

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2014**

**THE FIGURES HAVE NOT BEEN AUDITED**

**CONSOLIDATED STATEMENT OF INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Current year	Preceding year
	quarter	quarter	to date	to date
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	61,025	70,727	61,025	70,727
Cost of sales	(41,535)	(56,599)	(41,535)	(56,599)
Gross profit	<u>19,490</u>	<u>14,128</u>	<u>19,490</u>	<u>14,128</u>
Other income	947	261	947	261
Interest income	7,962	5,274	7,962	5,274
Profit from Islamic deposits	125	29	125	29
Gain on disposal of available-for-sale financial assets	-	12,070	-	12,070
Loss on fair value of derivative	-	(8,410)	-	(8,410)
Unrealised foreign exchange loss, net	(2,902)	(314)	(2,902)	(314)
Administrative expenses	(3,226)	(4,710)	(3,226)	(4,710)
Operating expenses	(2,689)	(791)	(2,689)	(791)
Depreciation	(478)	(586)	(478)	(586)
Finance costs	(1,361)	(8,458)	(1,361)	(8,458)
Share of results of associates	488	(621)	488	(621)
<b>Profit before taxation</b>	<u>18,356</u>	<u>7,872</u>	<u>18,356</u>	<u>7,872</u>
Tax expense	(5,800)	(17)	(5,800)	(17)
<b>Net profit for the period</b>	<u>12,556</u>	<u>7,855</u>	<u>12,556</u>	<u>7,855</u>
<b>Profit / (loss) for the period</b>				
<b>Attributable to:</b>				
Equity holders of the parent	12,571	7,856	12,571	7,856
Non-controlling interests	(15)	(1)	(15)	(1)
	<u>12,556</u>	<u>7,855</u>	<u>12,556</u>	<u>7,855</u>
<b>Earnings per share :</b>				
Basic and diluted earnings per share attributable to equity holders of the Company (sen)	<u>1.85</u>	<u>1.39</u>	<u>1.85</u>	<u>1.39</u>

**The Consolidated Statement of Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014.**

**ZELAN BERHAD**  
(Company No: 27676-V)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2014 RM'000	Preceding year quarter 30/06/2013 RM'000	Current year to date 30/06/2014 RM'000	Preceding year to date 30/06/2013 RM'000
<b>Profit for the period</b>	<b>12,556</b>	7,855	<b>12,556</b>	7,855
<b>Other comprehensive income / (loss) :</b>				
<i>Items that may be reclassified subsequently to profit or loss :</i>				
Changes in the fair value of available-for-sale financial assets	-	12,842	-	12,842
Reversal of fair value on disposal of available-for-sale financial assets	-	(12,070)	-	(12,070)
Exchange difference from translation of foreign operations	<b>1,501</b>	1,115	<b>1,501</b>	1,115
<b>Total items that may be reclassified subsequently to the profit or loss</b>	<b>1,501</b>	1,887	<b>1,501</b>	1,887
<b>Total comprehensive income for the period</b>	<b>14,057</b>	9,742	<b>14,057</b>	9,742
<b>Total comprehensive income / (loss) for the period</b>				
Attributable to:				
Equity holders of the parent	<b>14,061</b>	9,743	<b>14,061</b>	9,743
Non-controlling interests	<b>(4)</b>	(1)	<b>(4)</b>	(1)
	<b>14,057</b>	9,742	<b>14,057</b>	9,742

**The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014.**

**ZELAN BERHAD**  
(Company No: 27676-V)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	Audited
	<b>As at end of</b>	As at preceding
	<b>current quarter</b>	financial year end
	<b>30/06/2014</b>	31/03/2014
	<b>RM'000</b>	RM000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,853	11,426
Investment properties	5,095	5,131
Investments in associates	518	30
Financial and other receivables	252,099	213,454
Deposits, cash and bank balances (restricted)	10,604	10,438
	<u>279,169</u>	<u>240,479</u>
<b>Current assets</b>		
Inventories	9,080	9,080
Financial and other receivables	167,264	257,497
Tax recoverable	2,135	2,172
Deposit pledged as security (restricted)	9,531	3,716
Deposit, cash and bank balances (non-restricted)	69,688	19,846
	<u>257,698</u>	<u>292,311</u>
<b>TOTAL ASSETS</b>	<u><b>536,867</b></u>	<u><b>532,790</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	84,489	84,489
Reserves	66,469	52,408
	<u>150,958</u>	<u>136,897</u>
Non-controlling interests	(188)	(184)
<b>Total equity</b>	<u><b>150,770</b></u>	<u><b>136,713</b></u>
<b>Non-current liabilities</b>		
Borrowings	119,969	93,413
Deferred tax liabilities	3,094	2,669
	<u>123,063</u>	<u>96,082</u>
<b>Current liabilities</b>		
Trade and other payables	217,233	264,961
Borrowings	38,410	31,222
Current tax liabilities	7,391	3,812
	<u>263,034</u>	<u>299,995</u>
<b>Total liabilities</b>	<u><b>386,097</b></u>	<u><b>396,077</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>536,867</b></u>	<u><b>532,790</b></u>
Net assets per share (RM)	<u><b>0.18</b></u>	<u><b>0.16</b></u>

