

ZELAN BERHAD 27676-V

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2013**

	Individual Quarter		Cumulative Period	
	Current year quarter 30/06/2013 RM'000 Unaudited	Preceding year quarter 30/06/2012 RM'000 Unaudited	Current year to date 30/06/2013 RM'000 Unaudited	Preceding year to date 30/06/2012 RM'000 Unaudited
Continuing operations				
Revenue	70,727	25,290	70,727	25,290
Cost of sales	(56,599)	(25,037)	(56,599)	(25,037)
Gross profit	14,128	253	14,128	253
Other operating income				
- Interest income	5,274	2,006	5,274	2,006
- Profit from Islamic deposits	29	-	29	-
- Other operating income	261	870	261	870
- Gain on disposal of available-for-sale financial assets	12,070	-	12,070	-
- (Loss) / gain on fair value of derivative	(8,410)	21,533	(8,410)	21,533
Unrealised foreign exchange (loss) / gain, net	(314)	21,187	(314)	21,187
Administrative expenses	(4,710)	(3,708)	(4,710)	(3,708)
Other operating expenses	(791)	(222)	(791)	(222)
Depreciation	(586)	(331)	(586)	(331)
Finance costs	(8,458)	(18,524)	(8,458)	(18,524)
Share of results of associates	(621)	(45)	(621)	(45)
Profit before taxation	7,872	23,019	7,872	23,019
Tax expense	(17)	(35)	(17)	(35)
Profit for the period	7,855	22,984	7,855	22,984
Other comprehensive income / (loss) :				
<i>Items that may be reclassified subsequently to profit / (loss)</i>				
Changes in the fair value of available-for-sale financial assets	12,842	(40,484)	12,842	(40,484)
Reversal of fair value on disposal of available-for-sale financial assets	(12,070)	-	(12,070)	-
Exchange difference from translation of foreign operations	1,115	(19,014)	1,115	(19,014)
Total items that may be reclassified subsequently to the profit / (loss)	1,887	(59,498)	1,887	(59,498)
Total comprehensive income / (loss) for the period	9,742	(36,514)	9,742	(36,514)
Profit / (loss) for the period				
Attributable to:				
Equity holders of the parent	7,856	22,986	7,856	22,986
Non-controlling interests	(1)	(2)	(1)	(2)
	7,855	22,984	7,855	22,984
Total comprehensive income / (loss) for the period				
Equity holders of the parent	9,743	(36,539)	9,743	(36,539)
Non-controlling interests	(1)	25	(1)	25
	9,742	(36,514)	9,742	(36,514)
Basic and diluted earnings per share attributable to equity holders of the Company (sen)	1.39	4.08	1.39	4.08

(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 2013)

ZELAN BERHAD 27676-V

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	AS AT END OF CURRENT QUARTER 30 JUNE 2013 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2013 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	14,757	15,213
Investment properties	5,237	5,273
Investments in associates	306	927
Financial and other receivables	204,281	180,793
Cash and bank balances (restricted)	4,420	12,446
Available-for-sale financial assets	327,743	361,335
	<u>556,744</u>	<u>575,987</u>
Current assets		
Inventories	9,080	9,080
Financial and other receivables	262,466	232,436
Tax recoverable	2,845	2,964
Deposit, cash and bank balances	29,377	30,386
	<u>303,768</u>	<u>274,866</u>
TOTAL ASSETS	<u><u>860,512</u></u>	<u><u>850,853</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	281,632	281,632
Reserves	(129,410)	(139,153)
	<u>152,222</u>	<u>142,479</u>
Non-controlling interests	(171)	(170)
Total equity	<u>152,051</u>	<u>142,309</u>
Non-current liabilities		
Borrowings	104,233	156,966
Derivative financial liability	30,235	22,037
Deferred tax liabilities	2,673	2,674
	<u>137,141</u>	<u>181,677</u>
Current liabilities		
Trade and other payables	258,744	293,299
Borrowings	311,988	232,940
Current tax liabilities	588	628
	<u>571,320</u>	<u>526,867</u>
Total liabilities	<u>708,461</u>	<u>708,544</u>
TOTAL EQUITY AND LIABILITIES	<u><u>860,512</u></u>	<u><u>850,853</u></u>
Net assets per share (RM)	<u>0.27</u>	<u>0.25</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 2013)

