

ZELAN BERHAD 27676-V
(formerly known as Tronoh Consolidated Malaysia Berhad)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 JANUARY 2007

	Individual Quarter		Cumulative Period	
	Current year quarter 31/01/2007 RM'000 Unaudited	Preceding year quarter 31/01/2006 RM'000 Restated	Current year to date 31/01/2007 RM'000 Unaudited	Preceding year to date 31/01/2006 RM'000 Restated
Revenue	198,000	125,682	641,043	554,007
Cost of sales	(164,466)	(107,196)	(541,893)	(461,050)
Gross profit	33,534	18,486	99,150	92,957
Other operating income				
- Gain / (Loss) on disposal of investments	(528)	6,947	18,155	6,947
- Write back of allowance / (allowance) for decline in market value of investments	210	(1,240)	1,704	(2,646)
- Interest income	976	1,037	3,266	5,088
- Profit from Islamic deposits	312	577	2,306	2,124
- Other operating income	832	1,388	7,706	3,573
Marketing expenses	(2,033)	(1,304)	(7,452)	(2,502)
Administrative expenses	(10,313)	(6,130)	(28,807)	(19,625)
Operating expenses				
- Goodwill amortisation	0	(667)	0	(2,667)
- Other operating expenses	(2,570)	(1,694)	(8,506)	(7,699)
Finance costs	(113)	(382)	(711)	(1,172)
Share of results of:				
- Associates	7,232	8,146	34,514	28,697
- Jointly controlled entities	(43)	(66)	(44)	(68)
Profit before taxation	27,496	25,098	121,281	103,007
Tax expense	(3,943)	(867)	(19,019)	(21,189)
Tax - Settlement of disputes	0	0	(20,323)	0
Profit for the period	23,553	24,231	81,939	81,818
Attributable to:				
Equity holders of the parent	23,250	23,425	80,786	80,160
Minority interest	303	806	1,153	1,658
	23,553	24,231	81,939	81,818
Earnings per share				
- Basic (sen)	8.26	8.32	28.68	28.46
- Diluted (sen)	8.26	8.32	28.68	28.46

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2006)

ZELAN BERHAD 27676-V
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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2007

	AS AT END OF CURRENT QUARTER 31 JANUARY 2007 RM'000 Unaudited	AS AT PRECEDING FINANCIAL YEAR END 31 JANUARY 2006 RM'000 Restated
ASSETS		
Non current assets		
Property, plant and equipment	37,713	30,689
Investment properties	7,076	8,372
Investments in associates	543,730	515,593
Investments in jointly controlled entities	143	187
Goodwill	47,338	47,338
Other assets	6,638	2,423
	<u>642,638</u>	<u>604,602</u>
Current assets		
Inventories	14,098	13,350
Property development costs	66,098	48,833
Other investments	2,093	9,063
Trade and other receivables	207,277	166,703
Tax recoverable	7,121	4,905
Deposits, bank and cash balances	188,884	278,912
	<u>485,571</u>	<u>521,766</u>
Non-current assets classified as held for sale	526	0
	<u>486,097</u>	<u>521,766</u>
TOTAL ASSETS	<u><u>1,128,735</u></u>	<u><u>1,126,368</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	281,632	281,632
Reserves	433,705	394,566
	<u>715,337</u>	<u>676,198</u>
Minority interest	19,527	27,404
Total equity	<u>734,864</u>	<u>703,602</u>
Non current liabilities		
Borrowings	2,087	12,812
Other payables	46,827	46,110
Deferred tax liabilities	4,043	4,131
	<u>52,957</u>	<u>63,053</u>
Current liabilities		
Trade and other payables	325,987	334,786
Borrowings	7,419	17,358
Current tax liabilities	7,508	7,569
	<u>340,914</u>	<u>359,713</u>
Total liabilities	<u>393,871</u>	<u>422,766</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,128,735</u></u>	<u><u>1,126,368</u></u>
Net assets per share (RM)	<u>2.54</u>	<u>2.40</u>

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2006)