**The Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Attributable to equity holders of the parent

	Share Capital RM'000	Share Premium RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Fair Value Reserve ^ RM'000	(Accumulated losses) / Retained Earnings		Sub Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
								RM'000	RM'000			
84,489	-	14,082	6,222	35,457	4,254	-	(7,607)		136,897	(184)	136,713	
Profit / (loss) for the period	-	-	-	-	-	-	12,571		12,571	(15)	12,556	
Other comprehensive income:												
Currency translation reserve	-	-	1,490	-	-	-	-		1,490	11	1,501	
Total comprehensive income / (loss) for the period	-	-	1,490	-	-	-	12,571		14,061	(4)	14,057	
Balance as at 30 June 2014	84,489	-	14,082	7,712	35,457	4,254	4,964		150,958	(188)	150,770	
<b>Three months to 30 June 2013</b>												
Balance as at 1 April 2013	281,632	124,396	-	2,705	35,457	4,254	86,584	(392,549)	142,479	(170)	142,309	
Profit / (loss) for the period	-	-	-	-	-	-	7,856		7,856	(1)	7,855	
Other comprehensive income / (loss):												
Currency translation difference	-	-	1,115	-	-	-	-		1,115	-	1,115	
Available-for-sale financial assets:												
- fair value gain	-	-	-	-	-	-	12,842		12,842	-	12,842	
- reclassification adjustment included in profit or loss	-	-	-	-	-	-	(12,070)		(12,070)	-	(12,070)	
Total comprehensive income / (loss) for the period	-	-	1,115	-	-	-	772		9,743	(1)	9,742	
Balance as at 30 June 2013	281,632	124,396	-	3,820	35,457	4,254	87,356	(384,693)	152,222	(171)	152,051	

\* 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 oversea subsidiary.

^ This reserve relates to changes in fair value of an available-for-sale financial assets.

# This reserve relates to issuance of free detachable warrants.

**The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014.**

**ZELAN BERHAD**  
(Company No: 27676-V)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year to date 30/06/2014 RM'000</b>	Preceding year to date 30/06/2013 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the period attributable to equity holders of the Company	12,571	7,856
Adjustments for :		
Tax expense	5,800	17
Depreciation of property, plant and equipment	442	550
Depreciation of investment properties	36	36
Fixed assets written off	-	8
Gain on disposal of available-for-sale financial assets	-	(12,070)
Loss on fair value of derivative	-	8,410
Interest income	(7,962)	(5,274)
Profit from Islamic deposits	(125)	(29)
Finance costs	1,361	8,458
Net unrealised foreign exchange loss	2,902	314
Dividend income	-	(5,877)
Non-controlling interests	(15)	(1)
Share of results of associates	(488)	621
	<u>14,522</u>	<u>3,019</u>
<i>Changes in working capital :</i>		
Receivables	58,110	(52,904)
Payables	(44,475)	(4,493)
Cash flows generated from / (used in) operations	28,157	(54,378)
Tax paid	(1,751)	(75)
<b>Net cash flows generated from / (used in) operating activities</b>	<u>26,406</u>	<u>(54,453)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(119)
Proceeds from disposal of other investments	-	25,969
Interest received	643	24
Profit from Islamic deposits received	125	29
<b>Net cash flows generated from investing activities</b>	<u>768</u>	<u>25,903</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(19,064)	(25,278)
Proceeds from borrowings	49,815	47,843
Repayments of hire purchase creditors	(122)	(100)
Interest paid	(564)	(6,074)
(Additional) / release of deposits pledged as security	(5,981)	20,388
<b>Net cash flows generated from financing activities</b>	<u>24,084</u>	<u>36,779</u>
Net movement in cash and cash equivalents	51,258	8,229
Cash and cash equivalents at the beginning of the period	19,846	7,436
Currency translation differences	(1,416)	3,124
<b>Cash and cash equivalents at the end of the period</b>	<u>69,688</u>	<u>18,789</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014.

