

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2009

	Individual Quarter		Cumulative Period	
	Current year quarter 30/06/2009 RM'000 Unaudited	Preceding year quarter 30/06/2008 RM'000 Unaudited	Current year to date 30/06/2009 RM'000 Unaudited	Preceding year to date 30/06/2008 RM'000 Unaudited
Revenue	378,260	597,762	378,260	597,762
Cost of sales	(362,288)	(545,364)	(362,288)	(545,364)
Gross profit	15,972	52,398	15,972	52,398
Other operating income				
- Interest income	447	1,077	447	1,077
- Profit from Islamic deposits	39	215	39	215
- Investment income	4	425	4	425
- Other operating income	2,727	2,789	2,727	2,789
- Write back of allowance for decline in market value of warrants	112	-	112	-
- Gain on disposal of warrants	3,479	-	3,479	-
Marketing expenses	(1,178)	(3,986)	(1,178)	(3,986)
Administrative expenses	(6,437)	(8,033)	(6,437)	(8,033)
Other operating expenses	(11,561)	(1,382)	(11,561)	(1,382)
Finance costs	(821)	(50)	(821)	(50)
Share of results of:				
- Associates	3,322	892	3,322	892
- Jointly controlled entities	362	531	362	531
<b>Profit before taxation</b>	<b>6,467</b>	<b>44,876</b>	<b>6,467</b>	<b>44,876</b>
Tax credit/(expense)	1,841	(12,848)	1,841	(12,848)
<b>Profit for the period</b>	<b>8,308</b>	<b>32,028</b>	<b>8,308</b>	<b>32,028</b>
Attributable to:				
Equity holders of the parent	4,309	26,292	4,309	26,292
Minority interest	3,999	5,736	3,999	5,736
	<b>8,308</b>	<b>32,028</b>	<b>8,308</b>	<b>32,028</b>
Earnings per share				
- Basic (sen)	0.77	4.67	0.77	4.67
- Diluted (sen)	N/A	N/A	N/A	N/A

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2009)

ZELAN BERHAD 27676-V

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	AS AT END OF CURRENT QUARTER 30 JUNE 2009 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2009 RM'000 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	109,984	125,559
Lease prepayments	-	46
Investment properties	5,806	5,841
Investments in associates	27,666	24,344
Investments in jointly controlled entities	8,523	8,161
Available-for-sale investment	477,540	344,158
Goodwill	44,396	44,396
	<u>673,915</u>	<u>552,505</u>
<b>Current assets</b>		
Inventories	15,212	16,079
Property development costs	1,341	2,014
Trade and other receivables	595,077	705,155
Tax recoverable	43,983	38,750
Marketable securities	169	1,564
Other investments	8,096	8,092
Deposits, bank and cash balances	124,520	102,882
	<u>788,398</u>	<u>874,536</u>
<b>TOTAL ASSETS</b>	<u>1,462,313</u>	<u>1,427,041</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	281,632	281,632
Reserves	338,098	193,547
	<u>619,730</u>	<u>475,179</u>
Minority interest	37,333	34,863
<b>Total equity</b>	<u>657,063</u>	<u>510,042</u>
<b>Non-current liabilities</b>		
Borrowings	1,073	1,383
Deferred tax liabilities	3,779	3,936
	<u>4,852</u>	<u>5,319</u>
<b>Current liabilities</b>		
Trade and other payables	647,615	765,668
Borrowings	150,438	138,496
Current tax liabilities	2,345	7,516
	<u>800,398</u>	<u>911,680</u>
<b>Total liabilities</b>	<u>805,250</u>	<u>916,999</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,462,313</u>	<u>1,427,041</u>
Net assets per share (RM)	<u>1.10</u>	<u>0.84</u>

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2009)