ZELAN BERHAD 27676-V

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2013

	Attributable to equity holders of the parent							Non-controlling interests 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 2013	281,632	124,396	2,705	35,457	4,254	86,584	(392,549)	142,479	(170)	142,309
Total comprehensive income / (loss):										
Profit / (loss) for the period	-	-	-	-	-	-	7,856	7,856	(1)	7,855
Other comprehensive income:										
Currency translation reserve	-	-	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	7,856	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
Balance as at 1 April 2012	281,632	124,396	(522)	35,457	4,254	98,618	(314,753)	229,082	(129)	228,953
Total comprehensive income / (loss):										
Profit / (loss) for the period	-	-	-	-	-	-	22,986	22,986	(2)	22,984
Other comprehensive (loss) / income:										
Currency translation difference	-	-	(19,041)	-	-	-	-	(19,041)	27	(19,014)
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(40,484)	-	(40,484)	-	(40,484)
Total comprehensive (loss) / income for the period	-	-	(19,041)	-	-	(40,484)	22,986	(36,539)	25	(36,514)
Balance as at 30 June 2012	281,632	124,396	(19,563)	35,457	4,254	58,134	(291,767)	192,543	(104)	192,439

* 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 2013)

ZELAN BERHAD 27676-V

**STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2013**

	Current year to date 30/06/2013 RM'000	Preceding year to date 30/06/2012 RM'000
OPERATING ACTIVITIES		
Profit for the period attributable to equity holders of the Company	7,856	22,986
Adjustments for :		
Tax expense	17	35
Depreciation of property, plant and equipment	550	296
Depreciation of investment properties	36	35
Fixed assets written off	8	-
Gain on disposal of property, plant and equipment	-	(315)
Gain on disposal of available-for-sale investment	(12,070)	-
Changes in fair value of derivative	8,410	(21,533)
Interest income	(5,274)	(2,006)
Profit from Islamic deposits	(29)	-
Finance costs	8,458	18,524
Unrealised foreign exchange loss / (gain)	314	(21,187)
Dividend income	(5,877)	(1,250)
Non-controlling interests	(1)	(2)
Share of results of associates	621	45
	<u>3,019</u>	<u>(4,372)</u>
Changes in working capital :		
Receivables	(52,904)	(770)
Payables	(4,493)	10,216
Cash flows (used in) / generated from operations	<u>(54,378)</u>	<u>5,074</u>
Tax paid	(75)	(39)
Net cash flows (used in) / from operating activities	<u>(54,453)</u>	<u>5,035</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(119)	(15)
Proceeds from disposal of property, plant and equipment	-	338
Proceeds from disposal of other investments	25,969	-
Dividends received from an associate company	-	1,250
Interest received	24	250
Profit from Islamic deposits received	29	-
Net cash flows from investing activities	<u>25,903</u>	<u>1,823</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(25,278)	-
Proceeds from borrowings	47,843	-
Repayments of hire purchase liabilities	(100)	(48)
Interest paid	(6,074)	(4,569)
Release of / (additional) deposits pledged as security	20,388	(583)
Net cash flows from / (used in) financing activities	<u>36,779</u>	<u>(5,200)</u>
Net movement in cash and cash equivalents	8,229	1,658
Cash and cash equivalents at beginning of the period	7,436	6,140
Currency translation differences	3,124	2,031
Cash and cash equivalents at end of the period	<u>18,789</u>	<u>9,829</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 2013)

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013

PART A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134

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 2013. 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 2013.

The accounting policies and methods of computation adopted for the interim financial information are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2013 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”).

