ZELAN BERHAD 27676-V
23rd Floor, Wisma Zelan
No.1 Jalan Tasik Permaisuri 2
Bandar Tun Razak, Cheras
56000 Kuala Lumpur
Malaysia

Tel: +603-9173 9173
Fax: +603-9171 8191

www.zelan.com

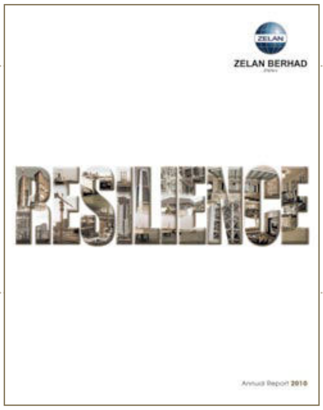
ZELAN BERHAD 27676-V

RESILIENCE

Annual Report **2010**

ZELAN BERHAD
27676-V

Annual Report **2010**



Rising to the challenges in less than optimum conditions has demonstrated our courage to bounce back from setbacks. It is one where we enrich our core strengths and redefine processes, growing our capacity to deal with change and continuing to rebuild and renew. By possessing the ability to recover from crisis, Zelan Berhad has not only sustained but managed to operate under adverse conditions, creating dynamic new ways of overcoming obstacles and showing strength in resilience.

resilience

contents

mission

Our goal is to be at the forefront of industrial transformation by:

- Offering technologically innovative designs and solutions
- Continuously pursuing the highest levels of work quality and service excellence in our fields of specialisation

In playing this role, we will strive to:

- Ensure our activities and creations are beneficial to society
- Improve the quality of our environment, and
- Ultimately, deliver value to our shareholders and stakeholders

To achieve our mission, we will build on:

- The strength of our teamwork
- Our track record and professional reputation

At a glance

2

Shuqaiq II IWPP Desalination Plant Project

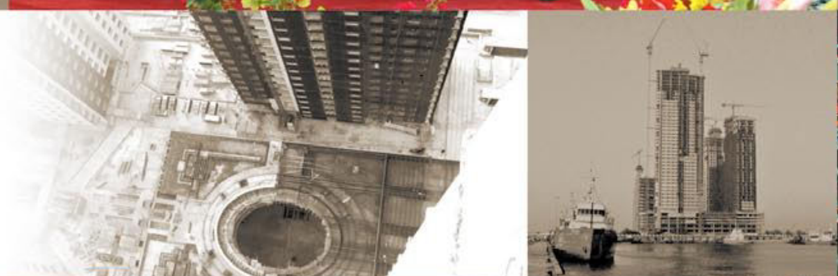
Kingdom of Saudi Arabia

Sidra Tower Project

Dubai, United Arab Emirates

Al-Reem Island Project

Abu Dhabi, United Arab Emirates



Meena Plaza Project

Abu Dhabi, United Arab Emirates

2 x 300-400MW Coal-Fired Power Plant Project

Rembang, Central Jawa, Indonesia

Our business is currently focused on two core businesses namely Engineering & Construction and Property & Development.

We have to date, participated in construction and development projects in key markets notably Malaysia, the Kingdom of Saudi Arabia, United Arab Emirates, India and Indonesia.

1. Rembang - Access Trestle and Coal Unloading Jetty.

2. Rembang - Ship Unloader installed on the Jetty.

3. Shuqaiq - Fuel Oil Unloading Jetty (FOUJ) constructed 7 km offshore in the Red Sea. More than 400,000 tonnes of Arabic Heavy Crude (AHC) oil have been successfully unloaded utilising the FOUJ facilities.

FINANCIAL CALENDAR

ANNOUNCEMENT OF RESULTS

18 August 2009
First Quarter Ended 30 June 2009

25 November 2009
Second Quarter Ended 30 September 2009

25 February 2010
Third Quarter Ended 31 December 2009

27 May 2010
Fourth Quarter Ended 31 March 2010

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

30 July 2010
Dispatch of Annual Report and Notice of Annual General Meeting.

ANNUAL GENERAL MEETING

26 AUGUST 2010

7

5-YEARS' FINANCIAL HIGHLIGHTS

	Year ended 31.03.2010 RM'000	Year ended 31.03.2009 RM'000	14 months period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	Year ended 31.01.2006 RM'000
RESULTS					
Revenue*	**1,019,987**	2,008,224	1,373,762	641,043	554,007
Gross (loss)/profit*	**(190,656)**	(60,747)	192,682	99,150	92,957
Operating (loss)/profit*	**(253,413)**	(131,019)	124,059	67,664	73,916
(Loss)/profit before taxation*	**(270,373)**	(121,643)	185,723	121,281	103,007
(Loss)/profit attributable to shareholders*	**(274,917)**	(137,227)	143,035	80,786	80,160
ASSETS					
Gross assets	**1,407,396**	1,427,041	1,873,257	1,129,526	1,126,368
Cash & cash equivalents	**46,495**	102,882	202,266	188,870	278,912
LIABILITIES AND SHAREHOLDERS' FUNDS					
Borrowings	**273,941**	139,879	45,155	9,506	30,170
Shareholders' funds	**441,029**	475,179	818,794	715,337	676,198
FINANCIAL RATIOS (%)					
Debt to equity	**62.1**	29.4	5.5	1.3	4.5
Pre-tax return on shareholders' funds	**(61.3)**	(25.6)	22.7	17.0	15.2
SHARE INFORMATION					
Dividends per share	**–**	5	14	8	8
Net assets**/ Net tangible assets per share (sen)	**0.78**	0.84	145**	127**	120**
Basic (loss)/earnings per share (sen)	**(49)**	(24)	25	14	14

* The results for the financial year ended 31 March 2009 and 31 March 2010 comprise results from continuing and discontinued operations.