ZELAN BERHAD 27676-V
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	Attributable to equity holders of the parent						Minority Interest RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Retained Earnings RM'000			Total RM'000
Balance as at 1 February 2006	281,632	124,396	29,454	35,494	3,258	201,964	676,198	27,404	703,602
<u>Movements during the year</u>									
Currency translation differences	-	-	(410)	-	-	-	(410)	(115)	(525)
Transfer of profit of a subsidiary to a statutory reserve	-	-	-	-	475	(475)	-	-	-
Reclassification of a subsidiary to an associate	-	-	-	-	-	-	-	(2,704)	(2,704)
Share of minority interest on formation of a subsidiary	-	-	-	-	-	-	-	10	10
Acquisition of additional shares in subsidiaries	-	-	-	-	-	(2,934)	(2,934)	(5,491)	(8,425)
Net income/ (expense) directly recognised in equity	-	-	(410)	-	475	198,555	672,854	19,104	691,958
Profit for the year	-	-	-	-	-	80,786	80,786	1,153	81,939
Total recognised income / (expense) for the year	-	-	(410)	-	475	279,341	753,640	20,257	773,897
Dividend paid/ payable	-	-	-	-	-	(38,303)	(38,303)	-	(38,303)
Dividend paid to minority interest	-	-	-	-	-	-	-	(730)	(730)
Balance as at 31 January 2007	281,632	124,396	29,044	35,494	3,733	241,038	715,337	19,527	734,864
As at 1 February 2005	281,632	124,396	29,463	18,494	3,258	173,840	631,083	27,342	658,425
<u>Movements during the year</u>									
Currency translation differences	-	-	(9)	-	-	-	(9)	(1,131)	(1,140)
Net expense directly recognised in equity	-	-	(9)	-	-	-	(9)	(1,131)	(1,140)
Profit for the year	-	-	-	-	-	80,160	80,160	1,658	81,818
Total recognised income/ (expense) for the year	-	-	(9)	-	-	80,160	80,151	527	80,678
Dividend paid	-	-	-	-	-	(35,036)	(35,036)	-	(35,036)
Dividend paid to minority interest	-	-	-	-	-	-	-	(465)	(465)
Issue of bonus shares by a subsidiary out of post-acquisition reserves	-	-	-	17,000	-	(17,000)	-	-	-
Balance as at 31 January 2006	281,632	124,396	29,454	35,494	3,258	201,964	676,198	27,404	703,602

* 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.

(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 January 2006)

ZELAN BERHAD 27676-V
(formerly known as Tronoh Consolidated Malaysia Berhad)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2007**

	Current year to date 31/01/2007 RM'000	Preceding year to date 31/01/2006 RM'000
OPERATING ACTIVITIES		
Profit for the period, attributable to equity holders of the parent	80,786	80,160
Adjustments for :		
Taxation	19,019	21,189
Allowance for doubtful debts	645	309
(Write back of allowance) / allowance for decline in market value of investments	(1,704)	2,646
Taxation - Settlement of disputes	20,323	0
Allowance for doubtful debts written back	(131)	(282)
Depreciation of property, plant and equipment	3,349	2,924
Goodwill amortisation	0	2,667
Gain on disposal of investments	(18,155)	(6,947)
Loss/(gain) on disposal of property, plant and equipment	(3,625)	46
Property, plant and equipment written off	360	1
Inventories written off	0	58
Net unrealised gain on foreign exchange	0	22
Bad debt recovered	0	(20)
Dividend income	(278)	(628)
Interest income	(3,266)	(5,088)
Profit from Islamic deposits	(2,306)	(2,124)
Finance costs	711	1,172
Minority interest	1,153	1,658
Share of results of jointly controlled entities	44	68
Share of results of associates	(34,514)	(28,697)
	<u>62,411</u>	<u>69,134</u>
Changes in working capital :		
Property development costs	(19,523)	(42,917)
Inventories	(748)	3,284
Receivables	(46,058)	775
Payables	(3,255)	44,188
Cash (used in) / generated from operations	(7,173)	74,464
Taxation paid	(41,801)	(23,740)
Net cash flow from operating activities	<u>(48,974)</u>	<u>50,724</u>
INVESTING ACTIVITIES		
Investments in associates	(2,018)	(17,136)
Investment in joint venture entities	0	(63)
Purchase of additional shares in subsidiaries	(8,425)	0
Purchase of property, plant and equipment	(13,270)	(6,136)
Proceeds from disposal of investments	27,740	589
Proceeds from disposal of property, plant and equipment	5,429	477
Proceeds from disposal of non-current asset held for sale	637	0
Reclassification of a subsidiary to an associate	(6,238)	0
Dividends received	10,387	7,076
Interest income received	3,266	5,088
Profit from Islamic deposits received	2,306	2,124
Net cash flow from investing activities	<u>19,814</u>	<u>(7,981)</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(26,263)	(8,412)
Proceeds from borrowings	6,000	19,200
Repayments of hire purchase liabilities	(389)	(1,396)
Finance costs	(711)	(1,172)
Deposits pledged as security	1,049	7,223
Dividends paid	(38,303)	(35,036)
Dividends paid to minority interest of a subsidiary	(730)	(465)
Net cash flow from financing activities	<u>(59,347)</u>	<u>(20,058)</u>
Net (decrease)/increase in cash and cash equivalents	(88,507)	22,685
Cash and cash equivalents at beginning of the period	276,910	255,365
Currency translation differences	(472)	(1,140)
Cash and cash equivalents at end of the period	<u>187,931</u>	<u>276,910</u>

