

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

	Individual Quarter		Cumulative Period	
	Current year quarter 30/06/2012 RM'000 Unaudited	Preceding year quarter 30/06/2011 RM'000 Unaudited	Current year to date 30/06/2012 RM'000 Unaudited	Preceding year to date 30/06/2011 RM'000 Unaudited
<b>Continuing operations</b>				
Revenue	25,290	12,803	25,290	12,803
Cost of sales	(25,037)	(14,295)	(25,037)	(14,295)
Gross profit / (loss)	253	(1,492)	253	(1,492)
Other operating income				
- Interest income	2,006	294	2,006	294
- Profit from Islamic deposits	-	1	-	1
- Other operating income	870	962	870	962
- Gain on fair value of derivative	21,533	-	21,533	0
Unrealised foreign exchange gain / (loss), net	20,966	(829)	20,966	(829)
Administrative expenses	(3,708)	(4,194)	(3,708)	(4,194)
Other operating expenses	(36)	(1,941)	(36)	(1,941)
Depreciation	(296)	(267)	(296)	(267)
Finance costs	(18,524)	(206)	(18,524)	(206)
Share of results of associates	(45)	-	(45)	-
<b>Profit/(loss) before taxation</b>	<b>23,019</b>	<b>(7,672)</b>	<b>23,019</b>	<b>(7,672)</b>
Tax expense	(35)	(371)	(35)	(371)
<b>Profit / (loss) for the period</b>	<b>22,984</b>	<b>(8,043)</b>	<b>22,984</b>	<b>(8,043)</b>
Profit / (loss) for the period	22,984	(8,043)	22,984	(8,043)
<b>Other comprehensive (loss)/ income :</b>				
Changes in the fair value of available-for-sale financial assets	(40,484)	2,654	(40,484)	2,654
Exchange difference from translation of foreign operations	(19,014)	(2,287)	(19,014)	(2,287)
<b>Other comprehensive (loss) / income for the period, net of tax</b>	<b>(59,498)</b>	<b>367</b>	<b>(59,498)</b>	<b>367</b>
<b>Total comprehensive loss for the period</b>	<b>(36,514)</b>	<b>(7,676)</b>	<b>(36,514)</b>	<b>(7,676)</b>
<b>Profit / (loss) for the period</b>				
Attributable to:				
Equity holders of the parent	22,986	(8,045)	22,986	(8,045)
Non-controlling interest	(2)	2	(2)	2
	22,984	(8,043)	22,984	(8,043)
<b>Total comprehensive loss for the period</b>				
Equity holders of the parent	(36,539)	(7,883)	(36,539)	(7,883)
Non-controlling interest	25	207	25	207
	(36,514)	(7,676)	(36,514)	(7,676)
Basic earnings/ (loss) per share attributable to equity holders of the Company (sen):				
- profit / (loss)	4.08	(1.43)	4.08	(1.43)
Diluted loss per share attributable to equity holders of the Company (sen)	N/A	N/A	N/A	N/A

