

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2015**

**THE FIGURES HAVE NOT BEEN AUDITED**

**CONSOLIDATED STATEMENT OF INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2015 RM'000	31/03/2014 RM000	31/03/2015 RM'000	31/03/2014 RM000
Revenue	88,012	76,106	88,012	76,106
Cost of sales	(78,995)	(72,534)	(78,995)	(72,534)
Gross profit	<u>9,017</u>	<u>3,572</u>	<u>9,017</u>	<u>3,572</u>
Other income	247	879	247	879
Interest income	9,774	25,253	9,774	25,253
- income/profit on placement of deposits	98	291	98	291
- unwinding of discounting on trade receivables and discounting on trade payables	2,972	18,936	2,972	18,936
- accretion of interest on long term receivables	6,704	6,026	6,704	6,026
Gain on disposal of available-for-sale financial assets	-	8,201	-	8,201
Loss on fair value of derivative	-	(2,050)	-	(2,050)
Unrealised foreign exchange gain/(loss),net	3,780	(2,269)	3,780	(2,269)
Administrative expenses	(3,960)	(2,862)	(3,960)	(2,862)
Operating expenses	(326)	(2,432)	(326)	(2,432)
Depreciation	(182)	(456)	(182)	(456)
Finance costs	(3,993)	(14,276)	(3,993)	(14,276)
- finance cost on borrowings	(80)	(1,511)	(80)	(1,511)
- discounting of long term trade receivables and unwinding of discounting on trade payables	(3,913)	(12,765)	(3,913)	(12,765)
Share of results of associates	(221)	(248)	(221)	(248)
<b>Profit before zakat and taxation</b>	<b>14,136</b>	<b>13,312</b>	<b>14,136</b>	<b>13,312</b>
Tax credit/(expense)	1,296	(2,651)	1,296	(2,651)
<b>Net profit for the period</b>	<b><u>15,432</u></b>	<b><u>10,661</u></b>	<b><u>15,432</u></b>	<b><u>10,661</u></b>
<b>Profit/(loss) for the period</b>				
<b>Attributable to:</b>				
Equity holders of the parent	15,429	10,657	15,429	10,657
Non-controlling interests	3	4	3	4
	<u>15,432</u>	<u>10,661</u>	<u>15,432</u>	<u>10,661</u>
<b>Earnings per share:</b>				
Basic earnings per share attributable to equity holders of the Company (sen)	<u>1.83</u>	<u>1.75</u>	<u>1.83</u>	<u>1.75</u>
Diluted earnings per share attributable to equity holders of the Company (sen)	<u>1.68</u>	<u>1.75</u>	<u>1.68</u>	<u>1.75</u>

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Period ended 31/03/2015 RM'000	Period ended 31/03/2014 RM'000
<b>Net profit for the period</b>	<b>15,432</b>	10,661	<b>15,432</b>	10,661
<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	-	(756)	-	(756)
Reversal of fair value on disposal of available-for-sale financial assets	-	(8,201)	-	(8,201)
Exchange difference from translation of foreign operations	<b>934</b>	(1,181)	<b>934</b>	(1,181)
<b>Total items that may be reclassified subsequently to the profit or loss</b>	<b>934</b>	(10,138)	<b>934</b>	(10,138)
<b>Total comprehensive income for the period</b>	<b>16,366</b>	523	<b>16,366</b>	523
<b>Total comprehensive income/(loss) for the period</b>				
Attributable to:				
Equity holders of the parent	<b>16,363</b>	532	<b>16,363</b>	532
Non-controlling interests	<b>3</b>	(9)	<b>3</b>	(9)
	<b>16,366</b>	523	<b>16,366</b>	523