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2006)

ZELAN BERHAD
(formerly known as Tronoh Consolidated Malaysia Berhad)
(“ZB” or “the Group”)
(Company No: 27676-V)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 JANUARY 2007

(The figures have not been audited)

1. Basis of Preparation

The interim financial report of the Group has been prepared in accordance with FRS 134, “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 January 2006.

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the Group’s most recent audited financial statements for the financial year ended 31 January 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 February 2006:

FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the new/revised FRSs mentioned above did not result in a significant financial impact on the Group except for the effects of the following FRSs discussed below:

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

FRS 3: Business Combinations and FRS 136: Impairment of Assets

The adoption of these new FRSs have resulted in the Group ceasing its annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006.

Prior to 1 February 2006, goodwill was amortised on a straight line basis over its estimated useful life of 20 years. The carrying amount of goodwill as at 31 January 2006 of RM47.338 million ceased to be amortised. This has the effect of reducing the amortisation charge by RM2.67 million for the current financial year to date ended 31 January 2007.

FRS 5: Non-Current Assets Held for Sale and Discontinued Operations

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of non-current assets held for sale.

An item is classified as non-current asset held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The non-current asset held for sale is classified in accordance with FRS 5. Immediately before classification to non-current asset as held for sale, the carrying amount of the asset for disposal is measured in accordance with applicable FRSs. Then, on initial classification as non-current asset held for sale, the asset is recognised at the lower of carrying amount and fair value less costs to sell.

As at 1 February 2006, the Group reclassified certain properties previously held under property, plant and equipment and investment properties to non-current assets held for sale in accordance with FRS 5.

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of results of associates and joint ventures and other disclosures. In the consolidated balance sheet, minority interest is now presented within total equity. In the consolidated income statement, minority interest is presented as an allocation of the total profit for the period. A similar requirement is also applicable to the statement of changes of equity, where it requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period showing separately the amounts attributable to equity holders of the parent and to minority interest.

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

FRS 101: Presentation of Financial Statements (Continued)

Share of results in associates and joint ventures is now disclosed net of tax and minority interest in the consolidated income statement.

The current period's presentation of the Group's financial statement is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

FRS 121: The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Under the revised FRS 121, exchange differences arising from translating functional currency into presentation currency of either the reporting entity or the foreign operation for preparation of consolidated financial statement, are to be recognised as a separate component of the equity. Previously, such exchange differences were taken to the income statement. This change in accounting policy does not have a significant financial impact on the Group.

FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at cost and measured in accordance with the requirements of FRS 116. Prior to 1 February 2006, investment properties were stated at cost less any impairment in value.

The comparatives at 31 January 2006 have been restated, as highlighted in Note 2 below.

2. Comparatives

The following comparative amounts have been restated due to the adoption of FRS 101 and FRS 140:

	As previously stated RM'000	Effects on adoption of FRS RM'000	As restated RM'000
As at 31 January 2006			
Property, plant and equipment	31,696	(1,007)	30,689
Investment properties	7,365	1,007	8,372
Year ended 31 January 2006			
Share of results of associates	41,567	(12,870)	28,697
Taxation	(34,059)	12,870	(21,189)

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 January 2006 was not subject to any qualification.