**(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2012)**

ZELAN BERHAD 27676-V

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	AS AT END OF CURRENT QUARTER 30 JUNE 2012 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2012 RM'000 Audited	1 APRIL 2011 RM'000 Unaudited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	27,160	27,948	39,353
Investment properties	5,380	5,415	5,557
Investments in associates	11,046	12,341	15,383
Other receivables	71,710	69,015	0
Cash and bank balances (restricted)	40,865	40,440	1,790
Available-for-sale financial assets	333,168	373,652	425,420
	<u>489,329</u>	<u>528,811</u>	<u>487,503</u>
<b>Current assets</b>			
Inventories	9,080	9,080	9,194
Trade and other receivables	251,242	238,470	521,920
Tax recoverable	24,194	38,693	47,640
Deposit, cash and bank balances	20,616	16,769	16,811
	<u>305,132</u>	<u>303,012</u>	<u>595,565</u>
<b>TOTAL ASSETS</b>	<u><u>794,461</u></u>	<u><u>831,823</u></u>	<u><u>1,083,068</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	281,632	281,632	281,632
Reserves	(89,089)	(52,550)	(12,161)
	<u>192,543</u>	<u>229,082</u>	<u>269,471</u>
Non-controlling interest	(104)	(129)	11,631
<b>Total equity</b>	<u>192,439</u>	<u>228,953</u>	<u>281,102</u>
<b>Non-current liabilities</b>			
Borrowings	284,108	283,934	36
Derivative financial liability	10,886	32,419	0
Deferred tax liabilities	2,675	2,676	2,697
	<u>297,669</u>	<u>319,029</u>	<u>2,733</u>
<b>Current liabilities</b>			
Trade and other payables	256,057	239,237	504,511
Borrowings	17,733	15,105	201,525
Current tax liabilities	1,328	1,307	18
Provisions for liabilities	29,235	28,192	93,179
	<u>304,353</u>	<u>283,841</u>	<u>799,233</u>
<b>Total liabilities</b>	<u>602,022</u>	<u>602,870</u>	<u>801,966</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>794,461</u></u>	<u><u>831,823</u></u>	<u><u>1,083,068</u></u>
Net assets per share (RM)	<u>0.34</u>	<u>0.41</u>	<u>0.48</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2012)

ZELAN BERHAD 27676-V

## STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2012

	Attributable to equity holders of the parent							Non-controlling 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	Accumulated Losses RM'000			Total RM'000
Balance as at 1 April 2012	281,632	124,396	51,772	35,457	4,254	98,618	(367,047)	229,082	(129)	228,953
<u>Comprehensive loss:</u>										
Loss for the period	-	-	-	-	-	-	22,986	22,986	(2)	22,984
<u>Other comprehensive income:</u>										
Currency translation reserve	-	-	(19,041)	-	-	-	-	(19,041)	27	(19,014)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	(40,484)	-	(40,484)	-	(40,484)
Total comprehensive income / (loss) for the period	-	-	(19,041)	-	-	(40,484)	22,986	(36,539)	25	(36,514)
Balance as at 30 June 2012	281,632	124,396	32,731	35,457	4,254	58,134	(344,061)	192,543	(104)	192,439
Balance as at 1 April 2011	281,632	124,396	54,007	35,457	4,254	150,386	(380,661)	269,471	11,631	281,102
<u>Comprehensive loss:</u>										
Loss for the period	-	-	-	-	-	-	(8,045)	(8,045)	2	(8,043)
<u>Other comprehensive income:</u>										
Currency translation difference	-	-	(2,492)	-	-	-	-	(2,492)	205	(2,287)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	2,654	-	2,654	-	2,654
Total comprehensive income / (loss) for the period	-	-	(2,492)	-	-	2,654	(8,045)	(7,883)	207	(7,676)
Balance as at 30 June 2011	281,632	124,396	51,515	35,457	4,254	153,040	(388,706)	261,588	11,838	273,426

\* 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 financial assets

(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 2012)