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

**ZELAN BERHAD**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31/03/2015</b>	31/12/2014
	<b>RM'000</b>	RM000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,068	10,538
Investment properties	4,989	5,024
Investments in associates	(627)	(406)
Financial and other receivables	425,059	364,785
Deposits, cash and bank balances (restricted)	3,929	3,829
	<u>443,418</u>	<u>383,770</u>
<b>Current assets</b>		
Inventories	8,965	8,965
Financial and other receivables	136,242	121,841
Tax recoverable	3,077	-
Deposits, cash and bank balances (restricted)	21,447	24,907
Deposits, cash and bank balances (non-restricted)	17,385	43,634
	<u>187,116</u>	<u>199,347</u>
<b>TOTAL ASSETS</b>	<u>630,534</u>	<u>583,117</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	84,489	84,489
Reserves	108,599	92,236
	<u>193,088</u>	<u>176,725</u>
Non-controlling interests	(199)	(202)
<b>Total equity</b>	<u>192,889</u>	<u>176,523</u>
<b>Non-current liabilities</b>		
Borrowings	255,320	214,197
Deferred tax liabilities	3,047	3,096
	<u>258,367</u>	<u>217,293</u>
<b>Current liabilities</b>		
Trade and other payables	170,111	178,094
Borrowings	7,688	7,743
Current tax liabilities	1,479	3,464
	<u>179,278</u>	<u>189,301</u>
<b>Total liabilities</b>	<u>437,645</u>	<u>406,594</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>630,534</u>	<u>583,117</u>
Net assets per share (RM)	<u>0.23</u>	<u>0.21</u>

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent						Retained Earnings)/ (Accumulated Losses) RM'000	Sub Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Fair Value Reserve ^ RM'000				
<b>Three months to 31 March 2015</b>										
Balance as at 1 January 2015	84,489	14,082	7,575	35,457	4,254	-	30,868	176,725	(202)	176,523
Profit for the period	-	-	-	-	-	-	15,429	15,429	3	15,432
<u>Other comprehensive income:</u>										
Currency translation reserve	-	-	934	-	-	-	-	934	-	934
Total comprehensive income for the period	-	-	934	-	-	-	15,429	16,363	3	16,366
Balance as at 31 March 2015	84,489	14,082	8,509	35,457	4,254	-	46,297	193,088	(199)	192,889
<b>Three months to 31 March 2014</b>										
Balance as at 1 January 2014	56,326	-	7,390	35,457	4,254	8,957	(18,264)	94,120	(175)	93,945
Profit for the period	-	-	-	-	-	-	10,657	10,657	4	10,661
<u>Other comprehensive (loss)/income:</u>										
Currency translation difference	-	-	(1,168)	-	-	-	-	(1,168)	(13)	(1,181)
Available-for-sale financial assets:										
- fair value loss	-	-	-	-	-	(756)	-	(756)	-	(756)
- reclassification adjustment included in profit or loss	-	-	-	-	-	(8,201)	-	(8,201)	-	(8,201)
Total comprehensive (loss)/income for the period	-	-	(1,168)	-	-	(8,957)	10,657	532	(9)	523
<u>Transactions with owners:</u>										
Rights issue with warrants	28,163	14,082	-	-	-	-	-	42,245	-	42,245
	28,163	14,082	-	-	-	-	-	42,245	-	42,245
Balance as at 31 March 2014	84,489	14,082	6,222	35,457	4,254	-	(7,607)	136,897	(184)	136,713

\* 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.

# 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 period ended 31 December 2014.**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Period ended 31/03/2015 RM'000	Period ended 31/03/2014 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the period attributable to equity holders of the Company	15,429	10,657
Adjustments for :		
Tax (credit)/expense	(1,296)	2,651
Depreciation of property, plant and equipment	589	859
Depreciation of investment properties	35	35
Allowance for doubtful debts	17	32,904
Property, plant and equipment - written off	-	19
- impairment loss	-	2,050
- gain on disposals	-	(24)
Gain on disposal of available-for-sale financial assets	-	(8,201)
Interest income	(9,774)	(25,253)
Finance costs	3,993	14,276
Net unrealised foreign exchange (gain)/loss	(3,780)	2,269
Dividend income	-	(206)
Non-controlling interests	(3)	(4)
Share of results of associates	221	248
	<u>5,431</u>	<u>32,280</u>
<i>Changes in working capital :</i>		
Receivables	(68,929)	(76,586)
Payables	(5,128)	399
Cash flows used in operations	(68,626)	(43,907)
Tax paid	(3,798)	(958)
<b>Net cash flows used in operating activities</b>	<u>(72,424)</u>	<u>(44,865)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(60)	84
Dividends received	-	206
Proceeds from disposal of property, plant & equipment	-	23
Proceeds from disposal of other investments	-	66,219
Income/profit on placements of deposits	98	291
<b>Net cash flows generated from investing activities</b>	<u>38</u>	<u>66,823</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(96)	(86,778)
Proceeds from borrowings	38,442	43,536
Proceeds from rights issue	-	42,245
Rights issue expenses	-	(1,746)
Repayments of hire purchase creditors	(156)	(112)
Interest paid	(80)	(1,511)
Release of deposits pledged as security	3,360	272
<b>Net cash flows generated/(used in) financing activities</b>	<u>41,470</u>	<u>(4,094)</u>
Net movement in cash and cash equivalents	(30,916)	17,864
Cash and cash equivalents at the beginning of the period	43,634	11,558
Currency translation differences	4,667	(9,587)
<b>Cash and cash equivalents at the end of the period</b>	<u>17,385</u>	<u>19,835</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 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 period ended 31 December 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 period ended 31 December 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 period ended 31 December 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 119, Defined Benefit Plans: Employee Contributions	1 January 2015
Annual Improvements to MFRSs 2010-2012 Cycle	1 January 2015
Annual Improvements to MFRSs 2011-2013 Cycle	1 January 2015