4. Seasonal or Cyclical Factors

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

5. Unusual Items

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

- i) Write back of allowance for decline in market value of quoted investments of RM0.210 million.
- ii) The loss on disposal of 2,979,400 Fiamma shares, 286,667 MRCB shares and 3,709,800 Oriental Food Industries Holdings Berhad shares of RM0.528 million.

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year to date under review because of their nature, size, or incidence except for :-

- i) the gain on disposal of IJM Corporation Berhad ("IJM") warrants of RM15.820 million.
- ii) the gain on disposal of IJM Plantations Berhad ("IJMP") shares of RM2.776 million.

5. Unusual Items (Continued)

- iii) Write back of allowance for decline in market value of quoted investments of RM1.704 million.
- iv) The loss of RM0.441 million incurred on disposal of 300,000 Arab Malaysian Corporation Berhad shares, 4,950,000 Oriental Food Industries Holdings Berhad shares, 2,979,400 Fiamma shares and 286,667 MRCB shares.
- v) On 30 November 2006, ZB announced that the Company and Golden Solitaire (Australia) BV (the "GSA"), a subsidiary of ZB ("the Companies") had entered into a Deed of Confidentiality and Settlement ("The Deed") with The Commissioner of Taxation of Australia (the "Commissioner") on 30th November 2006, to settle disputes relating to alleged Australian income tax liabilities of the Companies ("Disputes").

The Deed represents the full and final settlement of the Disputes between the Companies and the Commissioner. The Company's and GSA's contribution to the settlement sum was AUD\$7,130,787.79 (RM20,322,745.20).

This has been reflected in the financial year to date results following the full and final settlement of the Disputes as the Group has previously disclosed the Disputes as a contingent liability as included in the Group's audited financial statements for the year ended 31 January 2006.

6. Changes in Estimates of Amount Reported Previously

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter.

7. Debt and Equity Securities

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

8. Dividends Paid

The amount of dividends paid during the financial year ended 31 January 2007 was as follows:

	RM'000
(a) In respect of the financial year ended 31 January 2006 as reported in the directors' report of that year:	
Final dividend of 5 sen per share tax exempt and 5 sen per share, less income tax at 28%	24,221
The dividend was paid on 15 August 2006.	
(b) In respect of the financial year ended 31 January 2007	
Interim dividend of 5 sen per share tax exempt.	14,082
The dividend was paid on 15 November 2006.	
Total Dividend	38,303
	=====

9. Segmental Reporting**Analysis by business segments for the quarter :**

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & Others RM'000	Total RM'000
<u>Revenue</u>					
Total	182,715	13,185	17,083	(684)	212,299
Inter-segment	(8,891)	0	(5,408)	0	(14,299)
External	173,824	13,185	11,675	(684)	198,000
<u>Results</u>					
Segment profit/(loss)	21,783	224	1,610	(3,957)	19,660
Loss on disposal of investments				(528)	(528)
Interest income	1,201	(132)	107	112	1,288
Finance costs					(113)
Share of results of associates and joint ventures	7,189				7,189
Profit before taxation					27,496
Tax expense					(3,943)
Profit for the period					23,553

9. Segmental Reporting (Continued)

Analysis by business segments for the financial year to date:

	Engineering & construction RM'000	Property & development RM'000	Manufacturing & trading RM'000	Investment & Others RM'000	Total RM'000
<u>Revenue</u>					
Total	589,775	29,949	81,740	323	701,787
Inter-segment	(29,977)	0	(30,767)	0	(60,744)
External	559,798	29,949	50,973	323	641,043
<u>Results</u>					
Segment profit/ (loss)	62,180	(1,399)	7,485	(4,469)	63,795
Gain on disposal of investments				18,155	18,155
Interest income	4,553	1	265	753	5,572
Finance costs					(711)
Share of results of associates and joint ventures	34,470				34,470
Profit before taxation					121,281
Tax expense					(19,019)
Tax - Settlement of disputes					(20,323)
Profit for the period					81,939

The primary reporting segment information of the Group is in respect of business segments as the Group's risks and returns are affected predominantly by the differences in the products and services it produces.

10. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Fair value adjustments that have been made at Group level on the property, plant, and equipment on the acquisition of subsidiaries in the previous years have been brought forward without amendment.

