

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

THE FIGURES HAVE NOT BEEN AUDITED

**CONSOLIDATED STATEMENT OF INCOME**

|   | INDIVIDUAL QUARTER                       |  | CUMULATIVE QUARTER                      |   |
|---|--|--|---|---|
|   | Quarter<br>ended<br>30/09/2015<br>RM'000 | Quarter<br>ended<br>30/09/2014<br>RM'000 | Period<br>ended<br>30/09/2015<br>RM'000 | Period<br>ended<br>30/09/2014<br>RM'000 |
| Revenue   | 94,034                                   | 63,079                                   | 297,125                                 | 200,210                                 |
| Cost of sales   | (86,647)                                 | (51,989)                                 | (268,758)                               | (166,058)                               |
| Gross profit  | <u>7,387</u>                             | <u>11,090</u>                            | <u>28,367</u>                           | <u>34,152</u>                           |
| Other income  | 782                                      | 763                                      | 1,585                                   | 2,589                                   |
| Interest income   | 15,931                                   | 10,008                                   | 40,690                                  | 43,882                                  |
| - income/profit on placement of deposits  | 14                                       | 324                                      | 175                                     | 1,384                                   |
| - unwinding of discounting on trade receivables and discounting on trade payables           | 7,433                                    | 5,636                                    | 17,958                                  | 29,226                                  |
| - accretion of interest on long term receivables  | 8,484                                    | 4,048                                    | 22,557                                  | 13,272                                  |
| Gain on disposal of available-for-sale financial assets                                     | -  | -  | -                                       | 8,201                                   |
| Loss on fair value of derivative  | -  | -  | -                                       | (2,050)                                 |
| Unrealised foreign exchange gain/(loss),net   | 12,215                                   | 1,873                                    | 17,452                                  | (3,298)                                 |
| Administrative expenses   |  |  |   |   |
| -other administrative expenses  | (3,985)                                  | (4,906)                                  | (13,017)                                | (10,623)                                |
| -(provision)/reversal of arbitration expenses   | (10,287)                                 | 2,854                                    | (10,287)                                | 2,575                                   |
| -professional fees  | (7,700)                                  | (206)                                    | (7,700)                                 | (298)                                   |
| Operating expenses  |  |  |   |   |
| - other operating expenses  | (1,359)                                  | (2,179)                                  | (1,958)                                 | (5,921)                                 |
| - write back of/(provision for) tax penalty   | 25,955                                   | -  | 25,955                                  | (1,379)                                 |
| - provision for loss on disposal of investment  | (3,051)                                  | -  | (3,051)                                 | -                                       |
| Depreciation  | (185)                                    | (469)                                    | (549)                                   | (1,403)                                 |
| Finance costs   | (27,447)                                 | (3,065)                                  | (42,056)                                | (19,236)                                |
| - finance cost on borrowings  | (306)                                    | (514)                                    | (523)                                   | (2,589)                                 |
| - discounting of long term trade receivables and unwinding of discounting on trade payables | (27,141)                                 | (2,551)                                  | (41,533)                                | (16,647)                                |
| Share of results of associates  | (627)                                    | (456)                                    | (945)                                   | (216)                                   |
| <b>Profit before zakat and taxation</b>   | <u>7,629</u>                             | <u>15,307</u>                            | <u>34,486</u>                           | <u>46,975</u>                           |
| Tax credit/(expense)  | 15,833                                   | (1,981)                                  | 14,562                                  | (10,432)                                |
| <b>Net profit for the period</b>  | <u>23,462</u>                            | <u>13,326</u>                            | <u>49,048</u>                           | <u>36,543</u>                           |
| <b>Profit/(loss) for the period</b>   |  |  |   |   |
| <b>Attributable to:</b>   |  |  |   |   |
| Equity holders of the parent  | 23,445                                   | 13,332                                   | 49,019                                  | 36,560                                  |
| Non-controlling interests   | 17                                       | (6)                                      | 29                                      | (17)                                    |
|   | <u>23,462</u>                            | <u>13,326</u>                            | <u>49,048</u>                           | <u>36,543</u>                           |
| <b>Earnings per share:</b>  |  |  |   |   |
| Basic earnings per share attributable to equity holders of the Company (sen)                | <u>2.77</u>                              | <u>1.58</u>                              | <u>5.80</u>                             | <u>4.49</u>                             |
| Diluted earnings per share attributable to equity holders of the Company (sen)              | <u>2.70</u>                              | <u>1.42</u>                              | <u>5.44</u>                             | <u>4.36</u>                             |