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

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

The auditors’ report on the Group’s financial statements for the financial period ended 31 December 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 financial 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 financial quarter.

**6. Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

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**7. Dividend**

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

**8. Segmental Reporting**

Segment analysis for the current financial quarter to 31 March 2015 is as follows:

	<b>Engineering and Construction</b>	<b>Property and Development</b>	<b>Investment and Others</b>	<b>Total</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Revenue</b>				
Segment revenue	114,504	190	170	114,864
Less: Inter-segment sales	(26,770)	-	(82)	(26,852)
	<u>87,734</u>	<u>190</u>	<u>88</u>	<u>88,012</u>
<b>Results</b>				
Segment profit/(loss)	19,905	79	(1,634)	18,350
Finance costs	(3,922)	-	(71)	(3,993)
Share of results of associates	(221)	-	-	(221)
Profit/(loss) before taxation	<u>15,762</u>	<u>79</u>	<u>(1,705)</u>	<u>14,136</u>
Tax credit/(expense)	1,344	(24)	(24)	1,296
Net profit/(loss) for the period	<u>17,106</u>	<u>55</u>	<u>(1,729)</u>	<u>15,432</u>
<b>Attributable to:</b>				
Equity holders of the parent	<b>17,103</b>	<b>55</b>	<b>(1,729)</b>	<b>15,429</b>
Non-controlling interests	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
	<u><b>17,106</b></u>	<u><b>55</b></u>	<u><b>(1,729)</b></u>	<u><b>15,432</b></u>

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

There was no material event subsequent to the end of the current financial quarter.

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

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

**13. Review of Performance**

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

	Individual Quarter		Variance RM '000	Variance %
	Quarter ended 31/03/2015	Quarter ended 31/12/2014		
	RM '000	RM '000		
<b><u>Revenue</u></b>				
Engineering and Construction	87,734	86,391	1,343	1.6%
Property and Development	190	383	(193)	-50.4%
Investment and Others	88	88	-	0
<b>Total</b>	<b>88,012</b>	<b>86,862</b>	<b>1,150</b>	<b>1.3%</b>
<b><u>Profit After Zakat and Taxation</u></b>				
Engineering and Construction	17,106	14,233	2,873	20.2%
Property and Development	55	33	22	66.7%
Investment and Others	(1,729)	(1,694)	(35)	2.1%
<b>Total</b>	<b>15,432</b>	<b>12,572</b>	<b>2,860</b>	<b>22.7%</b>

For the current quarter under review, the Group recorded revenue from Engineering and Construction segment of RM87.7 million as compared to a revenue of RM86.4 million in the preceding quarter.

The revenue for the both quarters was mainly contributed by the local projects of RM63.9 million (31.12.2014: RM63.0 million). In addition, there was a revenue recognition RM23.8 million (31.12.2014: RM18.9 million) from Meena project and RM4.5 million from Royal Chalet project during the preceding quarter.

The Group recorded higher Profit After Zakat and Taxation ("PAZT") of RM15.4 million for the current quarter as compared to PAZT of RM12.6 million in the immediate preceding quarter due to the application of Group tax relief amounting to RM3.1 million.

