)	(324)	(598)
Share of results of:	(213)	(05)	(324)	(370)
- Associates	713	8,888	11,333	27,282
- Jointly controlled entities	(1)	(1)	(8)	(1)
Profit before taxation	26,521	27,095	128,290	93,785
Tax expense	(7,723)	(3,480)	(21,529)	(15,076)
Tax - Settlement of dispute	(1,123)	(20,323)	(21,527)	(20,323)
Profit for the period	18,798	3,292	106,761	58,386
				Ű
Attributable to:				
Equity holders of the parent	17,849	3,312	105,157	57,536
Minority interest	949 18,798	(20) 3,292	1,604 106,761	850 58,386
Fouriero nor oboro *	10,798	3,292	100,701	30,380
Earnings per share * - Basic (sen)	3.17	0.59	18.67	10.21
- Diluted (sen)	3.17	0.59	18.67	10.21
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* The earnings per share has been calculated based on the weighted average number of ordinary shares which has been adjusted to take into consideration the enlarged share capital due to the share split exercise which was completed on 18 July 2007. The comparative period's earnings per share has been adjusted accordingly.

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2007)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER 2007

	AS AT END OF CURRENT QUARTER 31 OCTOBER 2007 RM'000 Unaudited	AS AT PRECEDING FINANCIAL YEAR END 31 JANUARY 2007 RM'000 Restated
ASSETS		
Non current assets Property, plant and equipment Lease prepayments Investment properties Investments in associates Investments in jointly controlled entities Available-for-sale investment Goodwill Other assets	70,595 132 6,043 8,091 135 716,309 47,338 21,641	37,713 176 6,900 543,730 143 0 47,338 6,638
	870,284	642,638
Current assets Inventories Property development costs Other investments Trade and other receivables Tax recoverable Deposits, bank and cash balances Non-current assets classified as held for sale TOTAL ASSETS EQUITY AND LIABILITIES Equity attributable to equity holders of the parent	18,150 16,895 0 504,897 7,526 426,605 9774,073 146 974,219 1,844,503	14,098 66,098 2,093 208,107 7,096 188,870 486,362 526 486,888 1,129,526
Share capital	281,632	281,632
Reserves	<u>712,908</u> 994,540	<u>433,705</u> 715,337
Minority interest	21,182	19,527
Total equity	1,015,722	734,864
Non current liabilities Borrowings Other payables Deferred tax liabilities	2,883 64,383 4,032 71,298	2,068 46,827 4,043 52,938
Current liabilities Trade and other payables Dividend payable Borrowings Current tax liabilities	710,578 38,583 1,087 7,235	326,778 0 7,438 7,508
T	757,483	341,724
Total liabilities TOTAL EQUITY AND LIABILITIES	828,781	394,662
	1,844,503	1,129,526
Net assets per share (RM) *	1.77	1.27

* The net assets per share has been calculated based on the weighted average number of ordinary shares which has been adjusted to take into consideration the enlarged share capital due to the share split exercise which was completed on 18 July 2007. The comparative period's net assets per share has been adjusted accordingly.

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2007)