ZELAN BERHAD 27676-V

**STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

	Current year to date 30/06/2012 RM'000	Preceding year to date 30/06/2011 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the period	22,986	(8,045)
Adjustments for :		
Tax expense	35	371
Depreciation of property, plant and equipment	1,449	1,762
Depreciation of investment properties	35	35
(Gain)/loss on disposal of property, plant and equipment	(315)	837
Changes in fair value of derivative	(21,533)	-
Interest income	(2,006)	(294)
Profit from Islamic deposits	-	(1)
Finance costs	18,524	374
Unrealised foreign exchange loss / (gain)	0	(614)
Dividend income	(1,250)	0
Non-controlling interest	(2)	2
Share of results of associates	45	-
	<u>17,968</u>	<u>(5,573)</u>
Changes in working capital :		
Receivables	(15,293)	97,433
Payables	9,063	(97,498)
Cash flows generated / (used in) operations	<u>11,738</u>	<u>(5,638)</u>
Tax refund	14,484	9
<b>Net cash flows from / (used in) operating activities</b>	<u>26,222</u>	<u>(5,629)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(15)	-
Proceeds from disposal of property, plant and equipment	338	3,151
Dividends received from associate company	1,250	-
Interest received	250	294
Profit from Islamic deposits received	-	1
<b>Net cash flows from investing activities</b>	<u>1,823</u>	<u>3,446</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	-	(218)
Proceeds from borrowings	-	204
Repayments of hire purchase liabilities	(48)	(43)
Interest paid	(4,569)	(374)
Additional deposits pledged as security	(583)	(1,148)
<b>Net cash flows from financing activities</b>	<u>(5,200)</u>	<u>(1,579)</u>
Net movement in cash and cash equivalents	22,845	(3,762)
Cash and cash equivalents at beginning of the period	6,140	16,632
Currency translation differences	(19,156)	(1,656)
<b>Cash and cash equivalents at end of the period</b>	<u>9,829</u>	<u>11,214</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 2012)

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

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 30 JUNE 2012**

**PART A – Explanatory Notes Pursuant to Financial Reporting Standard**

**1. Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The explanatory notes attached to the interim financial statements 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 financial year ended 31 March 2012.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2012 except for the adoption of the following new standards, amendments to and interpretations on existing standards which are applicable in accordance to Group’s financial statements.

The Group adopted the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”) with effect from 1 April 2012. In adopting the new framework, the Group has applied MFRS 1 “First Time Adoption of MFRS”.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 April 2011 (transition date) and throughout all periods presented, as if these policies had always been in effect. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. The adoption of MFRS 1 did not result in a significant impact on the financial statements of the Group, hence no reconciliations from FRSS to MFRSS were prepared.

In addition, the financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

## **1. Basis of Preparation (Continued)**

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for the quarter ended 30 June 2012. MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2012, the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS.

The Group recorded a net profit of RM22,984,000 for the three months period ended 30 June 2012.

In respect of the project in Indonesia which was undertaken by the Group through a Consortium in which the Group has 70% interest, the Group achieved the commercial operation dates for both Unit 1 and Unit 2 on 10 December 2011. Accordingly, the Consortium had, on 21 February 2012, reached a negotiated sum with the owner of the project amounting to USD13.9 million (approximately RM42.0 million) and both parties agreed that any claims in relation to effective date of the contract, extension of time, variations works and liquidated damages between the owner and the Consortium will be considered settled and neither party will be liable for further claims in relation to such completion of works except for certain items which were subject to further negotiations. In addition, the Consortium is in the midst of obtaining the taking over certificate for Unit 1 and Unit 2 from the owner.

The Group also anticipates recovering an estimated LAD of USD22.5 million (approximately RM68 million) from the subcontractor / supplier as a result of delay in completing their scope of work as set out in the agreement for supply for the above project. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement, which is supported by external legal advice.

In respect of the Group's on-going project in the Middle East, the project has a revised completion date of 21 months from the re-commencement date of 16 July 2011 based on a supplementary agreement entered into with the owner of the project on 9 June 2011. Accordingly, the project has a revised contractual completion date of 15 April 2013. Based on the current progress of the project of less than 50% completion as at the date of this announcement, the Group will need to expedite the work on site in order to achieve the revised contractual completion date of 15 April 2013. The Board of Directors does not anticipate any foreseeable losses for this project nor any provision for LAD at this stage as the Group is in the midst of negotiations with the owner of the project to get its commitment to certify the progress billings issued without undue delay and make timely payments on the certified billings, which would then facilitate the progress of the work on site to meet the revised contractual completion date on 15 April 2013.

## **1. Basis of Preparation (Continued)**

The Directors are also confident that the Group would be able to obtain an extension of time if required, as the delays were attributed to the owner.

In addition, the Board of Directors anticipate that, with the owner's commitment to make timely payments on certified billings, there will not be any additional funding required from the Group in order to complete the project.