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

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | INDIVIDUAL QUARTER                       |  | CUMULATIVE QUARTER                      |   |
|--|--|--|---|---|
|  | Quarter<br>ended<br>30/09/2015<br>RM'000 | Quarter<br>ended<br>30/09/2014<br>RM'000 | Period<br>ended<br>30/09/2015<br>RM'000 | Period<br>ended<br>30/09/2014<br>RM'000 |
| <b>Net profit for the period</b>   | <b>23,462</b>                            | 13,326                                   | <b>49,048</b>                           | 36,543                                  |
| <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)                                   |
| Reversal of fair value on disposal of available-for-sale financial assets  | -  | -  | -                                       | (8,201)                                 |
| Exchange difference from translation of foreign operations                 | <b>(1,791)</b>                           | 290                                      | <b>(617)</b>                            | 610                                     |
| <b>Total items that may be reclassified subsequently to profit or loss</b> | <b>(1,791)</b>                           | 290                                      | <b>(617)</b>                            | (8,347)                                 |
| <b>Total comprehensive income for the period</b>                           | <b>21,671</b>                            | 13,616                                   | <b>48,431</b>                           | 28,196                                  |
| <b>Total comprehensive income/(loss) for the period</b>                    |  |  |   |   |
| Attributable to:   |  |  |   |   |
| Equity holders of the parent   | <b>21,665</b>                            | 13,621                                   | <b>48,413</b>                           | 28,214                                  |
| Non-controlling interests  | <b>6</b>                                 | (5)                                      | <b>18</b>                               | (18)                                    |
|  | <b>21,671</b>                            | 13,616                                   | <b>48,431</b>                           | 28,196                                  |