ZELAN BERHAD 27676-V

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 OCTOBER 2007

Share Capital Premium Rivroou Share Reserve Rivroou Translation Reserve Rivroou Capital Reserve Rivroou Fetalend Reserve Rivroou Fetalend Rivroou Minority Rivroou Total Rivroou Minority Rivroou Total Rivroou Interest Rivroou Equity Rivroou Balance as at 1 February 2007 281,632 124,396 29,044 35,494 3,733 - 241,038 715,337 19,527 734,864 Movements during the period Currency translation differences - - 267 - - 267 781 1,048 - - 267 - - 270,255		Attributable to equity holders of the parent									
Movements during the period - - 267 - - 267 781 1.048 Currency translation differences Reclassification of an associate to other investment - <th></th> <th>Capital</th> <th>Premium</th> <th>Reserve</th> <th>Reserve *</th> <th>Reserve *</th> <th>Reserve ^</th> <th>Earnings</th> <th></th> <th>Interest</th> <th>Equity</th>		Capital	Premium	Reserve	Reserve *	Reserve *	Reserve ^	Earnings		Interest	Equity
Currency translation differences . <	Balance as at 1 February 2007	281,632	124,396	29,044	35,494	3,733		241,038	715,337	19,527	734,864
Reclassification of an associate to other investment - - (1,598) - - (1,598) . (1,598) Available-for-sale investment: - - 270,255 <td< td=""><td>Movements during the period</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Movements during the period										
Available-for-sale investment: - - - - - - - - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - 270,255 - (31,624) -	Currency translation differences	-	-	267	-	-	-		267	781	1,048
- Disposal - - - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (31,624) - (169) - (161) - - - - (161) - (161) - (161) - - (161) - - (161) - - (161) - -		-		(1,598)					(1,598)	-	(1,598)
Liquidation of a subsidiary - - (37) - - (169) - (169) Net income/(expense) directly - - (131) (37) - 238,631 (132) 237,131 781 237,912 Profil for the period - - - - - 105,157 1,604 106,761 Total recognised income for the period - - - - - - 105,157 1,604 106,761 Dividend paid -		-	-		-	-				-	
Net income/(expense) directly recognised in equity - - (1,331) (37) - 238,631 (132) 237,131 781 237,912 Profit for the period - - - 105,157 10,604 106,761 Total recognised income for the period - - - 105,157 10,604 106,761 Dividend paid - - - - - - - - (310) (320) (420) <t< td=""><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td><td>(31,624)</td><td></td><td></td><td>-</td><td></td></t<>		-		-		-	(31,624)			-	
recognised in equity - - (1,331) (37) - 238,631 (132) 237,131 781 237,912 Profit for the period - - - - - - - 105,157 106,157 105,157 1,604 106,761 Total recognised income for the period - <td></td> <td>-</td> <td></td> <td>-</td> <td>(37)</td> <td>-</td> <td></td> <td>(132)</td> <td>(169)</td> <td>-</td> <td>(169)</td>		-		-	(37)	-		(132)	(169)	-	(169)
Profil for the period - - 105,157 105,157 106,761 Total recognised income for the period - - 105,157 105,157 106,761 Liquidation of a subsidiary - - - - - 342,288 2,385 344,673 Dividend paid - - - - - - - (63,085) - (63,085) - (642,085) - (642,085) - (420) <				(1 221)	(27)		220 621	(122)	227 121	701	227 012
Total recognised income for the period - - (1,331) (37) - 238,631 105,025 342,288 2,385 344,673 Liquidation of a subsidiary - - - - - - - (310) (310) Dividend paid - - - - - - - (63,085) - (63,085) - (63,085) - (63,085) - (63,085) - (63,085) - (63,085) - (420)<				(1,331)	(37)		230,031				
Liquidation of a subsidiary - - - - - (310) (310) Dividend paid - - - - - - (63,085) - (63,085) Dividend paid - - - - - - - (420) (420) Balance as at 31 October 2007 281,632 124,396 27,713 35,457 3,733 238,631 282,978 994,540 21,182 1,015,722 As at 1 February 2006 281,632 124,396 29,454 35,494 3,258 - 201,964 676,198 27,404 703,602 Movements during the period - - 11 - - 11 154 165 Currency translation differences - 111 - - 11827) (1,827) (5,698) (7,525) Net income/(expense) directly - - 111 - - 57,536 850 58,386 Total recognised in come for the period - - - - - (38,303) - (38,303)<				(1,331)	(37)		238,631				
Dividend paid to minority interest .				-	-					(310)	(310)
