

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009

	Individual Quarter		Cumulative Period	
	Current year quarter 30/09/2009 RM'000 Unaudited	Preceding year quarter 30/09/2008 RM'000 Unaudited	Current year to date 30/09/2009 RM'000 Unaudited	Preceding year to date 30/09/2008 RM'000 Unaudited
Revenue	357,134	477,126	735,394	1,074,888
Cost of sales	(351,785)	(438,382)	(719,584)	(983,746)
Gross profit	5,349	38,744	15,810	91,142
Other operating income				
- Interest income	419	2,125	866	3,202
- Profit from Islamic deposits	27	154	66	369
- Investment income	3	309	7	734
- Other operating income	541	6,334	3,268	9,123
- Reversal of / (Allowance for) decline in value of marketable securities	(22)	(2,264)	2,507	(2,264)
- Gain on disposal of marketable securities	32	-	1,094	-
Marketing expenses	(1,281)	(5,420)	(2,459)	(9,406)
Administrative expenses	(8,672)	(10,354)	(15,109)	(18,387)
Other operating expenses	(6,555)	(83)	(13,333)	(1,465)
Finance costs	(78)	(67)	(171)	(117)
Share of results of:				
- Associates	1,754	3,830	5,076	4,722
- Jointly controlled entities	(2)	670	360	1,201
(Loss)/ Profit before taxation	(8,485)	33,978	(2,018)	78,854
Tax expense	(7,344)	(6,813)	(5,503)	(19,661)
(Loss)/ Profit for the period	(15,829)	27,165	(7,521)	59,193
Attributable to:				
Equity holders of the parent	(13,855)	21,926	(9,546)	48,218
Minority interest	(1,974)	5,239	2,025	10,975
	(15,829)	27,165	(7,521)	59,193
(Loss)/ earnings per share				
- Basic (sen)	(2.46)	3.89	(1.69)	8.56
- Diluted (sen)	N/A	3.89	N/A	8.56

(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 SEPTEMBER 2009

	AS AT END OF CURRENT QUARTER 30 SEPTEMBER 2009 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2009 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	99,948	125,559
Lease prepayments	-	46
Investment properties	5,771	5,841
Investments in associates	29,420	24,344
Investments in jointly controlled entities	8,521	8,161
Available-for-sale investment	518,707	344,158
Goodwill	44,396	44,396
	<u>706,763</u>	<u>552,505</u>
Current assets		
Inventories	13,697	16,079
Property development costs	657	2,014
Trade and other receivables	685,941	705,155
Tax recoverable	39,778	38,750
Marketable securities	0	1,564
Other investments	11,099	8,092
Deposits, bank and cash balances	68,852	102,882
	<u>820,024</u>	<u>874,536</u>
TOTAL ASSETS	<u>1,526,787</u>	<u>1,427,041</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	281,632	281,632
Reserves	367,789	193,547
	<u>649,421</u>	<u>475,179</u>
Minority interest	35,648	34,863
Total equity	<u>685,069</u>	<u>510,042</u>
Non-current liabilities		
Borrowings	836	1,383
Deferred tax liabilities	3,763	3,936
	<u>4,599</u>	<u>5,319</u>
Current liabilities		
Trade and other payables	620,283	765,668
Borrowings	216,431	138,496
Current tax liabilities	405	7,516
	<u>837,119</u>	<u>911,680</u>
Total liabilities	<u>841,718</u>	<u>916,999</u>
TOTAL EQUITY AND LIABILITIES	<u>1,526,787</u>	<u>1,427,041</u>
Net assets per share (RM)	<u>1.15</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 SECOND QUARTER ENDED 30 SEPTEMBER 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 period</u>										
Currency translation differences	-	-	9,239	-	-	-	-	9,239	703	9,942
Available-for-sale investment: - Fair value movement	-	-	-	-	-	174,549	-	174,549	-	174,549
Net income directly recognised in equity	-	-	9,239	-	-	174,549	-	183,788	703	184,491
Loss for the period	-	-	-	-	-	-	(9,546)	(9,546)	2,025	(7,521)
Total recognised income / (expense) for the period	-	-	9,239	-	-	174,549	(9,546)	174,242	2,728	176,970
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(1,943)	(1,943)
Balance as at 30 September 2009	<u>281,632</u>	<u>124,396</u>	<u>37,540</u>	<u>35,457</u>	<u>4,254</u>	<u>41,029</u>	<u>125,113</u>	<u>649,421</u>	<u>35,648</u>	<u>685,069</u>
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	-	-	(569)	-	-	-	-	(569)	(239)	(808)
Available-for-sale investment: - Fair value movement	-	-	-	-	-	(115,268)	-	(115,268)	-	(115,268)
Net expense directly recognised in equity	-	-	(569)	-	-	(115,268)	-	(115,837)	(239)	(116,076)
Profit for the period	-	-	-	-	-	-	48,218	48,218	10,975	59,193
Total recognised (expense)/ income for the period	-	-	(569)	-	-	(115,268)	48,218	(67,619)	10,736	(56,883)
Dividend paid	-	-	-	-	-	-	(27,459)	(27,459)	-	(27,459)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(713)	(713)
Balance as at 30 September 2008	<u>281,632</u>	<u>124,396</u>	<u>27,457</u>	<u>35,457</u>	<u>3,733</u>	<u>(90,706)</u>	<u>341,747</u>	<u>723,716</u>	<u>38,949</u>	<u>762,665</u>