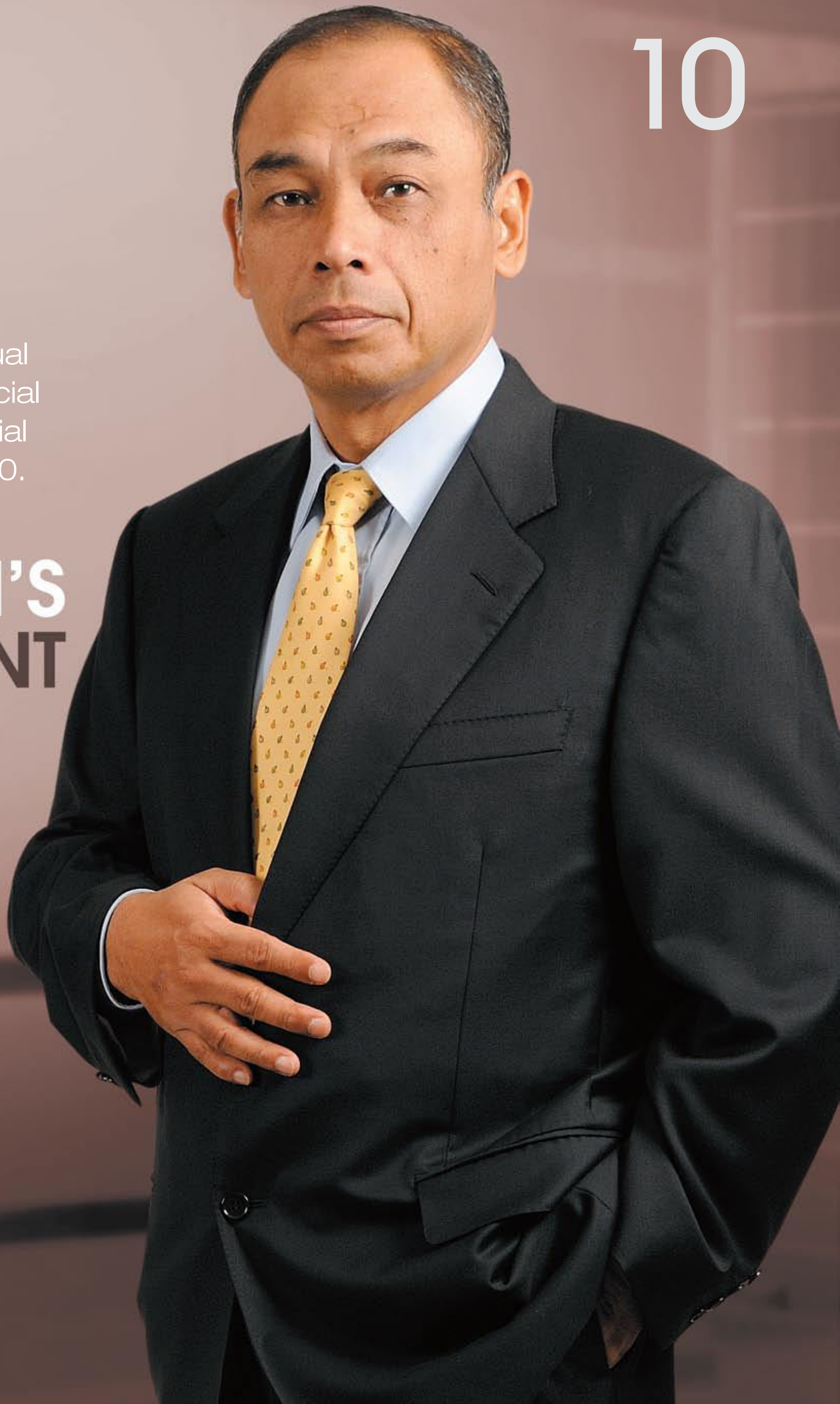
** The net assets per share, earnings/(loss) per share and dividend per share had been calculated based on the weighted average number of ordinary shares which had been adjusted to take into consideration the enlarged share capital due to the share split exercise which was completed on 18 July 2007. The comparative periods' net assets per share had been adjusted accordingly.


MIDDLE RING ROAD 2
BH18
BH19
ZELAN

1. Shuqaiq - Steel structure works.

2. Sidra Tower - Pool Deck at level 7.

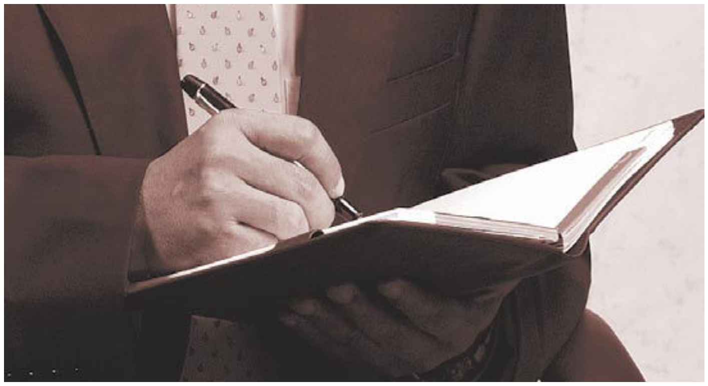
3. Sidra Tower - Front view of the entrance.



Dear Shareholders,

On behalf of the Board of Directors of Zelan Berhad ("Zelan" or the "Group"), I hereby present the Annual Report and Audited Financial Statements for the Financial Year ended 31 March 2010.

CHAIRMAN'S STATEMENT



OPERATING ENVIRONMENT OVERVIEW

The global economic outlook remains uncertain. The recent global economic and financial crisis have significantly affected world growth, particularly the advanced economies, notably the United States, European Union, United Kingdom and Japan. The financial crisis in the Middle East has adversely affected our Meena Plaza project in Abu Dhabi, United Arab Emirates (UAE) and resulting in the slow-down of the project. The global slowdown has in turn affected the Malaysian economy which contracted by 1.7% in 2009.

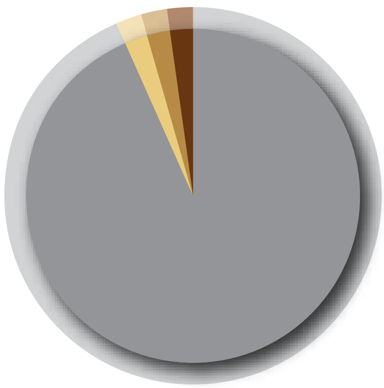
In my statement last year, I have highlighted that the significant increase in the prices of construction materials has contributed to the losses of certain projects and put a strain on the project cash flows. The year under review continued to be an extremely difficult and challenging period for the Group as it experienced a tough operating environment amidst the global financial crisis and constraint to finance the cost overruns of the Rembang, Shuqaiq and Sidra Tower projects. The Group recorded a loss after tax and minority interest of RM274.9 million, a bigger loss compared to the loss of RM137.2 million suffered the previous year. This was mainly due to the impact of cost overruns of the projects amounting to RM217.4 million and the RM44.4 million impairment loss made in respect of the goodwill for the Engineering and Construction Business Unit of the Group.

The Board is taking the necessary steps to ensure the Company's survival, based on a thorough and robust analysis of the situation. A new Management Team has been entrusted to check the slide and ensure the projects in our book are delivered according to customer's requirements. The Board is determined to ensure that shareholders' value is restored and towards this end, many drastic measures have been approved and taken in order to radically improve the way Zelan does business.

Despite of the harsh operating conditions, Zelan has shown resilience and determination in delivering our promises to our clients. The Group has managed to complete and hand-over the Sidra Tower project to the client at the end of December 2009. We have also contributed to the success of the Shuqaiq II IWPP Desalination Plant to achieve Commercial Operation Date (COD) for Unit 1 on 30 April 2010.

We are at the peak of extraordinary times. It is important to note that though challenges have grown in complexity, they are certainly not new to the industry or to Zelan. We have dealt with all these challenges, and more, in the past and have remained resilient throughout the years. We will continue to confront these challenges and remain committed to our vision of becoming the forefront of industrial transformation.

REVENUE (RM Million)



954.4 Engineering & Construction

21.9 Property & Development

22.2 Investment & Others

21.3 Manufacturing & Trading

GROUP RESULTS

For the financial year ended 31 March 2010, the Zelan Group recorded a consolidated revenue of RM1,019.9 million compared to RM2,008.2 million achieved last year, a decrease of RM988.3 million, which is 49% year on year decrease. Subsequently, the Group recorded a loss before tax and loss after tax and minority interest of RM270.4 million and RM274.9 million respectively.