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**  
(Company No: 27676-V)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | Unaudited<br>As at<br>end of<br>current<br>quarter<br>30/09/2015<br>RM'000 | Audited<br>As at<br>preceding<br>financial<br>period ended<br>31/12/2014<br>RM000 |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| <b>Non-current assets</b>                                  |  |   |
| Property, plant and equipment                              | 9,179  | 10,538  |
| Investment properties                                      | 4,918  | 5,024   |
| Financial and other receivables                            | 556,702  | 364,785   |
| Deposits, cash and bank balances (restricted)              | 3,570  | 3,829   |
|  | <u>574,369</u>   | <u>384,176</u>  |
| <b>Current assets</b>                                      |  |   |
| Inventories  | 8,965  | 8,965   |
| Financial and other receivables                            | 152,533  | 121,841   |
| Tax recoverable  | 15,936   | -   |
| Deposits, cash and bank balances (restricted)              | 24,498   | 24,907  |
| Deposits, cash and bank balances (non-restricted)          | 10,689   | 43,634  |
|  | <u>212,621</u>   | <u>199,347</u>  |
| <b>TOTAL ASSETS</b>  | <u>786,990</u>   | <u>583,523</u>  |
| <b>EQUITY AND LIABILITIES</b>                              |  |   |
| <b>Equity attributable to equity holders of the parent</b> |  |   |
| Share capital  | 84,489   | 84,489  |
| Reserves   | 140,649  | 92,236  |
|  | <u>225,138</u>   | <u>176,725</u>  |
| Non-controlling interests                                  | (184)  | (202)   |
| <b>Total equity</b>  | <u>224,954</u>   | <u>176,523</u>  |
| <b>Non-current liabilities</b>                             |  |   |
| Investments in associates                                  | 1,351  | 406   |
| Borrowings   | 322,800  | 214,197   |
| Deferred tax liabilities                                   | 3,045  | 3,096   |
|  | <u>327,196</u>   | <u>217,699</u>  |
| <b>Current liabilities</b>                                 |  |   |
| Trade and other payables                                   | 220,808  | 178,094   |
| Borrowings   | 13,953   | 7,743   |
| Current tax liabilities                                    | 79   | 3,464   |
|  | <u>234,840</u>   | <u>189,301</u>  |
| <b>Total liabilities</b>                                   | <u>562,036</u>   | <u>407,000</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <u>786,990</u>   | <u>583,523</u>  |
| Net assets per share (RM)                                  | <u>0.27</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.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|  | Attributable to equity holders of the parent |                                 |                                  |                                |                                   |  | Total<br>Equity<br>RM'000 |                        |  |
|--|--|---------------------------------|----------------------------------|--------------------------------|-----------------------------------|--|---------------------------|------------------------|--|
|  | Share<br>Capital<br>RM'000                   | Warrants<br>Reserve #<br>RM'000 | Translation<br>Reserve<br>RM'000 | Capital<br>Reserve *<br>RM'000 | Fair Value<br>Reserve ^<br>RM'000 | Retained<br>Earnings/<br>(Accumulated<br>Losses)<br>RM'000 |                           | Sub<br>Total<br>RM'000 | Non-controlling<br>Interests<br>RM'000 |
| <b>Nine months to 30 September 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  | -  | -                               | -                                | -                              | -                                 | 49,019   | 49,019                    | 29                     | 49,048                                 |
| Other comprehensive loss:<br>Currency translation reserve  | -  | -                               | (606)                            | -                              | -                                 | -  | (606)                     | (11)                   | (617)                                  |
| Total comprehensive (loss)/income<br>for the period  | -  | -                               | (606)                            | -                              | -                                 | 49,019   | 48,413                    | 18                     | 48,431                                 |
| Balance as at 30 September 2015  | 84,489                                       | 14,082                          | 6,969                            | 35,457                         | 4,254                             | 79,887   | 225,138                   | (184)                  | 224,954                                |
| <b>Nine months to 30 September 2014</b>  |  |                                 |                                  |                                |                                   |  |                           |                        |  |
| Balance as at 1 January 2014   | 56,326                                       | -                               | 7,390                            | 35,457                         | 4,254                             | (18,264)   | 94,120                    | (175)                  | 93,945                                 |
| Profit/(loss) for the period   | -  | -                               | -                                | -                              | -                                 | 36,560   | 36,560                    | (17)                   | 36,543                                 |
| Other comprehensive income/(loss):<br>Currency translation difference  | -  | -                               | 611                              | -                              | -                                 | -  | 611                       | (1)                    | 610                                    |
| Available-for-sale financial assets:<br>- fair value loss<br>- reclassification adjustment included in<br>profit or loss | -  | -                               | -                                | -                              | (756)                             | -  | (756)                     | -                      | (756)                                  |
| Total comprehensive income/(loss) for<br>the period  | -  | -                               | -                                | -                              | (8,201)                           | -  | (8,201)                   | -                      | (8,201)                                |
| Rights issue with warrants   | 28,163                                       | 14,082                          | 611                              | -                              | (8,957)                           | 36,560   | 28,214                    | (18)                   | 28,196                                 |
|  | 28,163                                       | 14,082                          | -                                | -                              | -                                 | -  | 42,245                    | -                      | 42,245                                 |
| Balance as at 30 September 2014  | 84,489                                       | 14,082                          | 8,001                            | 35,457                         | 4,254                             | 18,296   | 164,579                   | (193)                  | 164,386                                |