Balance as at 31 October 2007 281,632 124,396 27,713 35,457 3,733 238,631 282,978 994,540 21,182 1,015,722 As at 1 February 2006 281,632 124,396 29,454 35,494 3,258 - 201,964 676,198 27,404 703,602 Movements during the period Currency translation differences Acquisition of additional shares in subsidiary - - 11 - - 11 154 165 Net income/(expense) directly recognised in equity - - 11 - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - - - 57,536 850 58,386 Total recognised income for the period - - - - - 55,709 55,720 (4,644) 51,026 Dividend paid - - - - - - - (38,303) - (38,303) - (38,303) - (38,303) - (7,00) (7,07)	Dividend paid		-	-				(63,085)	(63,085)	-	(63,085)
As at 1 February 2006 281,632 124,396 29,454 35,494 3,258 - 201,964 676,198 27,404 703,602 Movements during the period - - 11 - - - 11 154 165 Currency translation differences - - 11 - - - 11 154 165 Acquisition of additional shares in subsidiary - - - - 11 154 165 Net income/(expense) directly recognised in equity - - 11 - - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - - 57,536 57,536 850 58,386 Total recognised income for the period - - - - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) -<	Dividend paid to minority interest	-	-	-	-	-	-	-	-	(420)	(420)
Movements during the period Currency translation differences Acquisition of additional shares in subsidiary - - 11 - - - 11 154 165 Acquisition of additional shares in subsidiary - - - - 11 154 165 Net income/(expense) directly recognised in equity - - - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - - 57,536 55,326 58,386 Total recognised income for the period - 11 - - 55,709 55,720 (4,694) 51,026 Dividend paid - - - - - (38,303) - (38,303)	Balance as at 31 October 2007	281,632	124,396	27,713	35,457	3,733	238,631	282,978	994,540	21,182	1,015,722
Currency translation differences - 11 - - 11 154 165 Acquisition of additional shares in subsidiary - - - - 11 154 165 Net income/(expense) directly recognised in equity - - - - (1,827) (1,827) (5,698) (7,525) Profit for the period - - - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - - 57,536 57,536 58,386 Total recognised income for the period - - - - 55,709 (5,704) 51,026 Dividend paid - - - - - (38,303) - (38,303) Dividend paid to minority interest - - - - - (730) (730)	As at 1 February 2006	281,632	124,396	29,454	35,494	3,258	-	201,964	676,198	27,404	703,602
Acquisition of additional shares in subsidiary - - - - - (1,827) (1,827) (5,698) (7,525) Net income/(expense) directly recognised in equity - - 11 - - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - - 57,536 55,536 850 58,386 Total recognised income for the period - - 11 - - 55,709 55,720 (4,694) 51,026 Dividend paid - - - - - 38,303) - (38,303) Dividend paid to minority interest - - - - - - (7,03) (7,03)											
Net income/(expense) directly recognised in equity - - 11 - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - - 57,536 55,536 58,386 Total recognised income for the period - - - - 55,709 55,720 (4,694) 51,026 Dividend paid - - - - - 38,303) - (38,303) - (38,303)		-	-	11	-	-		-			
recognised in equity - 11 - - (1,827) (1,816) (5,544) (7,360) Profit for the period - - - 57,536 57,536 850 58,386 Total recognised income for the period - 11 - - 55,709 55,720 (4,694) 51,026 Dividend paid - - - - 38,303) - (38,303) - (38,303) Dividend paid to minority interest - - - - (730) (730)	Acqusition of additional shares in subsidiary	-	-	-	-	-	-	(1,827)	(1,827)	(5,698)	(7,525)
Profit for the period - - - 57,536 57,536 850 58,386 Total recognised income for the period - 11 - - 55,709 55,720 (4,694) 51,026 Dividend paid - - - - - (38,303) - (38,303) Dividend paid to minority interest - - - - (730) (730)											
Total recognised income for the period - 11 - - 55,709 55,720 (4,694) 51,026 Dividend paid - - - - - (38,303) - (38,303) Dividend paid to minority interest - - - - - (730) (730)		-	-	11	-	-	-				
Dividend paid - - - (38,303) - (38,303) - (38,303) - (38,303) - (38,303) - (730) <td></td> <td>-</td> <td></td> <td></td> <td>-</td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td>		-			-	-					
Dividend paid to minority interest		-		11		-				(4,694)	
								(38,303)	(38,303)	- (730)	
	Balance as at 31 October 2006	281,632	124,396	29,465	35,494	3.258		219,370	693.615	21.980	715,595