A view of PLTU 1 Jawa Tengah 2 x (300-400w) Coal Fired Steam Power Plant in Rembang, Jawa Tengah, Indonesia.

The Engineering and Construction Business Unit continues to be the main contributor of the Group, with revenue of RM954.4 million or 94% of the Group's consolidated revenue. The Unit, however, recorded a loss before tax of RM303.7 million.

The Property & Development Unit increased its contribution to the Group with revenue of RM21.9 million or 2% of the Group's consolidated revenue, resulting from the completion of our Hampshire's project, which was fully sold. The Unit recorded a profit before taxation of RM14.7 million.

DIVIDEND

Due to the adverse financial condition of the Group, no dividend was declared by the Board for the financial year under review.

BUSINESS OUTLOOK

The Malaysian economy has recovered strongly after the recent global economic and financial crisis. Gross Domestic Product (GDP) growth of 10.1% in the first quarter of 2010 represents the fastest quarterly growth in 10 years. The Malaysian Government has recently unveiled the Tenth Malaysia Plan 2011 - 2015 (10th MP) setting the nation on an important mission towards a progressive and high-income nation, as envisioned in Vision 2020. The implementation of public-private partnership (PPP) initiatives under the 10th MP with an estimated value of RM62.7 billion for 52 projects under consideration will be a key component of the Government's efforts in promoting economic growth through private sector participation. The Government is also planning to continue upgrading physical infrastructure to enhance access and connectivity. These augur well for the domestic construction

industry in general and the Group in particular. We will aggresively look for opportunities to participate in infrastructure projects under the 10th MP.

We have maintained a healthy balance sheet despite the financial difficulties and it is crucial given the current economic crisis that we continue to be prudent in our capital management strategy. The Group has taken steps to focus on our core businesses by divesting our non-core assets. We have completed the disposal of 50% equity interest in Zelan EPC Limited for a sale consideration of RM7.7 million in January 2010. Subsequently, the Board has also decided to dispose the entire (80%) equity interest in European Profiles (M) Sdn. Bhd. for a sale consideration of RM10.0 million and the sale was completed in June 2010.

Going forward, we remain optimistic about the Group's future. Despite the global economy recovery continues to be uncertain, we will strive to source for new business opportunities both locally and overseas to increase our order book. Strategically, the Group would ensure a balance between local and overseas projects. For the long term, the Group will focus to grow its recurrent revenue base in tandem with securing more domestic projects.

Since the business in this industry is very competitive and challenging, to ensure continuous success, Zelan would place more emphasis on Human Capital Management and recruiting the right experienced personnel. In addition, attractive remuneration and retention scheme would be given priority. A more robust monitoring system would be put in place to ensure tighter control on the performance and operations of our projects.

We look forward to continuous support from all our stakeholders as we pursue our course in turning this Group back into profitability. With your support, the Group will overcome this difficult period and post an improved performance in the next financial year.

CORPORATE GOVERNANCE

To ensure transparency, accountability and protection of shareholders' interests, the Board places great importance on ensuring that the highest standard of corporate governance is practiced throughout the Group. Our statement on Corporate Governance and related reports are on pages 41 to 48.

RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group for the year under review are disclosed in Note 36 to the financial statements.

ACKNOWLEDGEMENTS

On behalf of my colleagues on the Board, I wish to express my sincere appreciation to each and every one of our employees who has remained loyal and dedicated to the Company and continue to persevere throughout the year in review. In particular, I would like to extend the Board's appreciation to the Management Team for their dedication and determination to steer the Group out of its financial difficulties.

My deepest appreciation also goes to my fellow Board members who have been instrumental in providing guidance and valuable insights to the Management throughout the year.

To our business associates, partners and shareholders, we sincerely thank you for your unwavering confidence and continued support in seeing us through one of the most challenging period of our business. We have built our business strategies with you in mind and will continue building value for shareholders and customers moving forward.

I am confident that with your continuing support in the exciting times ahead, we shall succeed in our concerted effort to return the Group to profit and grow ourselves into the world's forefront of industrial transformation.

DATO' ANWAR AJI
Chairman

The year under review has indeed been a challenging period for us.

In the past 12 months, the many challenges we faced began to reveal themselves in its entirety. The Group found itself bearing the brunt of these difficulties; which ultimately affected our financial performance.

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Of note, external circumstances and several internal factors led to this outcome or further exacerbated the scenario we were facing.

However, despite facing these difficulties, the Group, through its respective business divisions, continued to uphold the Zelan brand name.

Our response has been swift and positive. We continued to exemplify resilience, professionalism and unwavering commitment to our clients, projects and milestones. Our business divisions have continued to perform at high levels despite the many challenges that have beset us during the year under review.

Looking from a positive perspective, despite the drop in our financial performance, we have gained valuable expertise and experience that will enable the Group to grow from strength to strength and compete more effectively in terms of capability and cost effectiveness. The lessons learnt will augur well for us as we go forward.

We have become a wiser and more experienced construction Group to compete better in the future. With that sentiment in mind, I present the Group's performance review for its respective business divisions.

Engineering & Construction Business Unit (ECU)

For the financial year ended 31 March 2010, ECU's main priority was to ensure timely completion of projects as per the agreed milestones and to implement measures to stem further losses arising from project delays and cost overruns.

With the rising material prices and the sluggish economic conditions in the key markets we operate in such as the Middle East, this was an uphill task. However, ECU has been successful to a large degree in achieving these objectives.

In the UAE, our key projects are Meena Plaza and Al-Reem Island in Abu Dhabi; and Sidra Tower in Dubai.

Meena Plaza is a mixed development project and is ECU's single biggest commercial project with a revised contract amount of AED 948 million. The current physical progress of work is at 27%. We had to reduce the rate of progress as a result of the irregular payments and substantial outstanding payments from the client since December 2009.

However, we are currently in discussion with the client to regularise all outstanding payments and expect to successfully complete and handover the project as per the revised milestone date of August 2011.

We are involved in the Al-Reem Island project via a consortium which comprises IJM Construction Sdn. Bhd., Sunway Builders Sdn. Bhd., LFE Engineering Sdn. Bhd. and Zelan Holdings (M) Sdn. Bhd. The project consists of 5 residential towers and 7 luxury villas; which at present, is 98% completed. The second plot of Al-Reem – the three storey shopping mall and a two storey yacht club is 68% in progress. The total project's value is approximately AED 2 billion.

We handed over Sidra Tower, an AED 317 million project located in the UAE, in December 2009. Sidra Tower is a 45-storey mixed development of suites, hotel apartments, offices and commercial retail space.

The completion of this project has helped to elevate our brand in the UAE and on the back of our good work here, we hope to secure new projects in the UAE, when the opportunity arises.

In the implementation of the Shuqaiq II Independent Water and Power Plant (IWPP) in the Kingdom of Saudi Arabia, where we undertake the civil construction portion of works, both onshore and offshore, we have encountered many unforeseen challenges. We are currently working with the project owner and the main contractor to resolve the various issues.