\* 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.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | Period<br>ended<br>30/09/2015<br>RM'000 | Period<br>ended<br>30/09/2014<br>RM'000 |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>   |   |   |
| Profit for the period attributable to equity holders of the Company           | 49,019                                  | 36,560                                  |
| Adjustments for :   |   |   |
| Tax (credit)/expense  | (14,562)                                | 10,432                                  |
| Depreciation of property, plant and equipment                                 | 1,632                                   | 1,735                                   |
| Depreciation of investment properties   | 106                                     | 106                                     |
| Allowance for doubtful debts  | -                                       | 32,904                                  |
| Provision for loss on disposal of investment<br>Property, plant and equipment | 3,051                                   | -                                       |
| - written off   | -                                       | 19                                      |
| - impairment loss   | (673)                                   | 2,050                                   |
| - gain on disposals   | (1)                                     | (24)                                    |
| Gain on disposal of available-for-sale financial assets                       | -                                       | (8,201)                                 |
| Interest income   | (40,690)                                | (43,882)                                |
| Finance costs   | 42,056                                  | 19,236                                  |
| Net unrealised foreign exchange (gain)/loss                                   | (17,452)                                | 3,298                                   |
| Dividend income   | -                                       | (206)                                   |
| Non-controlling interests   | 29                                      | (17)                                    |
| Share of results of associates  | 945                                     | 216                                     |
|   | <u>23,460</u>                           | <u>54,226</u>                           |
| <i>Changes in working capital :</i>   |   |   |
| Receivables   | (226,678)                               | 34,289                                  |
| Payables  | 58,254                                  | (146,544)                               |
| Cash flows used in operations   | (144,964)                               | (58,029)                                |
| Tax paid  | (6,357)                                 | (4,689)                                 |
| <b>Net cash flows used in operating activities</b>                            | <u>(151,321)</u>                        | <u>(62,718)</u>                         |
| <b>INVESTING ACTIVITIES</b>   |   |   |
| Purchase of property, plant and equipment                                     | (262)                                   | (198)                                   |
| Dividends received  | -                                       | 206                                     |
| Proceeds from disposal of property, plant and equipment                       | 924                                     | 23                                      |
| Proceeds from disposal of other investments                                   | -                                       | 66,219                                  |
| Income/profit on placements of deposits                                       | 175                                     | 1,384                                   |
| <b>Net cash flows generated from investing activities</b>                     | <u>837</u>                              | <u>67,634</u>                           |
| <b>FINANCING ACTIVITIES</b>   |   |   |
| Repayments of borrowings  | (7,170)                                 | (130,970)                               |
| Proceeds from borrowings  | 108,914                                 | 121,159                                 |
| Proceeds from rights issue  | -                                       | 42,245                                  |
| Rights issue expenses   | -                                       | (1,746)                                 |
| Repayments of hire purchase creditors   | (467)                                   | (357)                                   |
| Interest paid   | (523)                                   | (2,589)                                 |
| Release of/(Additional) deposits pledged as security                          | 668                                     | (12,346)                                |
| <b>Net cash flows generated from financing activities</b>                     | <u>101,422</u>                          | <u>15,396</u>                           |
| Net movement in cash and cash equivalents                                     | (49,062)                                | 20,312                                  |
| Cash and cash equivalents at the beginning of the period                      | 43,634                                  | 11,558                                  |
| Currency translation differences  | 16,117                                  | (8,667)                                 |
| <b>Cash and cash equivalents at the end of the period</b>                     | <u>10,689</u>                           | <u>23,203</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.

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

**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<br/>financial period<br/>beginning on or<br/>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.

The Group recorded a net profit after tax of RM49.0 million during the financial period ended 30 September 2015. At 30 September 2015, the current liabilities of the Group exceeded the current assets by RM22.2 million mainly due to the reclassification of the current assets of the Meena Project to non-current assets arising from the termination of the Group's employment on the Meena Project as explained below.

Project in Abu Dhabi

In respect of the Group's Meena Project in Abu Dhabi, United Arab Emirates ("UAE"), the Group had on 17 September 2015, issued a notice to Meena Holdings LLC ("Employer") to terminate its employment under the Contract in accordance with the provisions of the Contract based on the following defaults of the Employer:

- (1) the Employer's failure to pay the Group a total sum of AED27.6 million (approximately RM 33.0 million) being the certified amount of works done and materials at site due and owing by the Employer to the Group under certificates of payment in accordance with the provisions of the Contract; and/or
- (2) the Employer's continuous interference with the valuation and/or certification of the Group's progress claims.

As provided under the Contract, the termination took effect 14 days after the issuance of the abovementioned notice.

The Group will take the appropriate steps to pursue its claims against the Employer and recover any loss and damage arising out of the termination in accordance with the provisions of the Contract.

The Group recorded a total receivable balance of AED115.5 million (approximately RM138.2 million) due from the Employer as at 30 September 2015.

**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.

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**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, save for what has been disclosed under paragraph 13.