* 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 availabe-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 January 2007)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2007

DPERATURG ACTIVITIES 105,157 57,536 Adjustments for : Tax acqueres 21,529 150,165 Taxalanio - Settlement of disputes 0 20,323 Allowance for dubtiful debts 807 289 Call on disposal formestments 0 (1,494) Deprecision of property, plant and equipment 26,78 2,401 Call on disposal formestments 61,759 (16,863) 0 Gain on disposal formestment in an associate (10,068) 0 0 Gain on disposal formestment in an associate (10,969) (1,994) (11,943) France costs (993) (10,994) (11,943) (22,293) Interest in contem (6,393) (22,990) (21,81) France results of associates (13,33) (22,225) (12,481) Interest in working capital (13,43) </th <th></th> <th>Current year to date 31/10/2007 RM'000</th> <th>Preceding year to date 31/10/2006 RM'000</th>		Current year to date 31/10/2007 RM'000	Preceding year to date 31/10/2006 RM'000
Adjustments for: 21,529 15,076 Tax caprose 0 20,323 Alowance for doubtid debts 007 239 Alowance for doubtid debts witten back 0 (4,64) Depreciation of property, plant and equipment 2,678 2,011 Depreciation of property, plant and equipment 2,678 2,001 Gain on disposal of investments (1,769) (16,683) 0 Gain on disposal of on current associate (10,088) 0 (2,280) Dividend income 0 (2,280) 0 (2,280) Profit from istamic deposits (993) 0 (2,280) 10,644 850 Interest income (6,393) (2,280) Profit from istamic deposits (993) 0 Profit from istamic deposits (993) (2,280) Profit from istamic deposits (1,333) (2,2282) Profit from istamic deposits (1,333) (2,2282) 70,802 41,820 Changes in working capital : Property development costs 14 4951 (2,487) Stare of r	OPERATING ACTIVITIES		
Tax spense 21,529 15,076 Taxation - Selfmend of disputs 0 0,233 Allowance for doubtifid debts 807 283 Allowance for doubtifid debts 0 (46) White back of allowance 0 (46) Upperty, bint and equipment 2,678 (1,643) Gain on disposal of investment in an associate (10,088) 0 Gain on disposal of investment properties (653) (2,290) Dividend income 0 (278) Interest income (6,533) (2,290) Profit from isamic deposits (11,333) (2,228) Transe of results of associates (11,333) (2,228) Profit on isamic deposits 1 64 850 Inance costs 324 598 Minority interest 200 (655) Stare of results of associates (11,333) (2,228)	Profit for the period, attributable to equity holders of the parent	105,157	57,536
Taxation - Settlement of disputes 0 20.232 Allowance for doubtful debts written back 0 (46) Write back of allowance for doubtful debts written back 0 (46) Depreciation of property, plant and equipment 20.78 2.4.01 Property, plant and equipment written off 205 103 Gain on disposal of investments 0 (1.494) O all on disposal of investment in an associate (10.088) 0 Gain on disposal of investment properties (679) 0 Gain on disposal of investment properties (6793) 0 Divident income 0 (278) (1.944) Finance costs 324 598 (1.944) Minorty interest 1.604 859 11.233 (2.243) Property development costs (11.333) (2.243) (2.48) Interest in cost 324 598 (11.333) (2.243) Property development costs (11.333) (2.243) (34.156) Changes in working capital : 103.303 (21.4437) (34.156)	•	21 520	15.076
Allowance for doubtil debts written back 0 (44) Write back of allowance for decline in market value of investments 0 (1.494) Property, plant and equipment written off 205 103 Gain on disposal of investments (3.1,750) (18.683) Gain on disposal of investment in an associate (10.088) 0 Gain on disposal of property, plant and equipment (66) (3.290) Gain on disposal of investment properties (6793) 0 Cain on disposal of investment properties (6333) (2.290) Profit from Islamic deposits (1944) 850 Share of results of jointy controlled entities 8 1 Share of results of associates (24.182) (12.481) Investments 200 (855) Receivables (208.527) (38.715) Payables 200 (855) Receivables (208.527) (38.715) Payables 203.722 (44.387) Tasation paid (22.255) (17.457) Net cash flow from operating activities 10.303	•		
Write back of allowance for decline in market value of investments 0 (1,4%) Depreciation of property, plant and equipment 2.678 2.401 Cain on deproder by, plant and equipment (0,683) (1,683) Gain on disposal of investments in an associate (10,088) (1,693) Gain on disposal of non-current associate (10,088) (0,088) Gain on disposal of non-current associate (10,088) (0,088) Gain on disposal of non-current associate (199) (0 Gain on disposal of non-current associate (199) (0 Gain on disposal of non-current associate (9,033) (2,290) Interest income (6,333) (2,290) Interest income (6,333) (2,292) Profit from Istamic deposits 1,644 850 Share of results of opinty controlled entities 8 1 Share of results of associates (11,333) (2,2282) Totages in working capital : Property development costs 44,951 (12,481) Inventories 200 (685) (38,715) (2,4156) Cas			
Depreciation of property, plant and equipment 2,78 2,401 Property, plant and equipment written off 205 103 Gain on disposal of investments (31,750) (18,683) Gain on disposal of property, plant and equipment (60) (32,90) Gain on disposal of investment properties (693) 0 (228) Cain on disposal of investment properties (63,333) (2,290) Profit from Islamic deposits (994) (19,94) Finance costs 324 598 Minority inferest 1,644 850 Share of results of jointly controlled entities 8 1 1 2 1 2 2 1 1 2 1 1 2 1 1 2 1 2			