All the same, we are moving forward towards full project completion and handing over – expected to be in December 2010. At present, we have completed most of the works according to the contract schedule.

In Indonesia, we have worked tirelessly to resolve the many issues affecting our Rembang Power Plant project. We have achieved several key milestones such as First Oil Firing and Steam Blow for Unit 20. We are making headway in our efforts to bring Rembang to operational status.

The experiences gained have improved our capabilities. We have scaled the steep learning curve of handling full EPC jobs, which will be useful for future bids.

Rembang - Onshore works in progress.

Rembang - East view of Power Plant showing Boiler Unit 10

Meena Plaza - Construction works in progress.

With the know-how gained and the lessons learnt from the year under review, ECU will exercise prudence and undertake all necessary due diligence prior to bidding for future contracts. Notably, close attention will be paid towards the complexity and technical aspects of projects; to ensure we are fully capable of undertaking such jobs.

ECU will also look into incorporating better vendor management systems to ensure only quality vendors and contractors are selected for sub-contracting work. We will focus on projects on a cost plus basis to avoid the issue of cost overruns due to escalating material prices. At the same time, we are exploring opportunities under the public-private partnership (PPP) initiative under the Tenth Malaysia Plan (10th MP).

Property & Development Business Unit (PDU)

The Property Development Unit's key focus for the year under review was the continued handing over of vacant possession to buyers of Hampshire Residences. Hampshire is a high-end, luxury condominium consisting of 388 units, located within walking distance from the PETRONAS Twin Towers.

In addition to Hampshire, PDU has been actively sourcing for prime and secondary location land with growth potential in 5-10 years time.

We are in the midst of further strategising our market entry and positioning; either as a high-end, Klang Valley based developer or to also consider building our land bank in new rapidly growing areas.

Our 50% owned entity, Essential Amity Sdn. Bhd., is currently undertaking a housing project in Semenyih with an expected GDV of RM34 million. The 1st phase of 24 units of Semi-Ds and 2nd phase of 26 units of three-storey terrace houses have been completed and handed over to buyers. The 3rd phase of Superlink Semi-D homes is currently in progress.

At present, we remain open to developing projects by ourselves or via joint-ventures partnerships with landowners and other developers. Barring any unforeseen circumstances, PDU looks forward to being more active in the upcoming financial year.

Hampshire Residences external facade.

Rembang - Steam Turbine Generator for Unit 20.

Manufacturing & Trading Business Unit (MTB)

Sensing the need to streamline our business, we took the opportunity to dispose European Profiles (M) Sdn. Berhad (EP). EP is a manufacturer and contractor of roofing and cladding systems since 1993. The disposal was made in line with our strategy to hive off non-core business.

The sale of EP will not affect our capabilities as a full-service construction provider. It is to our advantage as we are able to source materials from multiple suppliers, with the possibly of enjoying more competitive pricing through a tender process. This will further improve our cost effectiveness as a Group.

Going Forward

It has indeed been a trying year for the Group. However, looking at the response throughout the Group to the difficulties faced; and the various achievements and positive developments, there is reason to draw from the positives and remain resilient and strong for the future.

We truly believe that we are at the tail-end of our trials and a new dawn is emerging for Zelan. With that, we draw renewed conviction and strength to pursue the horizon where we will once again return to the path of profitability, success and growth.

RAJA AZMI RAJA NAZUDDIN
Managing Director/Chief Executive Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Anwar bin Aji
Independent, Non-Executive Chairman

Dato' Abdullah bin Mohd Yusof
Independent, Non-Executive Director

Datuk Hj. Hasni bin Harun
Non-Independent, Non-Executive Director

Cdr Mohd Farit bin Ibrahim RMN (Retd)
Non-Independent, Non-Executive Director

Mr. Ooi Teik Huat
Independent, Non-Executive Director

YM Raja Azmi bin Raja Nazuddin
Managing Director/Chief Executive Officer

COMPANY SECRETARY

Suhla Al Asri
(MAICSA 7025570)

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor, Malaysia
Tel : +603-7841 8000
Fax : +603-7841 8008

REGISTERED OFFICE

23rd Floor, Wisma Zelan
No.1, Jalan Tasik Permaisuri 2
Bandar Tun Razak, Cheras
56000 Kuala Lumpur, Malaysia
Tel : +603-9173 9173
Fax : +603-9171 8191
Email : *info@zelan.com.my*

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
EON Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Al Rajhi Bank, KSA
The Saudi British Bank, KSA
HSBC Bank Middle East Limited
PT Bank OCBC NISP Tbk., Indonesia
PT Bank (OCBC), Indonesia

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2283

UAE OPERATIONS

Zelan Holdings (M) Sdn. Bhd.

– Abu Dhabi Branch
No. 202, ADCB Building
P.O. Box 106813, Abu Dhabi, UAE
Tel : +97 12 621 5667
Fax : +97 12 621 5657

– Dubai Branch
P.O. Box 184577, Dubai, UAE

SAUDI ARABIAN OPERATIONS

Zelan Construction Arabia Company Limited
Unit 206, 2nd Floor, Al-Nakheel Centre
Madinah Road, Jeddah 21411
Kingdom of Saudi Arabia
Tel : +966 26 673595
Fax : +966 26 693595

Zelan Arabia Company Limited
2nd Floor, Al Toukhi Building
King Fahd Street, Riyadh 11424
Kingdom of Saudi Arabia
Tel : +966 14013239
Fax : +966 14013297

INDONESIAN OPERATIONS

P.T. Zelan Indonesia
Sequis Centre, 4th Floor
Jl. Jend. Sudirman Kav. 71
Jakarta 12190, Indonesia
Tel : +62 21 5290 3940
Fax : +62 21 5290 3954

INDIAN OPERATIONS

Zelan Construction (India) Private Limited
Level 2, Block H&I, Shakti Towers
766-Anna Salai, Chennai
600 002 India
Tel : +91 44 4267 8806
Fax : +91 44 4267 8833

CORPORATE STRUCTURE

ZELAN BERHAD

100% **ZELAN HOLDINGS (M) SDN. BHD.**

ENGINEERING & CONSTRUCTION

- **100%** ZELAN CONSTRUCTION SDN. BHD.
  - **100%** ZELAN CONSTRUCTION PTE. LTD.**
  - **50%** LK ANG-ZELAN CONSORTIUM PTE. LTD.**
- **100%** ZELAN CONSTRUCTION (INDIA) PTE. LTD.
- **100%** ZELAN CONSTRUCTION ARABIA CO. LTD.
- **100%** ZELAN MIDDLE EAST LTD.**
- **100%** ZELAN CONSOLIDATED (OVERSEAS) SDN. BHD.
- **100%** PT ZELAN INDONESIA
- **49%** SAHAKARN ZELAN (THAILAND) CO. LTD.
- **40%** ZELAN ARABIA CO. LTD.
- ABU DHABI BRANCH
- DUBAI BRANCH
- INDONESIAN BRANCH

PROPERTY & DEVELOPMENT

- **100%** ZELAN CORPORATION SDN. BHD.
  - **100%** ZELAN DEVELOPMENT SDN. BHD.
  - **100%** ZELAN PROPERTY SERVICES SDN. BHD.
  - **100%** PANDUAN PELANGI SDN. BHD.
  - **100%** PADUAN LIMA SEJATI SDN. BHD.
- **100%** SEJARA BINA SDN. BHD.
  - **50%** ESSENTIAL AMITY SDN. BHD.