11. Material Events Subsequent to the End of the Reporting Period

Material events subsequent to the end of the period under review that have not been reflected in the financial statements for the current quarter include:

- (i) On 1st February 2007, Zelan Arabia Co. Ltd. (hereinafter referred to as "ZACL"), an associate company of the Company, was awarded the Works for the (i) lump sum design and build – offshore works (Intake Box Culverts, Discharge Channel & Fuel Oil Supply Facilities) and onshore ash disposal facility on a full turnkey basis and (ii) certain procurement and construction activities in respect of bill of quantities items – onshore works (the "Works") for a combined power generation of 850MW net and water desalination of 212,000M³/Day plant and associated facilities at Shuqaiq, on the western coast in the Kingdom of Saudi Arabia (the "Project"). The Works at the Project was awarded to ZACL by Mitsubishi Heavy Industries Limited ("MHI").

The awarded value for the abovesaid Works is (i) US Dollars Sixty Nine Million Nine Hundred Seven Thousand Four Hundred Twenty Nine (USD69,907,429-00); and (ii) Saudi Arabian Riyal Seven Hundred Forty Three Million Four Hundred Eighty Eight Thousand Six Hundred and Fifteen (SAR743,488,615-00) equivalent to cumulative approximately Ringgit Malaysia Nine Hundred Thirty Eighty Million Five Hundred Eight Five Thousand Five Hundred Sixty Nine and Sen Thirty Six only (RM938,585,569-36).

- (ii) On 21 February 2007, an unincorporated consortium consisting of the Company (15%), its wholly-owned subsidiary, Zelan Holdings (M) Sdn Bhd (55%) and PT Priamanaya Djan International, Indonesia (30%) (collectively the "Consortium") had been notified via a letter (ref no.018/121/PAN-7/2007) dated 21 February 2007 issued by PT PLN Persero, Kantor Pusat (the "Notification of Award"), notifying the Consortium that its bid proposal for the design, engineering, procurement, commissioning and construction of a 2x(300-400MW) coal-fired power plant to be located at Rembang, Central Java Province, Indonesia (the "Project") is in compliance with the Awarded Criteria (as defined) and has been accepted by PT PLN Persero.

On 21 March 2007, the Consortium entered into the Contract Agreement with PT Perusahaan Listrik Negara (PLN) (Persero) for the above mentioned project.

The Project was awarded to the Consortium at a revised combined contract price (including value added tax) of US Dollars Three Hundred Thirty Eight Million Eight Hundred Thousand (USD338,800,000-00) and Indonesian Rupiah Two Trillion Four Hundred Seventy Three Billion Six Hundred Eighty million only (IDR2,473,680,000,000-00) which cumulatively totals to approximately Ringgit Malaysia Two Billion One Hundred and Fifteen million only (RM2,115,000,000-00) at the current prevailing exchange rates.

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

- (iii) On 5th February 2007, a subsidiary company namely Golden Solitaire (Australia) B.V. ("GSA"), incorporated in the Netherlands, received notification from the Chamber of Commerce for Amsterdam that it had approved the members' voluntary liquidation of GSA.

GSA was incorporated on 1 August 1990 having an issued and paid-up capital of EUR 8,166,682-55. The principal activity of GSA was previously to act as an investment holding company. GSA is presently dormant.

The member's voluntary liquidation of GSA will have no material impact on the earnings or net assets of the Company for the current financial year.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 January 2007 except for the following:-

- i) On 3 November 2006, Sejara Bina Sdn Bhd, a subsidiary of Zelan Holdings (M) Sdn Bhd, changed its status in Essential Amity Sdn. Bhd. from a subsidiary to associate due to change in board representation. This transaction has no material impact on the Group for the current financial year.
- ii) On 4 January 2007, Zelan Corporation Sdn Bhd (ZCORP"), a subsidiary of Zelan Holdings (M) Sdn Bhd, acquired an additional 15% interest in Zelan Development (M) Sdn Bhd ("ZDEV") for a cash consideration of RM900,000. Following this acquisition, ZDEV became a wholly owned subsidiary of ZCORP. This transaction has no material impact on the Group for the current financial year.

13. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date, except for the following:-

The contingent liabilities statement as disclosed in Note 35 (i) of the Group's audited financial statements for the financial year ended 31 January 2006 is no longer applicable as the Group has entered into a full and final settlement of the Disputes with The Commissioner of Taxation of Australia as disclosed in Note 5 (v) of this announcement.