Gain on disposal of investment is an ascidate (10,683) 0 Gain on disposal of investment in an ascidate (10,683) 0 Gain on disposal of investment in an ascidate (16,79) 0 Gain on disposal of investment properties (673) 0 Dividend income 0 (278) Interest income (6,333) (2.200) Profit from Islamic deposits (998) (1,994) Finance costs 324 598 Minotity interest 1.604 850 Share of results of jointy controlled entities 8 1 Share of results of associates (308,521) (31,762) Properly development costs (44,951) (12,481) Inventories (308,521) (38,752) (38,716) Receivabiles 2000 (855) (61,844) Investments in associates 0 (2,183) (2,225) Investments in associates 0 (2,183) (4,186) Dividend from/(used in) operations 208,792 (4,4387) (4,186) Dividends sc			
Cain on deemed disposal of investment in an associate (10,088) 0 Gain on disposal of non current assets held for sale (159) 0 Gain on disposal of non current assets held for sale (159) 0 Gain on disposal of non current assets held for sale (159) 0 Gain on disposal of non current assets held for sale (159) 0 Gain on disposal of non current assets held for sale (16,393) (2,290) Profit from Islamic deposits (1996) (1,994) Finance costs 324 598 Minority interest 1,604 850 Share of results of foilty controlled entities 8 1 Share of results of associates (11,333) (27,282) Tokages in working capital : 200 (655) Property development costs 44,951 (12,481) Investments in associates 201,360 (44,187) Tavation paid (22,255) (17,457) Net cash flow from operating activities 186,537 (51,844) Investments in associates 0 (2,018) Purchase o			
Cain on disposal of property, plant and equipment (96) (3,290) Cain on disposal of investment properties (159) 0 Dividend income 0 (278) Interest income (633) (2,290) Profit from Islamic deposits (1994) (1,994) Finance costs 324 598 Minority interest 1.604 850 Share of results of jointly controlled entities 8 1 Share of results of associates (11,333) (27,282) Changes in working capital : 70,802 41,820 Property development costs 44,951 (12,481) Inventories 200 (885) Cash generated from/(used in) operations 208,792 (44,387) Cash generated from/(used in) operations 208,792 (44,387) Taxation paid (22,255) (17,457) Net cash flow from operating activities 106,537 (61,844) Investments in associates 0 (2,018) Purchase of property, plant and equipment (33,303) 21,493	•		
Gain on disposal of non current assets held for sale (159) 0 Gain on disposal of investment properties (633) (228) Interest income (6,393) (2290) Profit from Islamic deposits (998) (1,94) Finance costs 324 598 Minority interest 324 598 Minority interest 1,604 850 Share of results of jointly controlled entities 8 1 Share of results of associates (11,333) (27,282) Changes in working capital : 70,802 41,820 Property development costs 144,951 (12,481) (12,481) Inventories 200 (855) (61,843) (34,156) Cash generated from/(used in) operations 208,521) (38,715) (43,837) Taxation paid (22,255) (17,457) Net cash flow from operating activities 186,537 (61,844) INVESTING ACTIVITES Investments 103,303 21,493 0 0 Proceeds from disposal of non-current assets held for sale			
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FINANCING ACTIVITIESRepayments of borrowings(6,504)(26,101)Proceeds from borrowings1,5720Repayments of hire purchase liabilities(604)(369)Finance costs(324)(598)Deposits pledged as security513841Dividends paid(24,502)(24,221)Dividends paid to minority interest of a subsidiary(420)(730)Net cash flow from financing activities(30,269)(51,178)Net movement in cash and cash equivalents237,522(92,697)Cash and cash equivalents at beginning of the period187,916276,910Currency translation differences726219	•		
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Proceeds from borrowings 1,572 0 Repayments of hire purchase liabilities (604) (369) Finance costs (324) (598) Deposits pledged as security 513 841 Dividends paid (24,502) (24,221) Dividends paid to minority interest of a subsidiary (420) (730) Net cash flow from financing activities (30,269) (51,178) Net movement in cash and cash equivalents 237,522 (92,697) Cash and cash equivalents at beginning of the period 187,916 276,910 Currency translation differences 726 219			/
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Dividends paid(24,502)(24,221)Dividends paid to minority interest of a subsidiary(420)(730)Net cash flow from financing activities(30,269)(51,178)Net movement in cash and cash equivalents237,522(92,697)Cash and cash equivalents at beginning of the period187,916276,910Currency translation differences726219	Finance costs		(598)
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Cash and cash equivalents at beginning of the period187,916276,910Currency translation differences726219			
Currency translation differences 726 219	Net movement in cash and cash equivalents	237,522	(92,697)
	Cash and cash equivalents at beginning of the period	187,916	276,910
Cash and cash equivalents at end of the period 426,164 184,432	Currency translation differences	726	219
	Cash and cash equivalents at end of the period	426,164	184,432