ZELAN BERHAD 27676-V

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 JUNE 2009

	Attributable to equity holders of the parent								Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Fair Value Reserve ^ RM'000	Retained Earnings RM'000	Total RM'000		
Balance as at 1 April 2009	281,632	124,396	28,301	35,457	4,254	(133,520)	134,659	475,179	34,863	510,042
<u>Movements during the year</u>										
Currency translation differences	-	-	6,860	-	-	-	-	6,860	414	7,274
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-
Available-for-sale investment: - Fair value movement	-	-	-	-	-	133,382	-	133,382	-	133,382
Net income directly recognised in equity	-	-	6,860	-	-	133,382	-	140,242	414	140,656
Profit for the period	-	-	-	-	-	-	4,309	4,309	3,999	8,308
Total recognised income for the year	-	-	6,860	-	-	133,382	4,309	144,551	4,413	148,964
Dividend paid	-	-	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(1,943)	(1,943)
Balance as at 30 June 2009	281,632	124,396	35,161	35,457	4,254	(138)	138,968	619,730	37,333	657,063
Balance as at 1 April 2008	281,632	124,396	28,026	35,457	3,733	24,562	320,988	818,794	28,926	847,720
<u>Movements during the period</u>										
Currency translation differences	-	-	(522)	-	-	-	-	(522)	378	(144)
Available-for-sale investment: - Fair value movement	-	-	-	-	-	(49,401)	-	(49,401)	-	(49,401)
Net income/(expense) directly recognised in equity	-	-	(522)	-	-	(49,401)	-	(49,923)	378	(49,545)
Profit for the period	-	-	-	-	-	-	26,292	26,292	5,736	32,028
Total recognised income for the quarter	-	-	(522)	-	-	(49,401)	26,292	(23,631)	6,114	(17,517)
Dividend paid	-	-	-	-	-	-	(27,459)	(27,459)	-	(27,459)
Balance as at 30 June 2008	281,632	124,396	27,504	35,457	3,733	(24,839)	319,821	767,704	35,040	802,744

\* 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 2009)

ZELAN BERHAD 27676-V

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

	Current year to date 30/06/2009 RM'000	Preceding year to date 30/06/2008 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the period, attributable to equity holders of the parent	4,309	26,292
Adjustments for :		
Tax (credit)/expense	(1,841)	12,848
Allowance for doubtful debts	162	80
Allowance for doubtful debts written back	(231)	(123)
Bad debt recovered	-	(10)
Depreciation of property, plant and equipment	5,641	1,119
Amortisation of prepaid lease	46	15
Depreciation of investment properties	35	36
Property, plant and equipment written off	1,289	129
Loss/(gain) on disposal of property, plant and equipment	23	(249)
Write back of allowance for decline in market value of warrant	(112)	-
Gain on disposal of other investments	(3,479)	-
Interest income	(447)	(1,077)
Profit from Islamic deposits	(39)	(215)
Investment income	(4)	(425)
Finance costs	821	50
Unrealised foreign exchange gain/(loss)	(4,793)	506
Minority interest	3,999	5,736
Share of results of jointly controlled entities	(362)	(531)
Share of results of associates	(3,322)	(892)
	<u>1,695</u>	<u>43,289</u>
Changes in working capital :		
Property development costs	673	389
Inventories	867	(2,269)
Receivables	117,256	(365,440)
Payables	(113,321)	331,507
Cash generated from operations	7,170	7,476
Taxation paid	(8,720)	(13,976)
<b>Net cash flow from operating activities</b>	<u>(1,550)</u>	<u>(6,500)</u>
<b>INVESTING ACTIVITIES</b>		
Additional investments in associates	-	(500)
Purchase of property, plant and equipment	(1,602)	(29,754)
Proceeds from disposal of property, plant and equipment	203	399
Interest income received	447	1,077
Profit from Islamic deposits received	39	215
Investment income received	4	425
<b>Net cash flow from investing activities</b>	<u>(909)</u>	<u>(28,138)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from disposal of other investments	4,982	42,542
Repayments of borrowings	(83,930)	(8,000)
Proceeds from borrowings	99,708	48,876
Dividend paid to minority interest	(1,943)	-
Repayments of hire purchase liabilities	(278)	(87)
Finance costs	(821)	(70)
Release of deposits pledged as security	-	(14,175)
Dividends paid	-	(27,459)
<b>Net cash flow from financing activities</b>	<u>17,718</u>	<u>41,627</u>
Net movement in cash and cash equivalents	15,259	6,989
Cash and cash equivalents at beginning of the period	95,055	201,825
Currency translation differences	7,113	(319)
<b>Cash and cash equivalents at end of the period</b>	<u>117,427</u>	<u>208,495</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 2009)

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

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 30 JUNE 2009**

**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 2009.

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 March 2009.