14. Capital Commitments

The amount of commitments as at the date of this report is as follows:-

	RM'000
<u>Property, plant and equipment</u>	
Authorised but not contracted for	6,913
Authorised and contracted for	710
	<u>7,623</u>

15. Review of Performance

For the current financial year under review, the Group recorded higher revenue of RM641.0 million, an increase of 15.7% due to higher contributions from new projects secured during the previous and current financial years.

Despite higher revenue, the Group recorded a profit after tax of only RM81.9 million as compared to RM81.8 million achieved last year. This was mainly due to higher staff and establishment costs incurred on the overseas operations and marketing costs for the property development division, for which the main revenue will be recognised in the coming financial years.

The results of the Group was also affected by the settlement of a tax dispute with the Commissioner of Taxation of Australia amounting to RM20.3 million.

For the current quarter under review, the Group recorded a revenue of RM198.0 million, an increase of 57% as compared to the preceding year's quarter. This is achieved on the back of higher contributions from the new projects secured during the previous and current financial years.

Despite higher revenue, the Group recorded lower profit after tax of RM23.6 million as compared to RM24.2 million in the preceding year's quarter. This is mainly attributable to the loss on disposal of investments of RM0.5 million in the current quarter as opposed to a gain of RM6.9 million recorded in the preceding last quarter.

16. Comparison of Profit Before Tax for the Current Quarter with Immediate Preceding Quarter

For the current quarter, the Group recorded a profit before taxation of RM27.5 million as compared to the preceding quarter's profit of RM27.1 million. The slightly higher profit was mainly due to higher revenue and a writeback of allowance made for decline in value of investments during the current quarter as compared to an allowance for decline in value of investments made in the immediate preceding quarter.

17. Current Year Prospects

Considering the enhanced order book size and businesses currently being pursued both locally and overseas, barring unforeseen circumstances, the Group is confident of an improved performance for the financial year ending 31 January 2008.

18. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued for the current financial year.

19. Taxation

	Current Quarter Ended		Year-To-Date Ended	
	31/01/2007 RM'000	31/01/2006 RM'000	31/01/2007 RM'000	31/01/2006 RM'000
Current taxation	3,956	1,301	19,071	21,219
Deferred taxation (Over)/under accruals in prior years	(13)	(255)	(52)	(355)
	0	(179)	0	325
Tax expense	3,943	867	19,019	21,189
Tax - settlement of disputes	0	0	20,323	0

The effective tax rate for the Group (excluding settlement of disputes and share of results of associates and jointly controlled entities) is lower than the statutory tax rate for the quarter primarily due to a tax repayable to the Company of RM2.2 million.

The effective tax rate for the Group (excluding settlement of disputes and share of results of associates and jointly controlled entities) is lower than the statutory tax rate for the financial year to date primarily due to gain on disposal of investments and writeback of allowance for decline in market value of investments which are not subject to tax and a tax repayable to the Company of RM2.2 million.

There has been no development on the Inland Revenue Board investigations of 13 January 2005 on the two (2) subsidiary companies as at the date of this announcement.

Settlement of disputes relates to a payment of RM20.3 million to the Commissioner of Taxation of Australia pursuant to the "Deed of Confidentiality and Settlement" to settle disputes relating to alleged Australian income tax liabilities, as per Note 5 (v) above.

20. Profit/(Loss) on Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the current quarter and financial year to date under review, except as follows:-

On 23 May 2006, the Company entered into a sale and purchase agreement ("SPA") to sell 220 acres of agricultural land for a sale consideration of RM3,524,527, registering a profit of RM2,944,122. The SPA has been completed.

21. Quoted Securities

There were no disposals of quoted securities for the current quarter and financial year to date under review except for the following:-

During the current quarter under review, the Group disposed of 2,979,400 Fiamma shares, 286,667 MRCB shares and 3,709,800 Oriental Food Industries Holdings Berhad shares for cash considerations of RM1.930 million, RM0.300 million and RM4.018 million respectively.