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2007)

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2007

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 January 2007.

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the Group's most recent audited financial statements for the financial year ended 31 January 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning on or after 1 October 2006:

FRS 117 LeasesFRS 124 Related Party Disclosures

The adoption of the above new/revised FRSs did not result in a significant change in the accounting policies except that the adoption of the revised FRS 117 has resulted in a retrospective application of the change to the accounting policy relating to the classification of leasehold land. The up-front payment made for the leasehold land represents lease prepayments and is amortised on a straight-line basis over the lease term.

Upon adoption of the revised FRS 117 at 1 February 2007, the carrying amount of leasehold land is retained as the surrogate carrying amount of lease prepayments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as lease prepayments has been accounted for retrospectively and the prior year comparative has been reclassified accordingly.

The disclosure requirements of the revised FRS 124 will be presented in the annual financial statements for the financial period ending 31 March 2008.

In addition, the Group adopted a new accounting policy during the previous quarter with regards to the measurement of its investment in IJM Corporation Berhad ("IJM") whereby after this investment ceased to be an associate of the Group, this investment has been classified as an "available-for-sale investment" on the consolidated balance sheet and is measured at fair value with gains or losses recognised as a separate component of equity. When the investment, or a portion thereof, is derecognised or determined to be impaired, the related cumulative gains or losses previously recognised in equity will be included in the consolidated income statement.

2. <u>Auditors' Report on Preceding Annual Financial Statements</u>

The auditors' report on the Group's financial statements for the financial year ended 31 January 2007 was not subject to any qualification.

3. <u>Seasonal or Cyclical Factors</u>

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

4. <u>Unusual Items</u>

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review because of their nature, size, or incidence.

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year to date under review because of their nature, size, or incidence except for:-

- the gain on deemed disposal of the investment in an associate of RM10.088 million following the dilution on the Group's shareholding in IJM to 11.4% due to the issuance of 258,881,538 new shares in IJM for its acquisition of Road Builders (M) Holdings Berhad on 2 April 2007. Effective from that date, IJM is no longer considered as an associate of the Group.
- ii) the loss of RM0.038 million incurred on disposal of 3,220,600 Fiamma Holdings Berhad shares.
- iii) the gain on disposal of 12,000,000 IJM shares of RM31.624 million.
- iv) the creation of a fair value reserve amounting to RM238.631 million in respect of the available-for-sale investment.

5. Changes in Estimates of Amount Reported Previously

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

6. <u>Debt and Equity Securities</u>

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year.

RM'000

7. <u>Dividends Paid</u>

The amount of dividends paid during the financial period ended 31 October 2007 was as follows:

In respect of the financial year ended 31 January 2007

Final dividend of 2.5 sen per ordinary share of RM0.50 each tax exempt and 2.5 sen per ordinary share of RM0.50 each, 24,502 less income tax at 26%

The dividend was paid on 15 August 2007.

8. <u>Segmental Reporting</u>

Analysis by business segments for the quarter:

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & Others RM'000	Total RM'000
Revenue					
Total	208,290	43,940	16,258	4,333	272,821
Inter-segment	(52,761)	0	(3,378)	(13)	(56,152)
External	155,529	43,940	12,880	4,320	216,669
Results					
Segment profit/(loss)	13,797	4,941	1,584	1,758	22,080
Interest income	1,804	1,354	89	308	3,555
Profit from Islamic					
deposits	8	0	0	379	387
Finance costs	(46)	(133)	(24)	(10)	(213)
Share of results					
of associates and jointly controlled	712	0	0	0	712
entities	114	0	0	0	114
Profit before					
taxation	16,275	6,162	1,649	2,435	26,521
Tax expense		3,102	1,019	_,100	(7,723)
Profit for the				-	(1,120)
period				-	18,798

8. <u>Segmental Reporting (Continued)</u>

Analysis by business segments for the financial year to date:

	Engineering & construction	Property & development	Manufacturing & trading	Investment & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total	783,109	136,338	45,378	15,635	980,460
Inter-segment	(262, 112)	0	(11,648)	(10,874)	(284,634)
External	520,997	136,338	33,730	4,761	695,826
<u>Results</u>					
Segment profit/(loss)	54,160	11,339	4,301	(1,740)	68,060
Gain on disposal					
of other investments	0	0	0	31,750	31,750
Gain on deemed					
disposal of investment	0	0	2	10.000	
in an associate	0	0	0	10,088	10,088
Interest income	3,883	1,442	164	904	6,393
Profit from Islamic	200	0	0	660	000
deposits	329	0	0	669	998
Finance costs	(81)	(134)	(81)	(28)	(324)
Share of results					
of associates and	11 205	0	0	0	11 205
jointly controlled entities	11,325	0	0	0	11,325
Profit before					
taxation	69,616	12,647	4,384	41,643	128,290
	09,010	12,047	7,307	+1,0+3	
Tax expense Profit for the				-	(21,529)
period					106,761
period					100,701

The primary reporting segment information of the Group is in respect of business segments as the Group's risks and returns are affected predominantly by the differences in the products and services it produces.