* These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves and transfer of profits to a statutory reserve by an overseas subsidiary.

^ This reserve relates to changes in fair value of an available-for-sale 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 SECOND QUARTER ENDED 30 SEPTEMBER 2009**

	Current year to date 30/09/2009 RM'000	Preceding year to date 30/09/2008 RM'000
OPERATING ACTIVITIES		
(Loss)/ Profit for the period, attributable to equity holders of the parent	(9,546)	48,218
Adjustments for :		
Tax expense	5,503	19,661
Allowance for doubtful debts	497	25
Allowance for doubtful debts written back	(295)	(168)
Bad debt recovered	-	(10)
Depreciation of property, plant and equipment	11,237	3,477
Amortisation of prepaid lease	46	30
Depreciation of investment properties	70	71
Property, plant and equipment written off	1,394	373
Loss on disposal of property, plant and equipment	22	111
(Reversal of) / Allowance for decline in value of marketable securities	(2,507)	2,264
Gain on disposal of marketable securities	(1,094)	-
Dividend income	(4,117)	(4,117)
Interest income	(866)	(3,202)
Profit from Islamic deposits	(66)	(369)
Investment income	(7)	(734)
Finance costs	171	117
Unrealised foreign exchange loss / (gain)	8,139	(5,987)
Minority interest	2,025	10,975
Share of results of jointly controlled entities	(360)	(1,201)
Share of results of associates	(5,076)	(4,722)
	<u>5,170</u>	<u>64,812</u>
Changes in working capital :		
Property development costs	3,383	28,833
Inventories	2,382	(995)
Receivables	33,627	(177,566)
Payables	(145,606)	51,438
Cash generated from operations	(101,044)	(33,478)
Taxation paid	(12,786)	(21,780)
Net cash flow from operating activities	<u>(113,830)</u>	<u>(55,258)</u>
INVESTING ACTIVITIES		
Additional investments in associates	-	(500)
(Acquisition of) / Proceeds from disposal of other investments	(3,007)	33,893
Purchase of property, plant and equipment	(6,594)	(48,260)
Proceeds from disposal of property, plant and equipment	486	88
Proceeds from disposal of non-current assets held for sale	-	1,311
Dividend received	3,088	-
Interest income received	866	3,202
Profit from Islamic deposits received	66	369
Investment income received	7	734
Net cash flow from investing activities	<u>(5,088)</u>	<u>(9,163)</u>
FINANCING ACTIVITIES		
Proceeds from disposal of other investments	5,165	-
Repayments of borrowings	(198,981)	(10,114)
Proceeds from borrowings	288,816	59,163
Dividend paid to minority interest	(1,943)	(713)
Repayments of hire purchase liabilities	(497)	(394)
Finance costs	(2,197)	(1,839)
(Additional) / Release of deposits pledged as security	(1,514)	441
Dividends paid	-	(27,459)
Net cash flow from financing activities	<u>88,849</u>	<u>19,085</u>
Net movement in cash and cash equivalents	(30,069)	(45,336)
Cash and cash equivalents at beginning of the period	95,055	201,825
Currency translation differences	1,992	(3,407)
Cash and cash equivalents at end of the period	<u>66,978</u>	<u>153,082</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 SEPTEMBER 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 under review because of their nature, size, or incidence except for the increase of fair value reserve amounting to RM41.2 million in respect of the available-for-sale investment for the quarter ended 30 September 2009.