During the financial year under review, the Group disposed of 1,957,013 IJMP shares, 18,206,872 IJM warrants, 300,000 Arab Malaysian Corporation Berhad shares, 4,950,000 Oriental Food Industries Holdings Berhad shares, 2,979,400 Fiamma shares and 286,667 MRCB shares for cash considerations of RM2.776 million, RM16.731 million, RM0.380 million, RM5.624 million, RM1.930 million and RM0.300 million respectively.

There were no quoted securities purchased during the current quarter under review and year-to-date.

The investments in quoted securities (mainly investment in an associate) as at 31 January 2007 are as follows:-

(i)	at cost	= RM468,059,157
(ii)	at carrying value	= RM464,001,173
(iii)	at market value	= RM770,918,412

22. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at 27 March 2007.

23. Borrowings and Debt Securities

		As at 31.01.07 RM'000
(i)	Current borrowings	
	Secured:-	
	- Revolving Credit	6,000
	- Term loans	678
	Unsecured:-	
	- Hire purchase liabilities	741
		<u>7,419</u>
(ii)	Non current borrowings	
	Secured:-	
	-Term loans	735
	Unsecured:-	
	-Hire purchase liabilities	1,352
		<u>2,087</u>
	Total	9,506 =====

Included in the hire purchase liabilities is an amount of RM86,550 which is denominated in United Arab Emirates Dirhams, of which RM30,002 and RM56,548 relate to current balance and non-current balance, respectively.

24. Off Balance Sheet Financial Instruments

The position of forward foreign exchange contracts of the Group as at 20 March 2007 is as follows:-

	Tenure	Currency to be received	Currency to be paid	Amount in foreign currency '000	Contractual rate	RM'000 Equivalent
(i)	11 October 2006 to 13 April 2007	SGD Dollar (SGD)	Ringgit Malaysia (RM)	SGD 981	1 SGD= RM2.317	2,272
(ii)	25 January 07 to 30 July 2007	US Dollar (USD)	Ringgit Malaysia (RM)	USD 1,050	1 USD RM3.4628	3,636

These contracts are executed with creditworthy financial institutions and therefore the Directors are of the view that, at present, the credit and market risks associated with these contracts are minimal.

25. Earnings Per Share

The basic earnings per share for the financial year has been calculated based on the Group's consolidated profit after taxation and minority interest divided by the weighted average number of ordinary shares outstanding at the end of the year.

	Current Quarter Ended		Year-To-Date Ended	
	31/01/07	31/01/06	31/01/07	31/01/06
Group's profit for the period, attributable to the equity holders of the parent (RM' Million)	23.250	23.425	80.786	80.160
Weighted average number of ordinary shares in issue (Million)	281.632	281.632	281.632	281.632
Earnings per share (sen)				
(a) Basic	8.26	8.32	28.68	28.46
(b) Diluted	8.26	8.32	28.68	28.46

The Group does not have in issue any financial instruments or other contracts that may entitle its holder to ordinary shares and therefore dilute its basic earnings per share.

26. Changes in Material Litigation

There were no changes in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last annual balance sheet date of 31 January 2006.

27. Dividends

- a) A proposed final dividend of 5 sen per share, tax exempt, amounting to RM14.082 million and 5 sen per share, less income tax at 27%, amounting to RM10.280 million, have been recommended by the Directors, subject to the approval of members at the forthcoming Annual General Meeting of the Company.
- b) Previous corresponding period: 5 sen per share, tax exempt, amounting to RM14.082 million and 5 sen per share, less income tax at 28%, amounting to RM10.139 million, paid on 15 August 2006.

27. Dividends (Continued)

c)	Total dividend for the current financial year		
		<u>sen/share</u>	<u>RM'million</u>
i)	Interim dividend of 5 sen per share, tax exempt	5	14.082
ii)	Proposed final dividend as per (a) above		
	- 5 sen per share, tax exempt	5	14.082
	- 5 sen per share, less income tax at 27%	5	10.280
		<u>15</u>	<u>38.444</u>
		=====	=====

Dividend entitlement date:

NOTICE IS ALSO HEREBY GIVEN THAT the Shareholders who are registered in the Register of Members and Record of Depositors at close of business on 10 July 2007 shall be entitled to the final dividend, which, if approved, will be paid on 31 July 2007.

A depositor shall qualify for the entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 July 2007 in respect of ordinary shares.
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

28. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 27 March 2007.

By order of the Board

Ang Seng Oo
Secretary

Kuala Lumpur
27 March 2007