9. <u>Valuation of Property, Plant and Equipment</u>

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

10. <u>Material Events Subsequent to the End of the Reporting Period</u>

There were no material events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements, except for :-

10. <u>Material Events Subsequent to the End of the Reporting Period</u> (Continued)

i) The financial year of the Company has been changed from 31 January to 31 March commencing financial period ending 31 March 2008 and thereafter to end on 31 March of every subsequent year. The next audited financial statements shall be for a period of 14 months, made up from 1 February 2007 to 31 March 2008.

11. <u>Changes in Composition of the Group</u>

There were no changes in the composition of the Group during the current quarter ended 31 October 2007 except for the following:

i) On 26 September 2007, Zelan Holdings (M) Sdn Bhd, a wholly owned subsidiary of Zelan Berhad, via an unincorporated integrated joint venture on 70.30 basis with Al Ambia Sdn. Bhd, received a Letter of Intent from Tamouh Investments LLC stating its intention to award the main construction package for Meena Plaza to Zelan Al-Ambia JV for a fixed lump sum price of AED903.7 million, equivalent to RM864,368,612.

This has no material impact on the Group for the financial year-to-date.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

13. <u>Capital Commitments</u>

The amount of commitments as at the date of this report is as follows:-

	RM'000
Property, plant and equipment	
Authorised but not contracted for Authorised and contracted for	4,144 0
	4,144

14. <u>Review of Performance</u>

For the current quarter under review, the Group recorded a revenue of RM216.7 million, an increase of 70.7% as compared to the preceding year's quarter. This is achieved due to higher contributions from the overseas projects from the Engineering and Construction Business Unit and improved revenue from the Hampshire Residences of the Property and Development Business Unit.

The Group recorded a higher profit after tax of RM17.8 million (after deducting marketing costs of RM4.9 million) as compared to RM3.3 million in the preceding year's quarter. This is mainly attributable to an increase in revenue recorded for the current quarter. The preceding year's profit for the quarter was affected by the settlement of tax disputes of RM20.3 million.

15. <u>Comparison of Profit Before Tax for the Current Quarter with Immediate</u> <u>Preceding Quarter</u>

For the current quarter, the Group recorded RM216.7 million revenue, a decrease of 15.7% as compared to RM257.2 million achieved in the immediate preceding quarter, mainly due to progress of works in Kingdom of Saudi Arabia, United Arab Emirates and Indonesia being affected by lower activity during the months of September and October 2007.

For the current quarter, the Group recorded a profit before taxation of RM26.5 million as compared to the preceding quarter's profit before taxation of RM57.2 million, mainly due a non-recurring gain of RM31.6 million on the disposal of available-for-sale investment in the preceding quarter.

16. <u>Current Year Prospects</u>

Looking forward, the Group's revenue will come from the order book secured in the Kingdom of Saudi Arabia, United Arab Emirates, India and Indonesia.

The revenue from projects in Malaysia will be reduced due to the successful completion of Tanjung Bin Power Plant and MAS Hangar during the quarter.

Considering the current projects on hand and the results to-date, barring unforeseen circumstances, the Group is expected to achieve an improved performance for the financial period ending 31 March 2008.

17. <u>Profit Forecast or Profit Guarantee</u>

There was no profit forecast or profit guarantee issued for the current financial year.

	Current Qu	arter Ended	Year-To-Date Ended		
	31/10/2007 RM'000	31/10/2006 RM'000	31/10/2007 RM'000	31/10/2006 RM'000	
Malaysian income tax	5,395	3,495	14,060	15,115	
Overseas taxation	2,341	0	7,508	0	
Deferred tax	(13)	(15)	(39)	(39)	
Tax expense	7,723	3,480	21,529	15,076	
Tax- Settlement of disputes	0	20,323	0	20,323	

18. <u>Taxation</u>

The effective tax rate for the Group (excluding share of results of associates and jointly controlled entities) for the current quarter is higher than the local statutory tax rate primarily due to certain companies within the Group which were loss making, certain expenses which were not deductible for tax purposes and higher tax rates experienced by the foreign subsidiaries in India and Indonesia.