**(ii) Comparison between the current quarter and corresponding quarter last year**

	Individual quarter		Variance RM '000	Variance %
	Quarter ended 31/03/2015	Quarter ended 31/03/2014		
	RM '000	RM '000		
<b><u>Revenue</u></b>				
Engineering and Construction	87,734	75,691	12,043	15.9%
Property and Development	190	181	9	5.0%
Investment and Others	88	234	(146)	-62.4%
<b>Total</b>	<b>88,012</b>	<b>76,106</b>	<b>11,906</b>	<b>15.6%</b>
<b><u>Profit After Zakat and Taxation</u></b>				
Engineering and Construction	17,106	3,705	13,401	>-100%
Property and Development	55	36	19	52.8%
Investment and Others	(1,729)	6,920	(8,649)	>-100%
<b>Total</b>	<b>15,432</b>	<b>10,661</b>	<b>4,771</b>	<b>-44.8%</b>

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

**(ii) Comparison between the current quarter and corresponding quarter last year (Continued)**

For the current quarter under review, the Group's revenue from Engineering and Construction segment was RM87.7 million as compared to a revenue of RM75.7 million in the corresponding quarter last year, higher by RM12.0 million or 15.9%. This was mainly attributed by local projects of RM63.9 million (31.03.2014: RM75.7 million) and the revenue from Meena project in Abu Dhabi of RM23.8 million (31.03.2014: RM Nil).

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

The Group's recorded current quarter PAZT of RM15.4 million (31.03.2014: RM10.7 million). The higher PAZT in the current quarter was mainly from higher gross profit, lower operating expenses and the application of the Group tax relief.

**14. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2015 RM '000	31/03/2014 RM '000	31/03/2015 RM '000	31/03/2014 RM '000
Malaysian income tax - current	1,810	1,944	1,810	1,944
Malaysian income tax - group tax relief	(3,057)	-	(3,057)	-
Overseas income tax	-	708	-	708
	<u>(1,247)</u>	<u>2,652</u>	<u>(1,247)</u>	<u>2,652</u>
Deferred tax	(49)	(1)	(49)	(1)
Tax (credit)/expense	<u>(1,296)</u>	<u>2,651</u>	<u>(1,296)</u>	<u>2,651</u>

The tax credit for the Group for the current quarter was mainly due to the application of the Group tax relief.

**15. Borrowings and Debt Securities**

Details of Group's borrowings as at 31 March 2015 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
Islamic financing	7,170	-	7,170	254,266	-	254,266
Hire purchase	-	518	518	-	1,054	1,054
	<u>7,170</u>	<u>518</u>	<u>7,688</u>	<u>254,266</u>	<u>1,054</u>	<u>255,320</u>

## 16. Earnings Per Share

The basic earnings per share and the diluted earnings per share for the financial period were 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 during the financial period.

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31/03/2015	Quarter ended 31/03/2014	Three months to 31/03/2015	Three months to 31/03/2014
Profit attributable to equity holders of the parent (RM'000)	15,429	10,657	15,429	10,657
Weighted average number of ordinary shares in issue ('000)	844,895	610,202	844,895	610,202
<b>Basic earnings per share (sen)</b>	<b>1.83</b>	<b>1.75</b>	<b>1.83</b>	<b>1.75</b>
Weighted average number of ordinary shares in issue for purpose of computing diluted earnings per share ('000)	917,601	610,202	917,601	610,202
<b>Diluted earnings per share (sen)</b>	<b>1.68</b>	<b>1.75</b>	<b>1.68</b>	<b>1.75</b>

## 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) below is solely for compliance with the directive issued by the Bursa Malaysia and should not be used for any other purposes.

	As at 31/3/2015 RM'000	As at 31/12/2014 RM'000
(Accumulated losses)/retained earnings of the Group and its subsidiaries:		
- Realised	(855,878)	(854,526)
- Unrealised	3,780	3,665
	<u>(852,098)</u>	<u>(850,861)</u>
(Accumulated losses)/retained earnings of : the associates:		
- Realised	(5,059)	(4,641)
- Unrealised	2,086	1,889
	<u>(2,973)</u>	<u>(2,752)</u>
Consolidated adjustments	901,368	884,481
Total retained earnings as per consolidated accounts	<u>46,297</u>	<u>30,868</u>

**18. Status of Corporate Proposals Announced**

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

**19. Changes in Material Litigation**

There was no change in material litigation, including the status of pending material litigations in respect of the Company and its subsidiaries since the last annual reporting date as at 31 December 2014.

**20. Current Year Prospects**

Prospects for the Company remain positive with stable earnings contributions from on-going projects. The Company has taken positive steps to improve the Group's performance through continuous assessment of internal and external risks and implementation of strategies to control costs. With the current projects in hand, the performance of the Company is expected to be satisfactory.

**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 27 May 2015.

**By order of the Board**

**Norlida Jamaludin**  
**Secretary**

**Kuala Lumpur**  
**27 May 2015**