In order to ensure that the Group would have sufficient cash flows in the twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet the working capital and covenant requirement, and the investing and financing activities, the Group may need to dispose of its available-for-sale financial assets, subject to the approval of the shareholders.

The Directors are of the view that the disposal of the available-for-sale financial assets, subject to approval of the shareholders, the continuing support from the existing bankers and the cash generated from the projects will enable the Group and the Company to carry on as going concerns. Accordingly, the financial statements of the Group and the Company are prepared on going concerns basis.

## **2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the financial year ended 31 March 2012 was not subject to any qualification.

## **3. Seasonal or Cyclical Factors**

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

## **4. Unusual Items**

### **Current quarter and Period to date**

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter under review because of their nature, size, or incidence except for the following:

- i) as at 30 June 2012, the fair value of the derivative amounts to RM10.9 million, and accordingly results in a write back of RM21.5 million in the profit or loss during the quarter under review.
- ii) a decrease of fair value reserve amounting to RM40.4 million in respect of the available-for-sale financial assets for the quarter ended 30 June 2012 due to the decrease in market value from RM5.63 per IJM Corporation Berhad ("IJM") share as at 31 March 2012 to RM5.02 per IJM share as at 30 June 2012.

## 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 quarter ended 30 June 2012.

## 7. Dividends Paid

For the current financial period-to-date, no dividend has been paid. For the preceding year's corresponding period, no dividend was paid.

## 8. Segmental Reporting

Segment analysis for the current quarter and period to date is as follows:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
<b><u>Revenue</u></b>				
Total	24,991	198	1,850	27,039
Inter-segment	(77)	-	(1,672)	(1,749)
External	<b>24,914</b>	<b>198</b>	<b>178</b>	<b>25,290</b>

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
<b><u>Results</u></b>				
Segment profit/(loss)	19,551	168	(1,374)	18,345
Interest income	1,775	1	230	2,006
Depreciation	(273)	(22)	(1)	(296)
Gain on fair value of derivative	-	-	21,533	21,533
Finance costs	(14,514)	-	(4,010)	(18,524)
Share of results of associate	(45)	-	-	(45)
Profit before taxation	6,494	147	16,378	23,019
Tax expense				(35)
Profit for the quarter				<b>22,984</b>



## 8. Segmental Reporting (Continued)

The Group's segmental report for the corresponding three-month financial quarter and financial period to date ended 30 June 2011 is as follows:

Segment analysis for the quarter and period to date is as follows:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
<b>Revenue</b>				
Total	12,573	193	181	12,947
Inter-segment	(140)	-	(4)	(144)
External	<b>12,433</b>	<b>193</b>	<b>177</b>	<b>12,803</b>

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
<b>Results</b>				
Segment (loss)/profit	(4,862)	48	(2,512)	(7,326)
Depreciation	(223)	(24)	(20)	(267)
Interest income	278	2	14	294
Profit from Islamic deposits	-	-	1	1
Finance costs	(373)	-	(1)	(374)
(Loss)/profit before Taxation	(5,180)	26	(2,518)	(7,672)
Tax credit				(371)
Loss for the quarter				<b>(8,043)</b>

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

Save and except as disclosed below, there is no other material event subsequent to the end of the current quarter under review that has not been reflected in the interim financial report.

- (i) On 2 July 2012, the Company had announced that pursuant to an Application for Tax Audit and Revision by a Branch of its wholly owned subsidiary in Indonesia, Zelan Holdings (M) Sdn Bhd ("Branch"), by an Application no. 001/TAX/ZH/8/10 dated 8 September 2010 against the decision of the Director General of Taxation on 15 June 2010, the Tax Court has delivered its verbal decision on 29 June 2012 whereby it has ruled not in favour of the Branch. The ruling resulted in a potential tax payable and related tax penalties of approximately RM25.1 million to be incurred by the Branch.