**1. Basis of Preparation**

The interim financial information is unaudited and has 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 information should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The explanatory notes attached to the interim financial information 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 2014.

The accounting policies and methods of computation adopted for the interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2014 except for the adoption of the following amendments to the Malaysian Financial Reporting Standards (“MFRS”):

	<b>Effective for the financial period beginning on or after</b>
Amendments to MFRS 132 : Financial Instruments Presentation	1 January 2014
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities	1 January 2014

The adoption of the amendments to the existing standards is not expected to have any significant impact to the interim financial information of the Group.

**MFRS, Amendments to MFRS and Issuance Committee Interpretation that are applicable to the Group but not yet effective**

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these are effective for the Group’s financial statements for the financial period beginning on or after 1 April 2014:

	<b>Effective for the financial period beginning on or after</b>
Annual Improvements to MFRS 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRS 2011 - 2013 Cycle	1 July 2014
MFRS 9 : Financial Instruments: Classifications and Measurement of Financial Assets and Financial Liabilities	Yet to be determined

In addition, the interim financial information complies with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have considered the following matters in preparing the interim financial information of the Group on a going concern basis:

Status of the Group’s project in Abu Dhabi and the cash flow projections of the Group

In April 2014, the Group entered into a Second Supplementary Agreement (“SSA”) with the project owner in respect of the Group’s existing project in Abu Dhabi. One of the salient terms includes the refund of a performance bond previously drawdown and the payment of the outstanding certified progress billings by the project owner which were due by the end of June 2014 prior to the recommencement of the project based on the terms and conditions of the SSA.

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

On 16 June 2014, ZHSB received a letter from MH, requesting for an extension of 30 days for MH to comply with its obligation in the SSA whereby MH is required to provide ZHSB with a document from MH's financier demonstrating MH's readiness of financing the project as supported by a signed copy of the loan agreement between MH and its financier evidencing that the financing is available for drawdown. ZHSB had granted the extension.

On 16 July 2014, ZHSB received a letter from MH, requesting a further extension of 60 days for MH to comply with the abovementioned obligation. Upon due consideration of MH's request, ZHSB had on 17 July 2014 responded to MH, giving an extension of 30 days.

On 13 August 2014, ZHSB received a copy of the signed loan agreement between MH and its financier for the project financing.

Accordingly, the timing of the receipt of the refund of the performance bond and the payment of the outstanding certified progress billings, will be adjusted for the same duration.

The Company is working together with the project owner to ensure the fulfilment of the terms and conditions as set out in the SSA and timely recommencement of the construction works in Abu Dhabi.

The Directors are of the view the performance bond and all monies due to the Group will be collected and the project will recommence. The Directors are also of the view that the Group will have sufficient cash flows to meet its obligations as and when they fall due within the next 12 months from the reporting date even if the project is delayed or does not recommence.

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

The auditors' report on the Group's financial statements for the financial year ended 31 March 2014 was not qualified.

**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 current quarter because of their nature, size, or incidence.

**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.

**7. Dividend**

For the current quarter, no dividend had been declared. For the preceding year's corresponding quarter, no dividend was declared.

**ZELAN BERHAD**  
(Company No: 27676-V)

**8. Segmental Reporting**

Segment analysis for the current quarter and period to 30 June 2014 is as follows:

	<b>Engineering and Construction RM '000</b>	<b>Property and Development RM '000</b>	<b>Investment and Others RM '000</b>	<b>Total RM '000</b>
<b>Revenue</b>				
Segment revenue	92,840	190	82	93,112
Less: Inter-segment sales	(32,005)	-	(82)	(32,087)
	<u>60,835</u>	<u>190</u>	<u>-</u>	<u>61,025</u>
<b>Results</b>				
Segment profit/(loss)	12,308	121	(1,287)	11,142
Interest income	7,934	1	27	7,962
Profit from Islamic deposits	-	-	125	125
Finance costs	(1,218)	-	(143)	(1,361)
Share of results of associates	488	-	-	488
Profit / (loss) before taxation	<u>19,512</u>	<u>122</u>	<u>(1,278)</u>	<u>18,356</u>
Tax expense	(5,746)	(54)	-	(5,800)
Net profit / (loss) for the quarter	<u>13,766</u>	<u>68</u>	<u>(1,278)</u>	<u>12,556</u>