Meena Plaza - Work in progress.


Hampshire Residences - View of Swimming Pool.

7.93%
IJM CORPORATION BERHAD

OTHERS

- **100%** ZELAN ENTERPRISE SDN. BHD.
  - **100%** VISPA SDN. BHD.
  - **99.9%** EMINENT HECTARES SDN. BHD.

OTHERS

- **100%** TRONOH CONSOLIDATED (OVERSEAS) SDN. BHD.
- **100%** TCMB POWER SDN. BHD.
- **100%** TCMB ENERGY VENTURES SDN. BHD.
- **100%** TRONOH CONSOLIDATED (LABUAN) LTD.**
- **66.67%** GOLDEN SOLITAIRE (AUSTRALIA) B.V.*
- **30%** TIMAH DERMAWAN SDN. BHD.


Rembang - Coal Unloading Jetty.

Al-Reem - Visit by the Prime Minister of Malaysia.

Notes:
* Under Members' Voluntary Liquidation
** To be struck off

BOARD OF DIRECTORS

from left to right

DATO' ANWAR AJI, YM RAJA AZMI RAJA NAZUDDIN, DATO' ABDULLAH MOHD YUSOF, DATUK HJ. HASNI HARUN, CDR MOHD FARIT IBRAHIM RMN (Retd), MR. OOI TEIK HUAT

BOARD OF DIRECTORS' PROFILE

Dato' Anwar bin Aji

Age: 60
Independent, Non-Executive Chairman

Dato' Anwar bin Aji, 60, a Malaysian, was appointed the Independent Non-Executive Chairman of Zelan Berhad on 11 December 2008. He is also the Chairman of the Executive, Nomination and Remuneration Committees of the Board.

He graduated from University of Malaya with Honours in Economics in 1973 and obtained his Masters in International Studies from Ohio University, United States of America in 1982. He started his career with the Government and had held various posts in the Ministry of Trade and Industry, the Prime Minister's Department and the Ministry of Finance. He joined Khazanah Nasional Berhad in 1994 and left in May 2004. His directorship in other public companies includes CIMB Islamic Bank Berhad, CIMB Wealth Advisors Berhad, CIMB-Principal Asset Management Berhad and SPJ Corporation Berhad.

Dato' Anwar does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

Dato' Abdullah bin Mohd Yusof

Age: 71
Independent, Non-Executive Director

Dato' Abdullah bin Mohd Yusof, 71, joined the Board as Independent, Non-Executive Director on 1 August 2002. He is also a member of the Audit, Executive, Nomination and Remuneration Committees.

Dato' Abdullah is a Partner in the legal firm of Abdullah & Zainuddin. Dato' Abdullah is a Malaysian citizen and holds a LLB (Honours) degree from the University of Singapore.

Dato' Abdullah is currently the Chairman of Aeon Co. (M) Berhad, Aeon Credit Service (M) Berhad and THR Hotel (Selangor) Berhad. Dato' Abdullah is also a Board member of Tradewinds Corporation Berhad and MMC Corporation Berhad.

Dato' Abdullah does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

Datuk Hj. Hasni bin Harun

Age: 53
Non-Independent, Non-Executive Director

Datuk Hj. Hasni bin Harun, 53, a Malaysian, was appointed as Director on 11 April 2008. He is also a member of the Executive, Audit, Remuneration and Nomination Committees.

Datuk Hj. Hasni is currently the Group Managing Director of MMC Corporation Berhad ("MMC"). He is a member of the Malaysian Institute of Accountants. He holds a Masters degree in Business Administration from United States International University, San Diego, California, USA and a Bachelor of Accounting (Honours) degree from University of Malaya.

Datuk Hj. Hasni held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund from March 1994 to March 2001, and the Managing Director of RHB Asset Management Sdn. Bhd. from April 2001 until April 2006. He then joined DRB-Hicom Berhad as Group Chief Financial Officer until December 2006 and joined MMC as the Group Chief Operating Officer in January 2007 until February 2008. In March 2008, he was appointed as the Chief Executive Officer Malaysia prior to his appointment as the Group Managing Director in May 2010.

Datuk Hj. Hasni also sits on the Boards of MMC Corporation Berhad, IJM Corporation Berhad, Malakoff Corporation Berhad, Johor Port Berhad, Aliran Ihsan Resources Berhad, MMC Engineering Group Berhad and several private limited companies.

Datuk Hj. Hasni has no family relationship with and is not related to any director and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad, except by virtue of being a nominee Director of MMC, a major shareholder of Zelan Berhad.

Cdr Mohd Farit bin Ibrahim RMN (Retd)

Age: 59

Non-Independent, Non-Executive Director

Cdr Mohd Farit bin Ibrahim RMN (Retd), Malaysian, 59, joined the Board as Non-Independent, Non-Executive Director on 16 June 2008. He is also a member of the Executive Committee.

Cdr Mohd Farit (Retd) completed his formal education from the Boys's Wing of the Royal Military College in Sungai Besi, Kuala Lumpur. He proceeded to complete his tertiary education and graduated from several prestigious institutions such as the Britannia Naval College in Darthmouth, England, the Naval War College in Rhode Islands, United States of America, the Fu Hsing Kang College in Taipei, Taiwan and the Singapore Institute of Management. A specialist in the field of maritime activities, he served distinguishably with the Royal Malaysian Navy for 23 years. He retired from the military service in 1990 with the rank of Commander after holding many appointments as Commanding Officer of warships, naval bases and as Director of Naval Intelligence.

His career in civilian life started off with Perwaja Steel Sdn. Bhd. ("Perwaja Steel") in 1990 when he was appointed as Manager and was tasked with the responsibility of setting up the training division for the company and together turned around Perwaja Steel to a profitable company. He accomplished the objective with distinction and was promoted to Group Manager in 1992. He joined Worldwide Holdings Berhad in 1992 as Senior Manager for Operations and Development and started a new division – Division of Maritime Activities. He left the company the following year and became the Managing Director of Southern Water Corporation Sdn. Bhd. – a position he assumed until September 2007. He played a vital role and was instrumental in securing the concession agreement for Southern Water Corporation Sdn. Bhd. to operate and maintain fourteen (14) water treatment plants in the State of Johor Darul Takzim. His hard work and prudence in business has brought Southern Water Corporation Sdn. Bhd. to be listed on the Main Board of Bursa Malaysia as Aliran Ihsan Resources Berhad in March 2005 (AIR Bhd) and was its Group Managing Director until September 2007. He was also an Executive Director of Bina Puri Holdings Berhad from 1993 to 1995.