## **9. Material Events Subsequent to the End of the Reporting Period (Continued)**

During the quarter, the written decision from the Tax Court has been received by the Branch. The Branch's tax agent in Indonesia (Messrs Ernst & Young) has advised that based on the facts of the case, the Branch stands a good chance to succeed in its appeal against this decision through a judicial review to be filed at the Supreme Court of Indonesia. Based on this advice, the Company's intention is to file a judicial review against this decision not later than 30 October 2012.

- (ii) On 5 July 2012, the Company announced that its wholly-owned subsidiary company, Konsensei Pusat Asasi Gambang Sdn Bhd (formerly known as TCMB Power Sdn Bhd) ("Concession Company"), entered into a Concession Agreement with the Government of Malaysia and International Islamic University Malaysia ("IIUM"), whereby IIUM has granted to the Concession Company the concession to undertake the development of the Centre for Foundation Studies (Phase 3), IIUM, Gambang Campus in Pahang on a Build-Lease-Manage-Transfer basis by way of Private Finance Initiative scheme.
- (iii) Further to its prior announcements, the Company had, on 2 August 2012, announced further development on the Letter of Intent received from Mudajaya Corporation Berhad ("Mudajaya") in respect of civil works for 1,000MW coal fired power plant at Tanjung Bin, Johor ("Works") as follows:
  - (a) Zelan Construction Sdn Bhd ("ZCSB"), a wholly owned subsidiary of the Company, had on 2 August 2012 entered into a Definitive Collaboration Agreement ("Collaboration Agreement") with Balanced Engineering & Construction Pte Ltd ("BEC") to form a joint venture on an unincorporated basis by the name of Zelan BEC Consortium for the sole purpose of undertaking the execution and completion of the Works; and
  - (b) On the same day, Zelan BEC Consortium, in which the Company has 51% participating interest, had accepted the letter of award issued by Mudajaya for the design and build of chimney for the development of the Works for the lump sum price of Ringgit Malaysia Thirty Four Million Seven Hundred Seventy Thousand Seven Hundred Forty Three and Sixty Three (RM34,770,743.63) only.

**10. Changes in Composition of the Group**

There was no change in the composition of the Group during the current quarter.

**11. Changes in Contingent Liabilities or Contingent Assets**

Save and except as disclosed in item 9 (i) of this Part A and item 10 of Part B of this Bursa Announcement on the Interim Financial Reporting, there was no other change in contingent liabilities or contingent assets since the last annual reporting date.

**12. Insurance Liability**

The Company has given guarantee amounting to RM8,651,780 to an owner of a project as security for a subsidiary's performance of its obligations under the relevant project and the Company does not anticipate any outflows of economic benefits arising from these undertakings.

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

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 30 JUNE 2012**

**PART B Additional Information as required by Part A of Appendix 9B of the  
Bursa Malaysia Listing Requirements**

**1. Review of Performance**

For the current quarter under review, the Group recorded revenue from engineering and construction operations of RM24.9 million as compared to a revenue of RM12.4 million in the same quarter last year. The current quarter's revenue is mainly attributed to a project carried out for the construction of mixed used development plaza in Abu Dhabi, United Arab Emirates (“UAE”) as compared to RM5.4 million recorded as revenue for the project in corresponding quarter last year. There was also a revenue contribution from the completed project in Rembang, Indonesia of RM7.1 million last year.

The revenue recorded from property and development and the investment holding and others segments for the quarter is comparable to the corresponding quarter last year.

The Group recorded a profit after taxation of RM22.9 million for the current quarter as compared to a loss after taxation from continuing operations of RM8.0 million in the same quarter last year. The profit is mainly derived from the changes in fair value of derivative of RM21.5 million (30/6/2011: RM nil) resulting from the valuation of equity collar derivative embedded with the term loan obtained in November 2011. The Group has recorded a favourable unrealised foreign exchange gain of RM21.0 million (30/6/2011: loss of RM0.8 million) in view of weakening of Ringgit Malaysia against the foreign currencies exposed to the Group's foreign operating entities. However, the Group incurred a finance cost of RM18.5 million (30/6/2011: RM0.2 million), of which RM13.9 million is due to the Malaysia Financial Reporting Standard (“MFRS”) 139 impact on the fair valuation of loans, financial payables and receivables which were initially measured at fair value and subsequently amortised using the effective interest. The remaining balance of RM4.6 million represents the interest on borrowings.