The Group's segmental report for the corresponding three-month financial quarter ended 30 June 2013 is as follows:

	<b>Engineering and Construction RM '000</b>	<b>Property and Development RM '000</b>	<b>Investment and Others RM '000</b>	<b>Total RM '000</b>
<b>Revenue</b>				
Segment revenue	75,317	209	7,138	82,664
Less: Inter-segment sales	(10,777)	-	(1,160)	(11,937)
	<u>64,540</u>	<u>209</u>	<u>5,978</u>	<u>70,727</u>
<b>Results</b>				
Segment profit	3,750	84	4,154	7,988
Interest income	5,268	1	5	5,274
Profit from Islamic deposits	-	-	29	29
Gain on disposal of available-for-sale of financial assets	-	-	12,070	12,070
Loss on fair value of derivatives	-	-	(8,410)	(8,410)
Finance costs	(4,296)	-	(4,162)	(8,458)
Share of results of associates	(621)	-	-	(621)
Profit before taxation	<u>4,101</u>	<u>85</u>	<u>3,686</u>	<u>7,872</u>
Tax expense	-	-	(17)	(17)
Net profit for the quarter	<u>4,101</u>	<u>85</u>	<u>3,669</u>	<u>7,855</u>

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

Save and except as disclosed below, there are no other material events subsequent to the end of the current quarter that has not been reflected in the interim financial information, except for the following:

- (i) On 15 April 2014, the Group's wholly owned subsidiary, Zelan Holdings (M) Sdn Bhd ("ZHSB") had, entered into a Second Supplementary Agreement ("SSA") with Meena Holdings LLC ("MH"), the owner of Meena Plaza Mixed Use Development Project ("Project") in Abu Dhabi, United Arab Emirates, for the settlement of disputes between the parties, and the continuation of works by ZHSB.



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

- (i) On 16 June 2014, ZHSB received a letter from MH, requesting for an extension of 30 days for MH to comply with its obligation in the SSA whereby MH is required to provide ZHSB with a document from MH's financier demonstrating MH's readiness of financing the project as supported by a signed copy of the loan agreement between MH and its financier evidencing that the financing is available for drawdown. ZHSB had granted the extension.

On 16 July 2014, ZHSB received a letter from MH, requesting a further extension of 60 days for MH to comply with its abovementioned obligation. Upon due consideration of MH's request, ZHSB had on 17 July 2014 responded to MH, giving an extension of 30 days.

Accordingly, the relevant timings in the SSA, including the Payment Date and Recommencement Date (both of which are defined in the Announcement of the Group, dated 15 April 2014), will be adjusted for the same duration.

On 13 August 2014, ZHSB received a copy of the signed loan agreement between MH and its financier for the project financing.

- (ii) On 24 July 2014, the Group announced that its wholly owned subsidiary, Zelan Construction Sdn Bhd ("ZCSB"), had received a Letter of Award from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd for Contract No.: RAPID/CTC/21-2013-P20B1 for the Provision of Basic Design, Detail Engineering, Procurement, Construction & Commissioning of Material Off Loading Facilities Jetty at Tanjung Setapa for Refinery and Petrochemical Integrated Development Project at Pengerang, Johor (hereinafter referred to as the "Works"). The Contract Price is RM248.5 million for the Scope of Works which is based on lump sum with breakdown as per itemised cost provided in the Schedule of Prices and provisional sum based on Bill of Quantity and Schedule of Rates. The contract duration is 18 months.

- (iii) On 31 July 2014, the Group announced that ZCSB had received a Letter of Acceptance from East Coast Economic Region Development Council ("ECERDC"), confirming ECERDC's acceptance of the tender submitted by "Zelan – Hasrat Sedaya Consortium" for the Proposed Construction and Completion of the Drawbridge connecting Muara North and Muara South in Kuala Terengganu City Centre for the ECERDC (hereinafter referred to as the "Works").

The Contract Sum is RM248.7 million. The contract duration is 135 weeks, commencing on the Date for Possession of the Site on 13 August 2014. The Date for Completion for whole of the Works is 14 March 2017.