**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.

**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 30 September 2015 is as follows:

|                                  | Engineering and<br>Construction<br>RM '000 | Property and<br>Development<br>RM '000 | Investment and<br>Others<br>RM '000 | Total<br>RM '000 |
|----------------------------------|--|--|-------------------------------------|------------------|
| <b>Revenue</b>                   |  |  |                                     |                  |
| Segment revenue                  | 112,340                                    | 204                                    | 163                                 | 112,707          |
| Less: Inter-segment sales        | (18,591)                                   | -                                      | (82)                                | (18,673)         |
|                                  | 93,749                                     | 204                                    | 81                                  | 94,034           |
| <b>Results</b>                   |  |  |                                     |                  |
| Segment profit/(loss)            | 40,257                                     | 203                                    | (4,757)                             | 35,703           |
| Finance costs                    | (27,145)                                   | -                                      | (302)                               | (27,447)         |
| Share of results of associates   | (627)                                      | -                                      | -                                   | (627)            |
| Profit/(loss) before taxation    | 12,485                                     | 203                                    | (5,059)                             | 7,629            |
| Tax credit/(expense)             | 15,854                                     | (6)                                    | (15)                                | 15,833           |
| Net profit/(loss) for the period | 28,339                                     | 197                                    | (5,074)                             | 23,462           |
| <b>Attributable to:</b>          |  |  |                                     |                  |
| Equity holders of the parent     | 28,322                                     | 197                                    | (5,074)                             | 23,445           |
| Non-controlling interests        | 17   | -                                      | -                                   | 17               |
|                                  | 28,339                                     | 197                                    | (5,074)                             | 23,462           |

**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, save for the termination of the Meena Project on 1 October 2015.

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**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<br>RM '000 | Variance<br>% |
|---|--------------------------------|--------------------------------|---------------------|---------------|
|   | Quarter<br>ended<br>30/09/2015 | Quarter<br>ended<br>30/06/2015 |                     |               |
|   | RM '000                        | RM '000                        |                     |               |
| <b>Revenue</b>                                |                                |                                |                     |               |
| Engineering and Construction                  | 93,749                         | 114,784                        | (21,035)            | -18.3%        |
| Property and Development                      | 204                            | 207                            | (3)                 | -1.4%         |
| Investment and Others                         | 81                             | 88                             | (7)                 | -8.0%         |
| <b>Total</b>                                  | <b>94,034</b>                  | <b>115,079</b>                 | <b>(21,045)</b>     | <b>-18.3%</b> |
| <b>Profit/(loss) After Zakat and Taxation</b> |                                |                                |                     |               |
| Engineering and Construction                  | 28,339                         | 12,030                         | 16,309              | 135.6%        |
| Property and Development                      | 197                            | 215                            | (18)                | -8.4%         |
| Investment and Others                         | (5,074)                        | (2,091)                        | (2,983)             | 142.7%        |
| <b>Total</b>                                  | <b>23,462</b>                  | <b>10,154</b>                  | <b>13,308</b>       | <b>131.1%</b> |

For the current quarter under review, the Group recorded revenue from Engineering and Construction segment of RM93.7 million as compared to a revenue of RM114.8 million in the immediate preceding quarter.

The revenue for both quarters were mainly contributed by the local projects of RM74.3 million (30.06.2015: RM89.1 million). The lower revenue in the current quarter was due to lower revenue from IIUM project amounting to RM6.0 million (30.06.2015:RM45.6 million) offset by higher revenue from Drawbridge project amounting to RM49.2 million (30.06.2015:RM26.1 million). In addition, there was a revenue recognition of RM19.4 million (30.06.2015: RM25.7 million) from Meena project in Abu Dhabi.

The Group recorded Profit After Zakat and Taxation ("PAZT") of RM23.5 million for the current quarter which is higher than the PAZT of RM10.2 million in the immediate preceding quarter mainly due to a RM26.0 million write back on provision for late payment interest charge on tax in Indonesia, RM15.9 million tax refund on tax paid in Indonesia, RM1.8 million tax refund from India and higher unrealised foreign exchange gain by RM10.8 million. This was offset by higher discounting on receivables by RM16.7 million and provision for arbitration cost on Meena project of RM10.3 million. The loss for the Investment and Others segment is higher due to a provision for loss on disposal of investment of RM3.1 million.