Cdr Mohd Farit (Retd) also holds many high appointments and sits on the Board of several private companies engaging in businesses in such diverse fields as township development, specialist medical centres to mixed retail developments and security business. He is a member of the Malaysian Institute of Management, Royal Institute of Navigation and the Nautical Institute of Management.

Cdr Mohd Farit (Retd) has no family relationship with and is not related to any director and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad, except by virtue of being a nominee Director of MMC Corporation Berhad, a major shareholder of Zelan Berhad.

Mr. Ooi Teik Huat

Age: 50
Independent Non-Executive Director

Mr. Ooi Teik Huat, 50, a Malaysian, was appointed to the Board as Independent, Non-Executive Director of the Company on 10 July 2009. He is also the Chairman of the Audit Committee.

Mr. Ooi Teik Huat is a member of Malaysian Institute of Accountants and CPA Australia and holds a Bachelor of Economics degree from Monash University, Australia. He started his career with Messrs. Hew & Co. (now known as Messrs. Mazars), Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad (now known as MIMB Investment Bank Berhad). He subsequently joined Pengkalen Securities Sdn. Bhd. (now known as PM Securities Sdn. Bhd.) as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn. Bhd. where he is presently a director.

His directorships in other public listed companies include MMC Corporation Berhad, DRB-HICOM Berhad, Tradewinds (M) Berhad and Tradewinds Plantation Berhad.

Mr. Ooi does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

YM Raja Azmi bin Raja Nazuddin

Age: 42
Managing Director/Chief Executive Officer

YM Raja Azmi Raja bin Raja Nazuddin, 42, a Malaysian, was appointed the Managing Director/Chief Executive Officer of the Company on 5 June 2009. He is also a member of the Executive Committee.

YM Raja Azmi holds a Master of Business Administration from the University of Bath, United Kingdom and is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

YM Raja Azmi started his career in 1987 with Coopers & Lybrand Malaysia before moving to Malaysian Tobacco Company Berhad in 1994. He joined Perodua Manufacturing Sdn. Bhd. as Accounts Manager in January 1999. He served as Commercial Manager in Haworth Malaysia Sdn. Bhd. in May 2000 and Senior Finance Manager in Tronoh Mines Malaysia Berhad in September 2001. In January 2003, he joined Sapura Telecommunications Berhad as Group Financial Controller and in May 2004, he was appointed the Chief Financial Officer of Tronoh Consolidated Malaysia Berhad. He was formerly the Senior Director of Corporate Development Division of UEM Group Berhad and Executive Director of Time Engineering Berhad before his present position.

YM Raja Azmi does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

SENIOR MANAGEMENT TEAM

1 **YM RAJA AZMI RAJA NAZUDDIN**
– Managing Director/
Chief Executive Officer

Corporate Services

2 **CHUNG KIN MUN**
– Group Chief Financial Officer

3 **VINCENT YAP LENG KHIM**
– Head of Group Legal

4 **ANUARIFAEI MUSTAPA**
– Group General Manager, Finance

5 **AMIRAH MANSOR**
– Head of Corporate Resources

6 **KAMARUL ARIFFIN ABDUL SAMAD**
– Head of Corporate Affairs

7 **SUHLA AL ASRI**
– Company Secretary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Operations

1 **LIM CHOON HEAN**
- Head of Bidding and Contract
- Engineering & Construction Business Unit

2 **HAZIMI BIN BAHARUM**
- Head of Special Projects
- Engineering & Construction Business Unit

3 **KAMARUDDIN BIN ABD KARIM**
- General Manager, Power Plant Division
- Engineering & Construction Business Unit

4 **JULIAN SYLVESTER THERAVIAM**
- General Manager, Design & Technical
- Engineering & Construction Business Unit

5 **BEH HENG LONG**
- Project Director, Meena Plaza Project
- Engineering & Construction Business Unit

6 **CHAN HUAN KHIM**
- Project Director, Sidra Tower Project
- Engineering & Construction Business Unit

7 **NASHARUDDIN ZAINI**
- Senior Project Manager, Shuqaiq II IWPP Desalination Plant Project
- Engineering & Construction Business Unit

8 **KONG CHAN CHEONG**
- Head of Property & Development Business Unit

SENIOR MANAGEMENT PROFILE

Corporate Services

CHUNG KIN MUN
– Group Chief Financial Officer

Chung Kin Mun joined Zelan as Group Chief Financial Officer in April 2009. He has more than 18 years of experience in accounting, corporate finance and advisory and was previously attached to Halim Mazmin Berhad, Leverage Management Sdn. Bhd. and D&C Sakura Merchant Bankers Berhad. He holds a Bachelor of Business (Accounting) from Phillip Institute of Technology, Melbourne, Australia (now part of RMIT University, Melbourne, Australia) where he graduated in 1989. He is also a member of CPA Australia since 1991.

ANUARIFAEI MUSTAPA
– Group General Manager, Finance

Anuarifaei Mustapa started his career with Zelan in July 2005. Prior to joining Zelan, he was with TTDI Development Sdn. Bhd. from 2001 to 2005 as Manager, Finance and KPMG from 1997 to 2001 with the last position as Audit Supervisor. He has been an Associate Member of the Chartered Institute of Management Accountants, United Kingdom since 2006 and a Chartered Accountant with the Malaysian Institute of Accountants since 2000. He holds a Bachelor of Accounting (Hons) from International Islamic University Malaysia where he graduated in 1997.

VINCENT YAP LENG KHIM
– Head of Group Legal

Vincent Yap Leng Khim joined Zelan in May 2009. Prior to that, he was a Partner of Albar & Partners, Advocates & Solicitors, in Kuala Lumpur, where he focused on joint ventures, mergers and acquisitions, restructurings, corporate banking, debt capital markets, structured finance and asset backed securitisation. He had previously spent a year out of the legal practice and served as a Legal Counsel at OCBC Bank (Malaysia) Berhad, handling mainly the bank's corporate banking and investment banking portfolios. He graduated from the University of Nottingham, United Kingdom, with a Bachelor of Laws (Hons) in 1996. He was called to the Bar of England and Wales and admitted as a Barrister by Lincoln's Inn, London in 1997. He was subsequently called to the Malaysian Bar and admitted as an Advocate & Solicitor of the High Court of Malaya in 1998.

AMIRAH MANSOR
– Head of Corporate Resources

Amirah Mansor joined Zelan in October 2009 as Head of Strategic Planning, Management & Control. After the resignation of the previous Head of Group Human Resource, she was re-designated as Head of Corporate Resources in February 2010. Her responsibility encompasses Group Human Resources, Group Administration, and Group Information Technology departments. Prior to joining Zelan, she was the General Manager, Corporate Development of UEM Group Berhad. She has also previously worked for Sapura Technology Group and Kumpulan Guthrie Berhad. She holds a Master of Business Administration degree and a Bachelor of Science in Business Administration-Accounting from the Ohio State University, Ohio, United States of America. She has more than 15 years of experience in business transformation and organisational change management.