**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**

There was no change in contingent liabilities or contingent assets since the last quarter.

**12. Profit Forecast or Profit Guarantee**

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

**13. Review of Performance**

**(i) Comparison between the current quarter and the preceding year corresponding quarter**

	<b>Current quarter 30/06/2014 RM '000</b>	<b>Preceding year corresponding quarter 30/06/2013 RM '000</b>	<b>Variance RM '000</b>	<b>Variance %</b>
<b><u>Revenue</u></b>				
Engineering and Construction	60,835	64,540	(3,705)	-5.7%
Property and Development	190	209	(19)	-9.1%
Investment and Others	-	5,978	(5,978)	-100.0%
<b>Total</b>	<b>61,025</b>	<b>70,727</b>	<b>(9,702)</b>	<b>-114.8%</b>
<b><u>Profit / (loss) After Tax</u></b>				
Engineering and Construction	13,766	4,101	9,665	235.7%
Property and Development	68	85	(17)	-20.0%
Investment and Others	(1,278)	3,669	(4,947)	-134.8%
<b>Total</b>	<b>12,556</b>	<b>7,855</b>	<b>4,701</b>	<b>80.8%</b>

For the current quarter under review, the Group recorded revenue from Engineering and Construction segment of RM60.8 million as compared to a revenue of RM64.5 million in the corresponding quarter last year. The current quarter's revenue was mainly attributed to local projects revenue of RM56.3 million (30.06.2013: RM64.5 million) and the revenue from Royal Chalet project in Abu Dhabi of RM4.5 million (30.06.2013: Nil) recorded during the current quarter.

The revenue recorded from Property and Development segment from rental income of office premises and car park bays for the quarter was comparable to the corresponding quarter last year.

For the Investment and Others segment, the Group recorded higher revenue of RM6.0 million during the corresponding quarter last year mainly due to the dividend recognition from its available-for-sale financial assets.

The Group recorded a profit after taxation of RM12.6 million for the current quarter as compared to a profit after taxation of RM7.9 million in the corresponding quarter last year. The higher profit for the current quarter was mainly due to the writeback on costs arising from the commercial settlement of the project in Indonesia amounting to RM9.7 million (30.06.2013: Nil) on back charge recovery from supplier and net interest income of RM6.7 million (30.06.2013: net finance cost of RM3.2 million). However, the Group incurred higher income tax expense of RM5.8 million (30.06.2013: RM0.02 million) mainly due to provision of tax expense on operation of RM2.9 million and provision for withholding tax of RM2.9 million in respect of the project in Indonesia. In the corresponding quarter last year, the Group had utilised its available tax credit to offset against its tax expense.

**13. Review of Performance (Continued)**

**(ii) Comparison between the current quarter and the immediate preceding quarter**

	Current quarter 30/06/2014 RM '000	Immediate preceding quarter 31/03/2014 RM '000	Variance RM '000	Variance %
<b><u>Revenue</u></b>				
Engineering and Construction	60,835	75,691	(14,856)	-19.6%
Property and Development	190	181	9	5.0%
Investment and Others	-	234	(234)	-100.0%
<b>Total</b>	<b>61,025</b>	<b>76,106</b>	<b>(15,081)</b>	<b>-114.7%</b>
<b><u>Profit /(loss) After Tax</u></b>				
Engineering and Construction	13,766	3,705	10,061	271.6%
Property and Development	68	36	32	88.9%
Investment and Others	(1,278)	6,920	(8,198)	-118.5%
<b>Total</b>	<b>12,556</b>	<b>10,661</b>	<b>1,895</b>	<b>242.0%</b>

For the current quarter under review, the Group recorded revenue from Engineering and Construction segment of RM60.8 million as compared to a revenue of RM75.7 million in the preceding quarter.

The revenue for the both quarters is mainly contributed from the local projects of RM56.3 mil (31.03.2014: RM75.6 mil). In addition, in the current quarter there was a revenue recognition RM4.5 million (31.03.2014: Nil) following a commercial settlement for Royal Chalet project in Abu Dhabi.