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

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

|   | Individual quarter |               | Variance      | Variance      | Nine           |                | Variance      | Variance     |
|---|--------------------|---------------|---------------|---------------|----------------|----------------|---------------|--------------|
|   | Quarter            | Quarter       |               |               | months to      |                |               |              |
|   | ended              | ended         |               |               | 30/09/2015     |                |               |              |
|   | 30/09/2015         | 30/09/2014    | RM '000       | %             | 30/09/2015     | 30/09/2014     | RM '000       | %            |
|   | RM '000            | RM '000       | RM '000       | %             | RM '000        | RM '000        | RM '000       | %            |
| <b>Revenue</b>                                |                    |               |               |               |                |                |               |              |
| Engineering and Construction                  | 93,749             | 62,893        | 30,856        | 49.1%         | 296,267        | 199,419        | 96,848        | 48.6%        |
| Property and Development                      | 204                | 186           | 18            | 9.7%          | 601            | 557            | 44            | 7.9%         |
| Investment and Others                         | 81                 | -             | 81            | 0.0%          | 257            | 234            | 23            | 9.8%         |
| <b>Total</b>                                  | <b>94,034</b>      | <b>63,079</b> | <b>30,955</b> | <b>49.1%</b>  | <b>297,125</b> | <b>200,210</b> | <b>96,915</b> | <b>48.4%</b> |
| <b>Profit/(loss) After Zakat and Taxation</b> |                    |               |               |               |                |                |               |              |
| Engineering and Construction                  | 28,339             | 15,420        | 12,919        | >100%         | 57,475         | 32,891         | 24,584        | >100%        |
| Property and Development                      | 197                | 1             | 196           | >100%         | 467            | 105            | 362           | >100%        |
| Investment and Others                         | (5,074)            | (2,095)       | (2,979)       | 142.2%        | (8,894)        | 3,547          | (12,441)      | >-100%       |
| <b>Total</b>                                  | <b>23,462</b>      | <b>13,326</b> | <b>10,136</b> | <b>-76.1%</b> | <b>49,048</b>  | <b>36,543</b>  | <b>12,505</b> | <b>34.2%</b> |

For the current quarter under review, the Group's revenue from Engineering and Construction segment was RM93.7 million as compared to a revenue of RM62.9 million in the corresponding quarter last year, higher by RM30.8 million or 49.1%. This was mainly attributed by the revenue of local projects of RM74.3 million (30.09.2014: RM59.8 million) and the revenue from Meena project in Abu Dhabi of RM19.4 million (30.09.2014: RM3.1 million).

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

The Group recorded PAZT of RM23.5 million for the current quarter which is higher than the PAZT of RM13.3 million in the corresponding quarter last year mainly due to a RM26.0 million write back on provision for late payment interest charge on tax in Indonesia, RM15.9 million of tax refund on tax paid in Indonesia, RM1.8 million tax refund from India and higher unrealised foreign exchange gain by RM10.3 million. This was offset by higher discounting on receivables by RM24.6 million and provision for arbitration cost on Meena project of RM10.3 million. The loss for Investment and Others segment is higher due to a provision for loss on disposal of investment of RM3.1 million.

For the current period under review, the Group's revenue from Engineering and Construction segment of RM296.3 million as compared to a revenue of RM199.4 million in the corresponding period last year, higher by RM96.8 million or 48.6%. This was mainly attributed to local projects of RM227.2 million (30.09.2014: RM191.7 million) and the revenue from Meena project and Royal Chalet project in Abu Dhabi of RM69.1 million (30.09.2014: RM7.7 million).

The Group's current period PAZT of RM49.0 million was mainly due to a write back on provision made on late payment interest charge on tax in Indonesia amounting to RM26.0 million (30.09.2014: RM Nil), unrealised foreign exchange gain of RM17.5 million (30.09.2014: loss of RM3.3 million), higher accretion of interest on long term receivables of RM22.6 million (30.09.2014: RM13.3 million), a positive income tax of RM14.6 million due to a tax refund on tax paid in Indonesia of RM15.9 million and a tax refund of RM1.8 million from India (30.09.2014: RM10.4 million) offset by lower gross profit of RM28.4 million (30.09.2014: RM34.1 million) and higher discounting on trade receivables by RM24.9 million and provision on arbitration cost on Meena project of RM10.3 million.