**2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the Group’s financial statements for the financial year ended 31 March 2009 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**

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter and financial year to date under review because of their nature, size, or incidence except for the increase of fair value reserve amounting to RM133.4 million in respect of the available-for-sale investment for the quarter ended 30 June 2009.

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

There was no change in estimates of amounts reported in the prior financial period that have 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 quarter, a second interim dividend of 6.5 sen per ordinary share of RM0.50 each, less income tax at 25% was paid on 30 June 2008.

## 8. Segmental Reporting

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

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & others RM'000	Total RM'000
<b>Revenue</b>					
Total	377,587	9,416	6,635	2,339	395,977
Inter-segment	(16,826)	0	(887)	(4)	(17,717)
External	<b>360,761</b>	<b>9,416</b>	<b>5,748</b>	<b>2,335</b>	<b>378,260</b>
<b>Results</b>					
Segment (loss)/profit	(4,285)	3,542	37	229	(477)
Interest income	349	39	55	4	447
Profit from Islamic Deposits	0	0	0	39	39
Investment income	0	4	0	0	4
Gain on disposal of warrants	0	0	0	3,479	3,479
Write back of allowance for decline in market value of warrants	0	0	0	112	112
Finance costs	(810)	(2)	(2)	(7)	(821)
Share of results of associates and jointly controlled entities	3,687	0	0	(3)	3,684
(Loss)/profit before taxation	(1,059)	3,583	90	3,853	6,467
Tax expense					1,841
Profit for the quarter					<b>8,308</b>

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.

## 8. Segmental Reporting (Continued)

The Group's segmental report for the corresponding three-month financial quarter ended 30 June 2008 is as follows:-

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

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & others RM'000	Total RM'000
<b><u>Revenue</u></b>					
Total	565,605	60,288	13,477	206	639,576
Inter-segment	(38,341)	0	(3,469)	(4)	(41,814)
External	<b>527,264</b>	<b>60,288</b>	<b>10,008</b>	<b>202</b>	<b>597,762</b>
<b><u>Results</u></b>					
Segment profit/(loss)	28,674	14,142	1,231	(2,261)	41,786
Interest income	626	393	49	9	1,077
Profit from Islamic Deposits	0	0	0	215	215
Investment income	0	215	0	210	425
Finance costs	(24)	0	(14)	(12)	(50)
Share of results of associates and jointly controlled entities	1,423	0	0	0	1,423
Profit before Taxation	30,699	14,750	1,266	(1,839)	44,876
Tax expense					(12,848)
Profit/(Loss) for the Quarter					<b>32,028</b>

## 9. Valuation of Property, Plant and Equipment

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

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

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

## 11. Changes in Composition of the Group

There was no change in the composition of the Group during the current quarter ended 30 June 2009.

**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.

**13. Capital Commitments**

The Group did not have any capital commitment as at 30 June 2009.

**14. Review of Performance**

For the current quarter under review, the Group recorded a revenue of RM378.3 million, a decrease of 36.7% as compared to the preceding year's corresponding quarter. This is due to lower contributions from the overseas projects of the Engineering and Construction Business Unit.

The Group recorded a lower profit after tax of RM8.3 million as compared to RM32.0 million in the preceding year's quarter. This is mainly attributable to a lower revenue and lower gross profit recorded for the current quarter.

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

For the current quarter, the Group recorded a profit before taxation of RM6.5 million as compared to the preceding quarter's loss of RM69.1 million. Profit for the current quarter was mainly derived from share of profit from associates and gains from sale of quoted investments. The immediate preceding quarter's loss was mainly due to the recognition of additional project losses in KSA and UAE.