There was no unusual item 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 increase of fair value reserve amounting to RM174.5 million in respect of the available-for-sale investment for the financial year to date ended 30 September 2009.

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 financial year to date, 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:

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & others RM'000	Total RM'000
<u>Revenue</u>					
Total	344,995	12,092	5,588	6,453	369,128
Inter-segment	(11,739)	0	(251)	(4)	(11,994)
External	333,256	12,092	5,337	6,449	357,134
<u>Results</u>					
Segment (loss)/profit	(17,596)	4,403	(1,002)	3,577	(10,618)
Interest income	170	25	218	6	419
Profit from Islamic deposits	0	0	0	27	27
Investment income	0	3	0	0	3
Gain on disposal of marketable securities	0	0	0	32	32
Allowance for decline in value of marketable securities	0	0	0	(22)	(22)
Finance costs	(70)	(1)	(2)	(5)	(78)
Share of results of associates and jointly controlled entities	1,755	0	0	(3)	1,752
(Loss)/profit before taxation	(15,741)	4,430	(786)	3,612	(8,485)
Tax expense					(7,344)
Loss for the quarter					(15,829)

8. Segmental Reporting (Continued)

Analysis by business segments for the financial year to date:

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & others RM'000	Total RM'000
Revenue					
Total	716,283	21,508	12,223	15,092	765,106
Inter-segment	(28,566)	0	(1,138)	(8)	(29,712)
External	687,717	21,508	11,085	15,084	735,394
Segment (loss)/profit	(22,610)	7,946	(965)	3,806	(11,823)
Interest income	519	64	273	10	866
Profit from Islamic deposits	0	0	0	66	66
Investment income	0	7	0	0	7
Gain on disposal of marketable securities	0	0	0	1,094	1,094
Reversal of allowance for decline in value of marketable securities	0	0	0	2,507	2,507
Finance costs	(152)	(3)	(4)	(12)	(171)
Share of results of associates and jointly controlled entities	5,442	0	0	(6)	5,436
(Loss)/profit before taxation	(16,801)	8,014	(696)	7,465	(2,018)
Tax expense					(5,503)
Loss for the period					(7,521)

The Group's segmental report for the corresponding three-month financial quarter and year to date ended 30 September 2008 is as follows:-

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	434,560	58,979	5,303	4,318	503,160
Inter-segment	(25,881)	0	(148)	(5)	(26,034)
External	408,679	58,979	5,155	4,313	477,126

8. Segmental Reporting (Continued)

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & others RM'000	Total RM'000
Results					
Segment profit/(loss)	23,701	6,761	128	(1,369)	29,221
Interest income	1,368	379	373	5	2,125
Profit from Islamic Deposits	0	0	0	154	154
Investment income	0	309	0	0	309
Finance costs	(46)	0	(10)	(11)	(67)
Allowance for decline in value of marketable securities	0	0	0	(2,264)	(2,264)
Share of results of associates and jointly controlled entities	4,538	0	0	(38)	4,500
Profit/ (Loss) before taxation	29,561	7,449	491	(3,523)	33,978
Tax expense					(6,813)
Profit for the quarter					27,165

Analysis by business segments for the financial year to date:

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & others RM'000	Total RM'000
Revenue					
Total	1,000,165	119,267	18,780	4,524	1,142,736
Inter-segment	(64,222)	0	(3,617)	(9)	(67,848)
External	935,943	119,267	15,163	4,515	1,074,888
Results					
Segment profit/(loss)	52,375	20,903	1,359	(3,630)	71,007
Interest income	1,994	772	422	14	3,202
Profit from Islamic Deposits	0	0	0	369	369
Investment income	0	524		210	734
Finance costs	(70)	0	(24)	(23)	(117)
Allowance for decline in value of marketable securities	0	0	0	(2,264)	(2,264)
Share of results of associates and jointly controlled entities	5,961	0	0	(38)	5,923
Profit/ (Loss) before taxation	60,260	22,199	1,757	(5,362)	78,854
Tax expense					(19,661)
Profit for the period					59,193

8. Segmental Reporting (Continued)

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 offers.