The Group recorded a profit after taxation of RM12.6 million for the current quarter as compared to RM10.7 million recorded in the preceding quarter. This is due to higher gross profit contributions of RM19.4 million (31.03.2014: RM3.6 million) in the current quarter resulting from the commercial settlement of the project in Indonesia amounting to RM9.7 million offset by gross loss of RM2.0 million from a project in Abu Dhabi (31.03.2014: gross loss of RM6.7 million from Abu Dhabi and Indonesia projects). In the preceding quarter, there was a one off recognition of gain on disposal of available for sale financial assets of RM8.2 million. However, the Group incurred higher income tax expense of RM5.8 million (31.03.2014: RM2.6 million) mainly due to provision for withholding tax of RM2.9 million in respect of the project in Indonesia.

**14. Taxation**

	Individual Quarter		Cummulative Quarter	
	Current year quarter 30/06/2014 RM '000	Preceding year corresponding quarter 30/06/2013 RM '000	Three months to 30/06/2014 RM '000	Three months to 30/06/2013 RM '000
Malaysian income tax	2,906	18	2,906	18
Overseas income tax	2,895	-	2,895	-
	5,801	18	5,801	18
Deferred tax	(1)	(1)	(1)	(1)
	<b>5,800</b>	<b>17</b>	<b>5,800</b>	<b>17</b>

**14. Taxation (Continued)**

The Malaysian income tax effective tax rate for the Group for the current quarter was lower than the applicable statutory rates mainly due to certain companies within the Group which were loss making and certain income which was capital in nature and not subjected to tax.

The overseas income tax was in respect of provision made on withholding tax for the project in Indonesia.

In the preceding year corresponding quarter, the Group had utilised its available tax credit to offset against its tax expense.

**15. Borrowings and Debt Securities**

Details of Group's borrowings as at 30 June 2014 are as follows:

	Short term borrowings			Long term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loan	18,121	-	<b>18,121</b>	-	-	-
Revolving credit	6,310	-	<b>6,310</b>	-	-	-
Islamic financing	13,500	-	<b>13,500</b>	118,655	-	<b>118,655</b>
Hire purchase	-	469	<b>469</b>	-	1,314	<b>1,314</b>
Overdraft	-	10	<b>10</b>	-	-	-
	<b>37,931</b>	<b>479</b>	<b>38,410</b>	<b>118,655</b>	<b>1,314</b>	<b>119,969</b>

Included in the term loan and overdraft (short term borrowings) is an amount of RM18.1 million which is denominated in United Arab Emirates Dirhams.

**16. Earnings Per Share**

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

The diluted earnings per share is the same as basic earnings per share as the warrants issued during the last financial year are anti-dilutive.

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding	Three months	Three months
	quarter	quarter	to	to
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Profit attributable to equity holders of the parent (RM'000)	12,571	7,856	12,571	7,856
Weighted average number of ordinary shares in issue ('000)	680,609	563,264	680,609	563,264
Basic / dilutive earnings per share (sen)	1.85	1.39	1.85	1.39

**17. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements**

The following analysis of realised and unrealised retained earnings / (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 Disclosures pursuant to Bursa Malaysia 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.

The disclosure of realised and unrealised retained earnings / (accumulated losses) above is solely for compliance with the directive issued by the Bursa Malaysia and should not be used for any other purposes.

	<b>As at 30/06/2014 RM '000</b>	<b>As at 31/03/2014 RM '000</b>
Accumulated losses of the Group and its subsidiaries:		
- Realised	(877,085)	(882,105)
- Unrealised	(2,902)	(386)
	(879,987)	(882,491)
(Accumulated losses)/retained earnings of the associates:		
- Realised	(1,852)	6,502
- Unrealised	42	(4,898)
	(1,810)	1,604
Consolidated adjustments	886,761	873,280
Total retained earnings / (accumulated losses) as per consolidated accounts	4,964	(7,607)

**18. Status of Corporate Proposals Announced**

There is no corporate proposal announced up to the date of this announcement.

**19. Changes in Material Litigation**

There was no change in material litigations, including the status of pending material litigations in respect of the Company and its subsidiaries since the last audited financial statement for the financial year ended 31 March 2014.

**20. Current Year Prospects**

In line with the Company's business strategy to focus on local market, the Company had recently secured two contracts [as detailed in Note 9 (ii) and (iii)] worth about RM500 million. Barring unforeseen circumstances, Zelan is poised to improve its earnings from operations for the remaining financial period ending 31 December 2014.

**21. 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 22 August 2014.

**By order of the Board**

**Norlida Jamaludin**  
Secretary

**Kuala Lumpur**  
**22 August 2014**