**2. Material Changes in the Quarterly Results Compared to the preceding quarter**

For the current quarter under review, the Group recorded revenue from engineering and construction segment of RM24.9 million as compared to a negative revenue of RM12.9 million in the preceding fourth quarter ended 31 March 2012. The revenue for the both quarters is mainly contributed from the progress works on the project in Abu Dhabi, UAE. The negative revenue in the preceding fourth quarter is mainly due to the financial year end audit adjustment in relation to that project.

The revenue recorded from property and development segment is recurring rental income from office premises and car park bays.

The revenue recorded from the investment holding and others segments of RM0.2 million as opposed to RM1.5 million recorded in preceding quarter is mainly due to dividend received from an associate company in that preceding quarter.

For the current quarter, the Group recorded a profit after taxation of RM22.9 million as compared to the preceding quarter's loss after taxation of RM60.4 million. The loss for the preceding quarter is mainly attributable to gross loss of RM26.8 million, unrealised foreign exchange loss of RM16.9 million, loss on fair value derivative of RM6.3 million and a write off of tax recoverable in Indonesia of approximately RM9.6 million.

**3. Current Year Prospects**

For the current year, the Group is focusing on implementing the projects that have already been secured while continuing to secure new local projects. Based on the foregoing, the Group expects to be in a position to remain profitable for the financial year ending 31 March 2013.

**4. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued in a public document for the current financial period.

## 5. **Taxation**

	Current Quarter Ended		Three months Ended	
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
<b>Continuing operations</b>				
Malaysian income tax	21	18	21	18
Overseas income tax	15	355	15	355
Deferred tax	(1)	(2)	(1)	(2)
Tax expense	35	371	35	371

The effective tax rate for the Group's operations locally is lower than the applicable statutory rates mainly due to certain companies within the Group which were loss making and certain expenses which were not deductible for tax purposes.

## 6. **Status of Corporate Proposals Announced**

Save and except as disclosed below and also in item 9 of Part A of this Bursa Announcement on the Interim Financial Reporting, there was no other corporate proposal announced but not completed as at 15 August 2012:

- (i) Zelan had, on 6 August 2012, announced that it proposed to seek approval from its shareholders on a renewal of shareholders' mandate for Recurrent Related Party Transaction ("RRPT") in the forthcoming 36<sup>th</sup> Annual General Meeting to be held on 24<sup>th</sup> September 2012. The said shareholders' mandate is required in accordance with the provisions of the Listing Requirements.
- (ii) Zelan had, on 29 May 2012, announced the following:
  - (a) Its wholly owned subsidiary, Zelan Construction Sdn Bhd, had on 28 May 2012, entered into the Joint Venture Agreement with Kiara Teratai Sdn Bhd ("KTSB") to form a joint venture on an unincorporated basis under the name "Zelan - Kiara Teratai JV" for the sole purpose of carrying out the construction of a new Immigration, Custom, Quarantine and Security Complex at Bukit Kayu Hitam, Kedah; and

**6. Status of Corporate Proposals Announced (Continued)**

(b) Zelan-Kiara Teratai JV, had on 28 May 2012, received a letter of award from Northern Gateway Infrastructure Sdn Bhd to carry out and complete the Construction Works for a contract sum of RM310 million, which Zelan-Kiara Teratai JV had, on 4 June 2012, conditionally accepted subject to the approvals of the directors and the shareholders of Zelan and KTSB.