MFRSs/IC Interpretations

MFRS 9	Financial Instruments - Classifications and Measurements of Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendments to MFRS 7	Financial Instruments: Disclosures

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

MFRS, Amendments to MFRS and IC Intepretation 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 financial period beginning on or after 1 April 2014:

Amendment to MFRS 132	Financial Instruments: Presentation (effective from 1 April 2014)
Amendment to MFRS 9	Financial Instruments: Classifications and Measurement of Financial Assets and Financial Liabilities (effective date from 1 April 2015)

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

The Group recorded a net profit of RM7.9 million during the quarter ended 30 June 2013 and, as of that date, the current liabilities of the Group exceeded its current assets by RM267.5 million.

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

Project in Indonesia

In respect of the project in Indonesia which was undertaken by the Group through a Consortium in which the Group is the consortium leader, the owner of the project has issued the taking over certificate (“TOC”) for Unit 1 dated 1 February 2012 on 12 December 2012 and the Consortium received partial retention sum of USD11.4 million (approximately RM35 million) on 28 December 2012. Subsequently, on 28 January 2013, the owner has issued TOC for Unit 2 dated 1 May 2012 and the retention sum of USD11.5 million (approximately RM35 million) was received on 26 February 2013. On 31 July 2013, the owner issued the Final Acceptance Certificate for Unit 1 dated 15 July 2013, and subsequently on 15 August 2013, the Group received partial retention sum, net of liquidated ascertained damages (“LAD”) of USD9.4 million (approximately RM29.8 million). The Group expects to receive the remaining retention sum, net of LAD, of USD9.7 million (approximately RM30.8 million) in the third quarter of the financial year ending 31 March 2014.

The Group had, in the previous financial year, recognised an estimated LAD receivable of USD22.5 million (approximately RM71.2 million) from a subcontractor / supplier as a result of its delay in completing its scope of works as set out in the agreement for supply for the above project in Indonesia.

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

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 the external legal advice.

Project in the Middle East

In respect of the Group's project in Abu Dhabi, United Arab Emirates ("UAE"), on 21 November 2012, the owner of the project in Abu Dhabi, UAE, gave notice to terminate the contract and liquidate the performance bond. On 9 December 2012, the guarantor of the performance bond released the performance bond of AED92.5 million (approximately RM78 million) to the project owner.

The Group, through its legal counsels in UAE, has to date, issued 8 Notices of Intention to Commence Arbitration on 27 December, 31 December 2012, 19 February 2013 and 22 August 2013 due to the disputes which include under-certification of progress claims, the validity of the termination of contract, the validity of the liquidation of performance bond, dispute on the rejection of entitlement to extension of time by the owner's engineer, dispute on the engineer's certification of interim claims and the owner's payments and dispute on the insurance claim submission.

The Group has engaged an independent claim consultant to carry out a review on the Group's claim against the project owner based on the Group's entitlement for extension of time and other additional payments in connection with the project.

The Group had also obtained legal opinions from external solicitors based in Dubai, UAE and Malaysia on 2 February, 14 April and 23 May 2013, respectively. Based on the claims consultant report and external legal advice, the Group is of the view that it has strong legal grounds to challenge the basis of the notice of termination issued by the project owner. The Group targets to commence the arbitration process in September 2013 to recover the amount due from the project owner.

The Group recorded a total receivable balance of AED175.7 million (approximately RM151.1 million) due from the project owner as at 30 June 2013, which includes the performance bond drawdown. Based on the advice from the claims consultant and the solicitors, the Group is of the view that these amounts are recoverable. The expected timing of the receipt has been considered in arriving at the carrying value of the receivables.

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

Cash flows of the Group

As at 30 June 2013, the Group had net current liabilities of RM267.5 million. The financial position of the Group as at 30 June 2013, the ability of the Group to generate positive cash flows which are subject to shareholders' approval, the timeliness of the receipt of retention sums from the project owner in Indonesia and the uncertainty of the outcome of the arbitration of the Group's construction project in Abu Dhabi indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern, and therefore, the Group maybe unable to realise the assets and discharge the liabilities in the normal course of business. If the Group ceases to be a going concern, assets are to be stated at their estimated recoverable amounts and provisions are to be made for any further estimated liabilities which might arise.