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**14. Taxation**

|  | Individual Quarter      |  | Cumulative Quarter |                   |
|--|-------------------------|--|--------------------|-------------------|
|  | Current year<br>quarter | Preceding year<br>corresponding<br>quarter | Nine<br>months to  | Nine<br>months to |
|  | 30/09/2015              | 30/09/2014                                 | 30/09/2015         | 30/09/2014        |
|  | RM '000                 | RM '000                                    | RM '000            | RM '000           |
| Malaysian income tax - current             | 1,450                   | 1,588                                      | 5,829              | 6,438             |
| Malaysian income tax - group<br>tax relief | -                       | -  | (3,057)            | -                 |
| Overseas income tax                        | (17,283)                | (31)                                       | (17,283)           | 3,572             |
|  | (15,833)                | 1,557                                      | (14,511)           | 10,010            |
| Deferred tax                               | -                       | 424  | (51)               | 422               |
| Tax expense                                | (15,833)                | 1,981                                      | (14,562)           | 10,432            |

The Malaysian income tax group relief of RM3.1 million was in relation to a refund by the Inland Revenue Board on our application for the Group relief in the quarter ended 31.03.2015.

The overseas income tax for the current quarter and year to date is in respect of a write back of provision made on tax for a project in India and in respect of a refund of tax paid in Indonesia.

**15. Borrowings and Debt Securities**

Details of Group's borrowings as at 30 September 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 | 13,500                | -         | 13,500  | 321,956              | -         | 321,956 |
| Hire purchase     | -                     | 453       | 453     | -                    | 844       | 844     |
|                   | 13,500                | 453       | 13,953  | 321,956              | 844       | 322,800 |

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**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<br>ended<br>30/09/2015 | Quarter<br>ended<br>30/09/2014 | Nine months<br>to<br>30/09/2015 | Nine months<br>to<br>30/09/2014 |
| Profit attributable to equity holders of the parent (RM'000)   | 23,445                         | 13,332                         | 49,019                          | 36,560                          |
| Weighted average number of ordinary shares in issue ('000)   | 844,895                        | 844,895                        | 844,895                         | 813,603                         |
| <b>Basic earnings per share (sen)</b>  | <b>2.77</b>                    | <b>1.58</b>                    | <b>5.80</b>                     | <b>4.49</b>                     |
| Weighted average number of ordinary shares in issue for purpose of computing diluted earnings per share ('000) | 867,356                        | 936,235                        | 901,821                         | 838,687                         |
| <b>Diluted earnings per share (sen)</b>  | <b>2.70</b>                    | <b>1.42</b>                    | <b>5.44</b>                     | <b>4.36</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<br>30/09/2015<br>RM'000 | As at<br>31/12/2014<br>RM'000 |
|---|-------------------------------|-------------------------------|
| (Accumulated losses)/retained earnings of the Company and its subsidiaries: |                               |                               |
| - Realised  | (836,540)                     | (854,526)                     |
| - Unrealised  | 17,452                        | 3,665                         |
|   | <u>(819,088)</u>              | <u>(850,861)</u>              |
| (Accumulated losses)/retained earnings of the associates:                   |                               |                               |
| - Realised  | (7,654)                       | (4,641)                       |
| - Unrealised  | 3,957                         | 1,889                         |
|   | <u>(3,697)</u>                | <u>(2,752)</u>                |
| Consolidation adjustments   | 902,672                       | 884,481                       |
| Total retained earnings as per consolidated accounts                        | <u>79,887</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.

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**19. Changes in Material Litigation**

There was no change in material litigation, including the status of pending material litigations in respect of the Group since the last annual reporting date as at 31 December 2014, save for the following:

- (i) in relation to the matter stated in Note 32(a) of the Audited Financial Statements, on 1 September 2015, the Board of Grievances in Kingdom of Saudi Arabia Court dismissed the supplier's claim due to non-attendance of the supplier on the hearing date. The subsidiary's solicitors in the Kingdom of Saudi Arabia are seeking confirmation from the Board of Grievances whether the supplier has filed an appeal against the dismissal.
- (i) in relation to Note 32(b) of the Audited Financial Statements, where the Court of Appeal, Abu Dhabi, on 16 June 2015 ordered the case to be returned to the technical experts committee appointed by the Court of First Instance previously to review the objections raised by the subcontractor against the said committee's earlier report and to submit a supplementary report. The next hearing at Court of Appeal has been fixed on 14 December 2015.

**20. Current Year Prospects**

The Group has taken positive steps to improve its 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 Group 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 23 November 2015.

**By order of the Board**

**Noor Raniz bin Haji Mat Nor**  
**Nur Haliza binti Mat Piah**  
**Secretaries**

**Kuala Lumpur**  
**23 November 2015**