The effective tax rate for the Group (excluding share of results of associates and jointly controlled entities) for the current year to date is lower than the local statutory tax rate primarily due to the gain on the deemed disposal of investment in an associate and the gain on disposal of other investments which are not taxable.

There has been no development on the Inland Revenue Board investigations of 13 January 2005 on the two (2) subsidiary companies as at the date of this announcement.

19. <u>Profit/(Loss) on Sale of Unquoted Investments and Properties</u>

There were no sale of unquoted investments and properties outside the ordinary course of business for the current quarter and financial year to date under review except for the sale of two units of shop-lots which resulted in a gain on disposal of RM0.7 million.

20. Quoted Securities

There were no disposals of quoted securities for the current quarter and financial year to date under review except for the following:

During the financial year to date under review, the Group disposed of 12,000,000 shares of IJM and 3,220,600 shares Fiamma Holdings Berhad for a net cash consideration of RM 101.247 million and RM2.055 million respectively.

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20. Quoted Securities (Continued)

There were no quoted securities purchased during the current quarter and financial year-to-date under review.

The investments in quoted securities as at 31 October 2007 are as follows:-

(i)	at cost	= RM403,149,811
(ii)	at carrying value	= RM716,308,949
(iii)	at market value	= RM716,308,949

21. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at 17 December 2007.

22. Borrowings and Debt Securities

		As at 31.10.07 RM'000
(i)	Current borrowings Secured:- - Term loans	143
	Unsecured:- - Hire purchase liabilities	<u> </u>
(ii)	Non current borrowings Secured:- -Term loans	767
	Unsecured:- -Hire purchase liabilities	2,116
		2,883
	Total	3,970 =====

Included in the hire purchase liabilities is an amount of RM552,049 which is denominated in United Arab Emirates Dirhams, of which RM214,272 and RM337,777 relate to current and non-current balances, respectively.

23. Off Balance Sheet Financial Instruments

Dette	mber 2007 is as follo	<i>w</i>	1	n		
	Tenure	Currency to be received	Currency to be paid	Amount in foreign currency '000	Contractual rate	RM'000 Equivalent
			D !	225	1.005	2.252
(i)	10 October 2007 to 14 April 2008	SGD Dollar (SGD)	Ringgit Malaysia (RM)	SGD 981	1 SGD= RM2.3080	2,263
(ii)	1 August 07 to 24 January 2008	US Dollar (USD)	Ringgit Malaysia (RM)	USD 443	1 USD RM3.4270	1,517
(iii)	30 July 07 to 4 February 2008	US Dollar (USD)	Ringgit Malaysia (RM)	USD 100	1 USD RM3.4250	343
(iv)	2 November 2007 to 6 May 2008	US Dollar (USD	Ringgit Malaysia (RM)	USD 850	1 USD RM3.3150	2,818

The position of forward foreign exchange contracts of the Group as at 8 December 2007 is as follows:-

These contracts are executed with creditworthy financial institutions and therefore the Directors are of the view that, at present, the credit and market risks associated with these contracts are minimal.

24. Earnings Per Share

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

	Current Qu	arter Ended	Year-To-Date Ended	
	31/10/07	31/10/06	31/10/07	31/10/06
Group's profit for the period, attributable to the equity holders of the parent (RM' Million)	17.849	3.312	105.157	57.536
Weighted average number of ordinary shares in issue (Million) *	563.264	563.264	563.264	563.264
Earnings per share (sen)				
(a) Basic	3.17	0.59	18.67	10.21
(b) Diluted	3.17	0.59	18.67	10.21

24. <u>Earnings Per Share(Continued)</u>

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 earnings per share.

* The weighted average number of ordinary shares is based on the enlarged share capital due to the share split exercise which was completed on 18 July 2007. The comparative period's weighted average number of ordinary shares has been adjusted accordingly.

25. <u>Changes in Material Litigation</u>

There were no changes 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 January 2007.

26. Dividends

An interim dividend of 2.5 sen per ordinary share of RM0.50, less income tax of 26% and a special dividend of 5.0 sen per ordinary share of RM0.50, tax exempt were declared on 27 September 2007 by the Board of Directors in respect of the current financial year.

The interim and the special dividends were paid on 15 November 2007.

27. <u>Authorisation for Issue</u>

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 17 December 2007.

By order of the Board

Suhla Al Asri Ang Seng Oo Secretaries

Kuala Lumpur 17 December 2007