**16. Current Year Prospects**

Looking forward, the Group's revenue will continue to come from the order book secured and promising prospects in the overseas and domestic markets.

Considering the current financial turmoil worldwide the Group is cautiously mindful of the challenges ahead. Notwithstanding the above, the Group is expected to produce a relatively satisfactory performance for the financial year ending 31 March 2010.

**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	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Malaysian income tax	1,622	5,432	1,622	5,432
Overseas taxation	(3,451)	7,428	(3,451)	7,428
Deferred tax	(12)	(12)	(12)	(12)
Tax (credit)/expense	(1,841)	12,848	(1,841)	12,848

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>
India	33%	N/A
Indonesia	30%	12.5%
Kingdom of Saudi Arabia (KSA)	20%	N/A
United Arab Emirates (UAE)	Nil	N/A

The effective tax rates for the Group's operations locally, India and in KSA approximate the applicable statutory tax rates in the jurisdictions.

The effective tax rates for the Group's operations in Indonesia are lower than the applicable statutory tax rates mainly due to reversal of tax overprovided in prior years.

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

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**

During the financial quarter and year to date under review, the Group disposed of 7,933,400 of IJM Land Berhad's warrants for a net cash consideration of RM 4.982 million.

**20. Quoted Securities (Continued)**

The investments in quoted securities as at 30 June 2009 are as follows:-

(i)	at cost	= RM477,827,647
(ii)	at carrying value	= RM477,708,820
(iii)	at market value	= RM477,708,820

**21. Status of Corporate Proposals Announced**

There was no corporate proposal announced but not completed as at 18 August 2009.

**22. Borrowings and Debt Securities**

**As at  
30.06.09  
RM'000**

<b>(i) Current borrowings</b>	
<i>Secured:-</i>	
- Overdraft	6,733
- Term loans	113,043
	119,776
<i>Unsecured:-</i>	
- Term Loan	30,000
- Hire purchase liabilities	662
	<b>150,438</b>
<b>(ii) Non current borrowings</b>	
<i>Secured:-</i>	
-Term Loan	340
- Hire purchase liabilities	733
	<b>1,073</b>
<b>Total</b>	<b>151,511</b>

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

Included in the term loan (current portion) is an amount of RM63.7 million which is denominated in United Arab Emirates Dirhams, RM26.3 million which is denominated in United States Dollars and RM23.0 million which is denominated in Saudi Riyal .

Included in the hire purchase liabilities is an amount of RM0.26 million which is denominated in United Arab Emirates Dirhams, of which RM0.19 million and RM0.07 million relate to current and non-current balances, respectively.

**23. Off Balance Sheet Financial Instruments**

The position of forward foreign exchange contracts of the Group as at 11 August 2009 is as follows:-

	Tenure	Currency to be received	Currency to be paid	Amount in foreign currency '000	Contractual rate	RM'000 Equivalent
(i)	23 February 2009 to 25 August 2009	SGD Dollar (SGD)	Ringgit Malaysia (RM)	SGD 531	1 SGD= RM2.3933	1,271
(ii)	14 May 2009 to 18 November 2009	US Dollar (USD)	Ringgit Malaysia (RM)	USD 174	1 USD= RM3.6120	628

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 Quarter Ended		Year-To-Date Ended	
	30/06/09	30/06/08	30/06/09	30/06/08
Group's profit for the period, attributable to the equity holders of the parent (RM' Million)	4.309	26.292	4.309	26.292
Weighted average number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
<b>Earnings per share (sen)</b>				
<b>(a) Basic</b>	0.77	4.67	0.77	4.67
<b>(b) Diluted</b>	N/A	N/A	N/A	N/A

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

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.

**25. Changes in Material Litigation**

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 March 2009.

**26. Dividends**

There was no dividend declared for the quarter under review.

**27. 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 18 August 2009.

**By order of the Board**

**Suhla Al Asri  
Secretary**

**Kuala Lumpur  
18 August 2009**