In order to ensure that the Group would have sufficient cash flows within the next twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities, the Group had successfully restructured one of its existing unsecured term loan amounting to AED107.1 million (approximately RM89 million) in April 2013 which allows the Group to make progressive principal repayments over a period up to March 2014. The Group has also disposed of some of its existing available-for-sale financial assets which were pledged as security for the Group's secured term loan in May, June and July 2013 to repay a portion of the term loan. The Group is proposing to obtain necessary approvals from the shareholders to dispose of its remaining available-for-sale financial assets and undertake a corporate exercise which include a proposed capital restructuring and rights issue with warrants as set out in Note 6 of Part B of the notes to the interim financial report, of which the proceeds generated from these exercises will be utilised to repay the existing borrowings of the Group, complete the projects in progress, meet the working capital and financial covenant requirements, and to carry out all other investing and financing activities for the next twelve months from the reporting date. It is anticipated that the Group will complete the disposal of the available-for-sale financial assets and the corporate exercise by the fourth quarter of the financial year ending 31 March 2014, subject to the approval from the shareholders.

With the various action plans by the Board as disclosed above, the Directors are of the view that the Group will have sufficient cash flows for the next twelve months from the end of the reporting period to meet the operating and financing cashflow requirements. Accordingly, the interim financial information of the Group is prepared on a going concern 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 2013 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 2013, the fair value of the derivative was RM30.2 million, resulting in a further loss in fair value of RM8.4 million in the profit or loss during the quarter under review.
- ii) a net increase of fair value reserve amounting to RM0.8 million in respect of the available-for-sale financial assets for the quarter ended 30 June 2013 due to the increase in market value from RM5.45 per IJM Corporation Berhad ("IJM") share as at 31 March 2013 to RM5.65 per IJM share as at 30 June 2013. The sale of 8,292,400 of IJM Corporation Berhad ("IJM") shares resulted in the transfer of RM12.0 million from the "Fair Value Reserve" to the statement of comprehensive income as gain on disposal of available-for-sale financial assets.

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 2013.

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
<u>Revenue</u>				
Total	75,317	209	7,138	82,664
Inter-segment	(10,777)	-	(1,160)	(11,937)
External	64,540	209	5,978	70,727

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
<u>Results</u>				
Segment profit	4,277	121	4,176	8,574
Interest income	5,268	1	34	5,303
Gain on disposal of available-for-sale financial assets	-	-	12,070	12,070
Depreciation	(527)	(37)	(22)	(586)
Loss on fair value of derivative	-	-	(8,410)	(8,410)
Finance costs	(4,296)	-	(4,162)	(8,458)
Share of results of associates	(621)	-	-	(621)
Profit before taxation	4,101	85	3,686	7,872
Tax expense				(17)
Profit for the quarter				7,855

The Group's segmental report for the corresponding three-month financial quarter and financial period to date ended 30 June 2012 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
<u>Revenue</u>				
Total	24,991	198	1,850	27,039
Inter-segment	(77)	-	(1,672)	(1,749)
External	24,914	198	178	25,290

8. Segmental Reporting (Continued)

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Segment profit /(loss)	19,551	182	(1,353)	18,380
Interest income	1,775	1	230	2,006
Depreciation	(273)	(36)	(22)	(331)
Gain on fair value of derivative	-	-	21,533	21,533
Finance costs	(14,514)	-	(4,010)	(18,524)
Share of results of associates	(45)	-		(45)
Profit before taxation	6,494	147	16,378	23,019
Tax expense				(35)
Profit for the quarter				22,984

9. 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 has not been reflected in the interim financial report.

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 below, there was no change in contingent liabilities or contingent assets since the last quarter.

- (i) As at 30 June 2013, the Company has given guarantees amounting to RM23,148,131 (as at 31 March 2013: RM43,887,810) 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.