SUHLA AL ASRI
– Company Secretary

Suhla Al Asri joined Zelan on 17 September 2007 and was appointed Company Secretary on 27 September 2007. She completed the examinations of The Institute of Chartered Secretaries and Administrators in 1994 in Kensington School of Business, England after obtaining Diploma in Accountancy from Universiti Teknologi Mara in 1992; and holds a Master's degree in Business Administration from Universiti Kebangsaan Malaysia. She is an Associate member of the Malaysian Institute of Chartered Secretary and Administrators (MAICSA). She started her career in 1995 as Secretarial Assistant at M&C Services Sdn. Berhad, prior to joining Malaysian National Insurance Berhad (MNI) as Secretarial Executive in 1997. She left MNI in 2002 to join Kumpulan Guthrie Berhad in which her last position was as Manager, Secretarial.

KAMARUL ARIFFIN ABDUL SAMAD
– Head of Corporate Affairs

Kamarul Ariffin Abdul Samad joined Zelan in November 2009. Prior to joining Zelan, he was the Deputy General Manager, Group Strategy & Business Development of UEM Group Berhad. He has also previously served Metroport Group Berhad, Sapura Group and Public Bank Berhad. His 11 years stint with the Sapura Group included a 2-year assignment in Vietnam for a telecommunications project. He holds a Master of Business Administration (Financial Management) and a Bachelor of Science (Hons) in Accounting from the University of Hull, United Kingdom. He also holds a Diploma in Accountancy from Universiti Teknologi MARA where he graduated in 1990. He has more than 17 years of experience in corporate management and development.

Operations

LIM CHOON HEAN
- Head of Bidding and Contract
- Engineering & Construction Business Unit

Lim Choon Hean joined Zelan in March 2009. He was admitted to the New Zealand Institute of Quantity Surveyors in 1983 and qualified as a New Zealand Registered Quantity Surveyor in 1985. He is currently a Registered Quantity Surveyor in Malaysia. He is also a Member of the Royal Institution of Chartered Surveyors, Member of the Institution of Surveyors Malaysia and a Project Management Professional (PMP) certified by the Project Management Institute, United States of America. He has over 30 years of experience locally and overseas spanning various industries including general engineering and construction, oil and gas, information technology and telecommunications.

KAMARUDDIN BIN ABD KARIM
- General Manager, Power Plant Division
- Engineering & Construction Business Unit

Kamaruddin Bin Abd Karim joined Zelan in March 2009 with almost 26 years of experience in construction. He started his career as a Project Engineer at Maraputra Sdn Bhd in 1985 after graduating from Universiti Teknologi MARA, Shah Alam, Selangor with Advanced Diploma in Civil Engineering. After that he joined Percon Corporation Sdn Bhd in 1990 as a Senior Engineer and the last position he held was as a Senior Construction Manager. He left and joined Kenneison Brothers Construction Sdn Bhd in 1995 as General Manager. He then worked with HRA Teguh Sdn Bhd as a Senior Project Manager in 2005 until he joined Zelan in 2009. During his career he was involved in the construction of Gas Processing Plant, GPP 2, 3 and 4 in Kerteh, Terengganu, the construction of the 750 MW Combined Cycle Tengku Jaafar Power Plant – Phase 2 in Port Dickson, Negeri Sembilan and various infrastructure and building projects. He has extensive experience in project management and is currently overseeing Indian operation.

HAZIMI BIN BAHARUM
- Head of Special Projects
- Engineering & Construction Business Unit

Hazimi Baharum joined Zelan in March 2010. He was previously the General Manager leading the Building and Environment Business Unit at Opus International Berhad. Prior to joining Opus, he has also worked as a Project Manager for Zainuddin Parson Brinckerhoff Sdn Bhd and Telekom Malaysia Berhad. He is a Project Management Professional certified by the Project Management Institute, United States of America and holds a Bachelor of Science in Civil Engineering from Lamar University, Texas, United States of America. His professional career for the last 20 years has been mainly focused on project and construction management for which he has gained vast experience in project business development, design management, planning and contract administration. Hazimi has played vital roles in various projects of different complexity including some major and prestigious projects like Bukit Jalil National Sport Complex, KL Sentral, Ipoh-Rawang Electrified Double Tracking and National Heart Institute (IJN) Expansion Project.

JULIAN SYLVESTER THERAVIAM
- General Manager, Design & Technical
- Engineering & Construction Business Unit

Julian Theraviam joined Zelan in July 2006. He began his career in 1989 with Sepakat Setia Perunding Sdn Bhd, a consulting engineering firm as a graduate engineer and eventually as Associate and Chief Highway Engineer of the company. He joined Zabima Engineering & Construction Sdn. Bhd. in 2000 as General Manager until he joined Zelan. He holds a degree in Civil Engineering from the Victoria University of Technology, Melbourne, Australia where he graduated in 1988. He has over 20 years of experience mainly focused on design, design management and project management.

BEH HENG LONG
- Project Director, Meena Plaza Project
- Engineering & Construction Business Unit

Beh Heng Long joined Zelan in April 2009. He began his career in 1989 with BEC Consultants, Singapore. Since then, he has held key positions in several companies in Malaysia and Singapore such as Ebara Corporation, DRB-HICOM Berhad, Multiplex Construction Pte. Ltd. and Buildspeed Construction Pte. Ltd. He holds a Diploma in Quantity Surveying from Singapore Polytechnic where he graduated in 1989, and a Bachelor of Building (Construction Economics) (Hons) from University of Technology, Sydney, Australia where he graduated in 1992. He is also an associate member of the Australian Institute of Quantity Surveyors since 1997. He has extensive experience in quantity surveying, contract management and project management.

NASHARUDDIN ZAINI
- Senior Project Manager, Shuqaiq II IWPP Desalination Plant Project
- Engineering & Construction Business Unit

Nasharuddin Zaini joined Zelan in November 2006 with extensive experience in various aspects of operations, construction and project management. He started his career as a Site Engineer at Sato Kogyo Co. Ltd. in 1994, after graduating from the University of Malaya with a Bachelor of Science (Hons) in the same year. He later joined Pigas Engineering Sdn. Bhd. in 1998 and held several management positions in the company until his departure in 2002. His last position with Pigas Engineering was as Project Manager. Subsequently, he worked as Chief Operations Officer at TerraCorporis Sdn. Bhd., before he joined Technochase Sdn. Bhd. in 2005 as Project Manager. Prior to the Shuqaiq Project, Nasharuddin Zaini was also involved in the Shuaibah III IWPP Desalination Plant Project in the Kingdom of Saudi Arabia.

CHAN HUAN KHIM
- Project Director, Sidra Tower Project
- Engineering & Construction Business Unit

Chan Huan Khim joined Zelan in August 2008. He is a Professional Engineer registered with the Board of Engineers, Malaysia and a Corporate Member of the Institution of Engineers, Malaysia. He graduated with a Bachelor of Civil Engineering (Hons) from the University of Liverpool, United Kingdom in 1984. Prior to joining Zelan, he was with Ireka Engineering & Construction Sdn. Bhd. from 1999 to 2008 with the last position as a Project Director. He has previously worked for IJM Corporation Berhad initially as a Project Engineer and subsequently as a Project Manager from 1991 to 1999. He has also held various positions in other companies and government agency such as Perunding Bakti Sdn. Bhd., Jurutera Konsultan (SEA) Sdn. Bhd. and Drainage and Irrigation Department. He has 26 years of experience in design & engineering, construction and project management.