**7. Borrowings and Debt Securities**

**As at  
30.06.2012  
RM'000**

<b>(i) Current borrowings</b>	
<i>Secured</i>	
- Term loan	17,601
- Hire purchase liabilities	130
- Overdraft	2
	<b>17,733</b>

<b>(ii) Non-current borrowings</b>	
<i>Secured</i>	
- Equity Collar Loan	285,607
- Borrowing cost on equity collar loan	(2,189)
- Hire purchase liabilities	690
	<b>284,108</b>
<b>Total</b>	<b>301,841</b>

Included in the term loan (current borrowing) is an amount of RM15.3 million which is denominated in United Arab Emirates Dirhams.

In relation to the term loan facility with equity collar financial derivative above, the Group is required to perform a valuation of the equity collar financial derivative on each reporting date. As a result, the Group has recognised a gain on fair value of RM21.5 million during the quarter and period ended 30 June 2012 arising from the fair value changes on the equity collar options.

These shares are reflected as available-for-sale financial assets. A fair value assessment of the available-for-sale financial assets is carried out at each reporting date, and the change in fair value is recorded in available-for-sale reserves. As at 30 June 2012, the fair value on available-for-sale financial assets reserve stood at RM58.1 million.

## 8. Earnings/(Losses) Per Share

The basic earnings/(losses) per share for the financial period are calculated based on the Group's profit/(loss) attributable to the equity holders of the Company, divided by the number of ordinary shares outstanding at the end of the period to date.

	<b>Current Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30/06/12</b>	<b>30/06/11</b>	<b>30/06/12</b>	<b>30/06/11</b>
Group's profit / (loss) for the period, attributable to the equity holders of the parent (RM' 000)	22,986	(8,045)	22,986	(8,045)
Number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
<b>Profit / (loss) per share for the period (sen)</b>	4.08	(1.43)	4.08	(1.43)
<b>Diluted loss per share (sen)</b>	N/A	N/A	N/A	N/A

The Group has no dilution in its earnings/(losses) per ordinary share, as there is no potential dilutive ordinary shares in issue during the current financial period.

## 9. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements

The following analysis of realised and unrealised accumulated losses at the Group is prepared in accordance with Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad's Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.



**9. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements (Continued)**

	<b>As at 30.06.2012 RM'000</b>	As at 31.03.2012 RM'000
Accumulated losses of the Group and its subsidiaries		
- realised	<b>(1,402,584)</b>	(1,443,869)
- unrealised	<b>(288)</b>	(28,225)
	<b>(1,402,872)</b>	(1,472,094)
Accumulated losses of the associates		
- realised	<b>9,700</b>	10,525
- unrealised	<b>(1,137)</b>	(1,137)
	<b>(1,394,309)</b>	(1,462,706)
Consolidated adjustments	<b>1,050,248</b>	1,095,659
Total accumulated losses as per consolidated accounts	<b>(344,061)</b>	(367,047)

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

**10. 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 reporting date as at 31 March 2012, except in relation to Note 32(c) of the Audited Financial Statements where the Court of Appeal has made an order against a subsidiary company's branch in Abu Dhabi for AED13,427,212.75 (approximately RM11,811,919) as outstanding payment together with AED1,000,000 (approximately RM857,700) as compensation and dismissed the subsidiary company's appeal for a counter action to join the project owner as co-defendant in the suit. On 30 May 2012, the Cassation Court ruled that the amount payable to the subcontractor who filed the claim above is AED12,916,515.75 and AED300,000.00 as compensation together with interest at 5% on both the aforesaid amounts.

**10. Changes in Material Litigation (Continued)**

On 6 August 2012, the Execution Court has issued a letter to the project owner requesting the project owner to deposit the sum of AED14,256,520.17 to the account of Judicial Department, Executive Administration in order to pay the judgment obtained by the subcontractor. As the process is currently ongoing, the Conservatory Attachment has not been discharged.

There is no financial impact to the Group as the project owner has the contractual obligation to reimburse the Group.

**11. Dividends**

There was no dividend declared for the quarter under review.

**12. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 August 2012.

**By order of the Board**

**Norlida Jamaludin  
Secretary**

**Kuala Lumpur  
15 August 2012**