12. Fair Value Measurements

The disclosure of fair value measurements by level of the fair value measurement hierarchy is as follows:

Level 1:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

Level 2:

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);

Level 3:

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the available-for-sale financial assets and the equity collar embedded in the term loan for the Group that are measured at fair value as at 30 June 2013:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 30 June 2013</u>				
Available-for-sale financial assets	327,743	-	-	327,743
Derivative financial liability on equity collar	-	-	30,235	30,235

Recurring fair value measurements using significant unobservable inputs (Level 3).

	<u>30.06.2013</u> RM'000
At 1 April 2013	22,037
Loss recognised in the profit or loss	8,410
Unwinding of the derivative financial liability	(212)
At 30 June 2013	<u>30,235</u>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the last financial year ended 31 March 2013.

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(Company No: 27676-V)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013

**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 RM64.5 million as compared to a revenue of RM24.9 million in the same quarter last year. The current quarter’s revenue is mainly attributed to local projects carried out as compared to revenue for the construction of mixed used development plaza in Abu Dhabi, United Arab Emirates (“UAE”) recorded in corresponding quarter last year.

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

For the investment and others segment, the Group recorded higher revenue of RM5.9 million (30.06.2012: RM0.2 million) mainly due to the dividend recognition from its available-for-sale financial assets.

The Group recorded a profit after taxation of RM7.9 million for the current quarter as compared to a profit after taxation of RM22.9 million in the same quarter last year. The profit is mainly derived from the gross profit from local projects amounting to RM14.1 million (30.06.2012: overseas project of RM0.2 million), gain from sale of available-for-sale financial assets amounting to RM12.0 million (30.06.2012: Nil). However, the profit is offset by the loss in fair value of derivative of RM8.4 million (30.6.2012: gain RM21.5 million) resulting from the valuation of the fair value of the equity collar derivative embedded with the term loan obtained in November 2011. In addition, the Group incurred finance cost of RM8.5 million (30.06.2012: RM18.5 million). The Group had also recorded an unfavourable unrealised foreign exchange loss of RM0.3 million (30.6.2012: gain of RM21.1 million) for the current quarter.

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 RM64.5 million as compared to a revenue of RM80.5 million in the preceding fourth quarter ended 31 March 2013.

2. Material Changes in the Quarterly Results Compared to the preceding quarter (Continued)

The revenue for the both quarters is mainly contributed from the local projects with the inclusion of revenue from mixed used development plaza in Abu Dhabi, UAE of RM16.9 million in the preceding fourth quarter ended 31 March 2013.

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 segment of RM5.9 million as opposed to the preceding fourth quarter is mainly due to dividend recognised from available-for-sale financial assets in the current quarter.

For the current quarter, the Group recorded a profit after taxation of RM7.9 million as compared to the preceding fourth quarter's loss after taxation of RM45.2 million. The loss for the preceding fourth quarter is mainly attributable to loss on fair value of the derivative of RM15.1 million, higher finance cost due to the MFRS 139 impact of RM56.5 million and a late payment interest charge on tax in Indonesia of approximately RM14.2 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 2014.

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	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Malaysian income tax	18	21	18	21
Overseas income tax	-	15	-	15
Deferred tax	(1)	(1)	(1)	(1)
Tax expense	17	35	17	35

The effective tax rate for the Group's operations locally is lower than the applicable statutory rates mainly due to the utilisation of previously unrecognised deductible differences by certain companies within the Group during the current quarter under review.

6. **Status of Corporate Proposals Announced**

Save and except as disclosed below, there was no other corporate proposal announced but not completed as at 28 August 2013:

The Group had, on 31 July 2013, announced that it proposed to seek approval from its shareholders for the following:

- (i) proposed disposal of up to 56,671,000 ordinary shares of RM1.00 each in IJM Corporation Berhad (“IJM”) (“IJM Shares”), for cash to buyers to be identified and at prices to be determined later (“Proposed Shareholders’ Mandate”)
- (ii) proposed reduction of RM0.40 of the par value of each existing ordinary share of RM0.50 each in Zelan Berhad (“Zelan Share” or “Share”) pursuant to Section 64 of the Companies Act 1965 (“Act”) (“Proposed Par Value Reduction”).
- (iii) proposed reduction of the share premium account of Zelan Berhad pursuant to Section 60 and Section 64 of the Act (“Proposed Share Premium Reduction”).
- (iv) proposed amendment to the memorandum of association of Zelan Berhad (“MoA”) to amend the authorised share capital of Zelan Berhad from RM400,000,000 comprising 800,000,000 Zelan Shares to RM400,000,000 comprising 4,000,000,000 ordinary shares of RM0.10 each in Zelan Berhad (“New Zelan Shares”) to facilitate the implementation of the Proposed Par Value Reduction and Proposed Rights Issue with Warrants (“Proposed MoA Amendment”); and
- (v) proposed renounceable rights issue of 281,631,485 New Zelan Shares (“Rights Shares”) together with 281,631,485 new free detachable warrants (“Warrants”) on the basis of 1 Rights Share for every 2 New Zelan Shares together with 1 free Warrant for every 1 Rights Share subscribed in Zelan Berhad held on an entitlement date to be determined and announced later after the completion of the Proposed Capital Restructuring (“Proposed Rights Issue with Warrants”).

The Proposed Par Value Reduction and Proposed Share Premium Reduction are hereinafter referred to as the “Proposed Capital Restructuring”.

6. Status of Corporate Proposals Announced (Continued)

The above proposals are subject to approvals from the following:

- (i) Bursa Securities, for the following:
 - (a) the additional listing of and quotation for the Rights Shares and New Zelan Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities; and
 - (b) the admission of the Warrants to the Official List of Bursa Securities and listing of and quotation for the Warrants on the Main Market of Bursa Securities;
- (ii) the shareholders of Zelan, at an extraordinary general meeting (“EGM”) to be convened;
- (iii) the sanction of the High Court of Malaya, for the Proposed Capital Restructuring; and
- (iv) any other relevant authorities, if required.

7. Borrowings and Debt Securities

**As at
30.06.2013
RM'000**

(i) Current borrowings	
<i>Secured</i>	
- Term loan	202,176
- I-Financing	13,500
- Letter of Credit	3,403
- Hire purchase liabilities	396
	219,475
<i>Unsecured</i>	
- Overdraft	2
- Term loan	92,511
	92,513
Total	311,988

(ii) Non-current borrowings	
<i>Secured</i>	
- Term loan	72,363
- I-Financing	30,383
- Hire purchase liabilities	1,487
Total	104,233

7. Borrowings and Debt Securities (Continued)

Included in the overdraft and term loan (current borrowing) is an amount of RM92.5 million which is denominated in United Arab Emirates Dirhams.

In relation to the term loan facility with equity collar financial derivative, 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 loss on fair value of derivative of RM8.4 million during the quarter and period ended 30 June 2013 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 the fair value reserve in equity. As at 30 June 2013, the fair value on the available-for-sale financial assets reserve stood at RM87.4 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.

	Current Quarter Ended		Three Months Ended	
	30.06.13	30.06.12	30.06.13	30.06.12
Group's profit for the period, attributable to the equity holders of the parent (RM' 000)	7,856	22,986	7,856	22,986
Number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
Basic and diluted earnings per share for the period (sen)	1.39	4.08	1.39	4.08

The Group has no dilution in its earnings 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.

	As at 30.06.2013 RM'000	As at 31.03.2013 RM'000
Accumulated losses of the Group and its subsidiaries		
- realised	(1,335,000)	(1,185,116)
- unrealised	52,909	163,166
	(1,282,091)	(1,021,950)
Accumulated losses of the associates		
- realised	6,777	7,263
- unrealised	(4,898)	(4,763)
	(1,280,212)	(1,019,450)
Consolidated adjustments	895,519	626,901
Total accumulated losses as per consolidated accounts	(384,693)	(392,549)

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 2013.

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 28 August 2013.

By order of the Board

**Norlida Jamaludin
Secretary**

**Kuala Lumpur
28 August 2013**