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 except for the following:-

- (i) the disposal of Zelan Holdings (M) Sdn Bhd's entire 35% equity interest in an associate company, Ratcha Ploen Co Ltd which is incorporated in Thailand, for a sale consideration of RM3.7 million. The sale was completed on 12 November 2009, contributing to a profit of RM3.7 million to the Group in the current financial year.
- (ii) Zelan Holdings (M) Sdn Bhd entering into a Share Sale Agreement ("SSA") to sell its entire 50% equity interest in Zelan EPC Limited for a sale consideration of RM7.7 million. The SSA is dated 2 November 2009 and is pending the completion of certain conditions as set out in the SSA.

11. Changes in Composition of the Group

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

14. Review of Performance

For the current quarter under review, the Group recorded a revenue of RM357.1 million, a decrease of 33.6% 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 loss after tax of RM15.8 million as compared to RM27.2 million profit in the preceding year's quarter. This is mainly attributable to lower revenue, lower gross profit and higher operating expenses 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 loss before taxation of RM8.5 million as compared to the preceding quarter's profit before taxation of RM6.5 million. Loss for the current quarter was mainly derived from lower share of profit from associates. In the immediate preceding quarter, there was a one-off gain from sale of quoted investments.

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.

Although there are signs of recovery in certain pockets of the global economy, the Group is cautiously mindful of the challenges ahead. Notwithstanding the above, the Group expects the second half of the current financial year ending 31 March 2010 to remain challenging.

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	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Malaysian income tax	7,404	3,761	9,171	9,193
Overseas income tax	(44)	3,064	(3,495)	10,492
Deferred tax	(16)	(12)	(173)	(24)
Tax expense	7,344	6,813	5,503	19,661

18. Taxation (Continued)

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 in India approximate the applicable statutory tax rates in India.

The effective tax rates for the Group's operations in Indonesia and KSA are lower than the statutory tax rates in the respective jurisdictions mainly due to project losses incurred.

The effective tax rates for the Group's operations locally is higher than the applicable statutory rates mainly due to under-provision of tax 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 under review, the Group disposed of 300,036 of IJM Land Berhad's warrants for a net cash consideration of RM0.179 million.

During the financial year to date under review, the Group disposed of 8,233,436 of IJM Land Berhad's warrants for a net cash consideration of RM5.161 million.

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

(i)	at cost	= RM477,827,647
(ii)	at carrying value	= RM518,706,482
(iii)	at market value	= RM518,706,482

21. Status of Corporate Proposals Announced

There was no corporate proposal announced but not completed as at 25 November 2009.

22. Borrowings and Debt Securities

**As at
30.09.09
RM'000**

(i) Current borrowings	
<i>Secured:-</i>	
- Revolving credit	107,538
- Term loans	78,310
- Hire purchase liabilities	583
	186,431
<i>Unsecured:-</i>	
- Term Loan	30,000
	216,431

(ii) Non current borrowings	
<i>Secured:-</i>	
- Term loan	245
- Hire purchase liabilities	591
	836
Total	217,267

Included in the term loan (current portion) is an amount of RM52.5 million which is denominated in United Arab Emirates Dirhams, and RM25.9 million which is denominated in Saudi Riyal.

Included in term loan (non-current balances) is an amount of RM0.24 million which is denominated in United Arab Emirates Dirhams.

Included in the hire purchase liabilities is an amount of RM0.20 million which is denominated in United Arab Emirates Dirhams, of which RM0.15 million and RM0.05 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 18 November 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 November 2009 to 24 May 2010	USD Dollar (USD)	Ringgit Malaysia (RM)	USD 173	1 USD RM3.3970	588
(ii)	27 August 2009 to 3 January 2010	SGD Dollar (SGD)	Ringgit Malaysia (RM)	SGD 17	1 SGD= RM2.4573	42

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. (Loss) / Earnings 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 weighted average number of ordinary shares outstanding at the end of the period.

	Current Quarter Ended		Year-To-Date Ended	
	30/09/09	30/09/08	30/09/09	30/09/08
Group's (loss)/profit for the period, attributable to the equity holders of the parent (RM' Million)	(13.855)	21.926	(9.546)	48.218
Weighted average number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
(Loss)/Earnings per share (sen)				
(a) Basic	(2.46)	3.89	(1.69)	8.56
(b) Diluted	N/A	3.89	N/A	8.56

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. 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 2009.

26. Dividends

There was no dividend declared for the quarter under review. An interim dividend of 5.0 sen per ordinary share of RM0.50 each less income tax of 25%, was declared in the preceding year's quarter.

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 25 November 2009.

By order of the Board

**Suhla Al Asri
Secretary**

**Kuala Lumpur
25 November 2009**