KONG CHAN CHEONG
- Head of Property & Development Business Unit

Kong Chan Cheong has more than 30 years of diverse experience in property development, project management, building operations & facilities management and hotel & golf resort management. He has previously held the post of Group General Manager, Property Management in Meda Inc Berhad, and Chief Executive Officer with Horsedale Development Berhad, a subsidiary of DRB Hicom Berhad. He has also held the Managing Director post in a property development company with projects in West Asia. He holds a degree in Housing, Building and Planning from Universiti Sains Malaysia. He joined Zelan in May 2009 to head the Property & Development Business Unit.

1. Rembang - Installation of Turbine for Unit 10 in progress.

2. Meena Plaza - Post-tensioning installation in progress.

3. Shuqaiq - Launching of CW Box Culvert.

OUR POLICIES

Business and Quality

The Group's business policy is to provide total satisfaction to our customers by delivering products and services that:

- exceed customers' expectations
- are in accordance with statutory requirements and relevant codes and practices
- are within stipulated schedule and budget

• **We plan to achieve these through:**

- adopting an efficient management system
- excellent engineering practices
- total project management and control processes
- the implementation and continuous improvement of the Company quality management system, complying with MS ISO 9001:2008.

In this regard, the Group has received numerous letters of commendation and awards in recognition of the quality of its products and services. The Group's commitment to the community is that we will undertake our projects in the most environmental friendly manner, in accordance with the prevailing statutory requirements through good planning, innovative engineering and efficient work practice. We shall endeavour to preserve the environment by minimising wastage of natural resources and utilise only environmental friendly materials where possible.

Safety and Health

It is also the policy of the Group to provide, so far as is practicable, a safe and healthy working environment for all our employees; and in the spirit of consultation and cooperation, Management and staff shall together strive to achieve the established goals and objectives of our business policy. More specifically, the Safety and Health Policy of the Group is as follows:

- To provide and maintain a safe place and system of work, enhance the safety standards and promote safety awareness at all sites.
- To ensure that all employees are informed, instructed, trained and supervised on how to perform their job without risking their own and others' safety.
- To motivate and guide all workers to appreciate the importance of working together efficiently and strive towards zero accident.
- To investigate all incidents, near-misses and accidents and take corrective measures to ensure they do not recur.
- To comply with all requirements on safety and health matters as stipulated in the Occupational and Safety Act 1994 and the Factory and Machinery Act 1967 and the Regulations made under it and the Approved Codes of Practice.

CORPORATE RESPONSIBILITY (CR) STATEMENT

In fulfilling its role as a good corporate citizen, Zelan Berhad is fully committed to practising the highest standards in corporate governance as well as actively pursuing policies and actions that are in the best interests of the stakeholders and community.



To this end, the Group seeks to ensure that the interest of its key stakeholders from shareholders, investors, customers, employees and the communities are cared for through our conscious endeavours to integrate all our business plans and activities with corporate responsibility values.

It is our sincere wish that as we grow and prosper, we bring the same benefits to the communities we touch everyday – improving their lives and at the same time, contributing strongly to our agenda of maintaining sustainable growth and development, internally and externally.

In this regard, we have undertaken the following in relation to various aspects of our business:

▶ Business Governance & Ethics

In line with good corporate governance and transparent business practices, we constantly review our policy statements and best management practices to ensure the Group is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability, sustainability and profitability. This includes the implementation of internal control systems such as a financial authority framework and risk management framework. Coupled with this, the Group's Audit Committee and Risk Management Committee periodically review these internal control systems together with recommendations from internal auditors and advisors.

▶ Customer Satisfaction

We strive to meet our standards of excellence by ensuring the delivery of quality in project execution and meeting all customer deliverables as specified in our contracts.

We aspire towards full realisation of ISO standards throughout our operations and the application of established quality practices and policies. We are at present accredited with the MS ISO 9001:2008 for Provision of Design and Construction Services for Building and Civil Engineering Works including related Construction Management activities.

▶ Safety & Health

The safety of our people and communities is imperative to our operations. As a safety first entity, the Group actively and continuously seek out a safety first mindset in its operations. We ensure their well being by observing strict Safety and Health standards in our workplace.

Our standard operating policies (SOPs) include incident and situation management and well defined performance indicators (Lost Time Injuries/Accidents and Non-conformity reports). Project Safety and Health Plans are implemented for each and every project we undertake in line with the Occupational Safety and Health Act 1994 monitored by experienced and qualified safety officers.

In tandem with the above, the Group is currently pursuing the OHSAS 18001:1991 accreditation.

▶ Investors Relations

Zelan Berhad continues to place great importance in open and fair disclosure of information to our stakeholders. The rights of all shareholders – institutional, retail or minority to information are respected and hence, we place priority in engaging those shareholders through the Company's Annual General Meeting, periodic dialogues with institutional investors, participation in investor's forums and encouraging feedbacks through our official website.

▶ Our People

The Group values its people as its key business asset and competitive advantage. In this regard, continuous emphasis is placed on people development through adequate training and learning opportunities. In return, it is our hope that this will create a truly international workforce of diverse skills, talents and cultural backgrounds, coming together as one entity in a vibrant and dynamic workplace.

Whilst we continuously seek to keep morale high and improve the performance of our people, we also strive to create a balanced workforce whereby social gatherings and recreational activities are encouraged. These include festive celebrations, sports tournaments, regular sports events and the establishment of a staff recreational club.

▶ Caring for the Communities

As a socially conscious corporate citizen, the Group has continued to place efforts in its philanthropic endeavours through monetary and resources contributions to the community and various charitable organisations. This also includes maximisation of usage of local labours and materials to spur economic activities through the implementation of our projects.

▶ Caring for the Environment

The Group believes that sustainability of its business is not only achieved through long-term economic success but also through caring for the environment. The Group is committed to the best practice in environmental protection by constantly implementing pre-emptive efforts to prevent damage to the environment.

These efforts include the carrying-out of controlled earthworks and the construction of temporary detention ponds, where necessary, to prevent flooding of surrounding low lying areas and the implementation of silt traps and slope stabilisation systems to prevent soil erosion and sedimentation. With regard to construction in the urban environment, efforts to reduce noise pollution are continuously implemented.

We are currently pursuing the ISO14001:2004 accreditation.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Zelan Berhad ("Zelan" or the "Company") confirms that throughout the financial year ended 31 March 2010, it has continued to integrate good and effective corporate governance practices in directing and managing the overall business of the Company and its subsidiary companies ("Zelan Group" or the "Group"), in compliance with the Best Practices of the Malaysian Code of Corporate Governance (the "Code").

The Board is determined and committed towards ensuring maximum shareholders' value and enhancing investors' interest in line with the application of the principles of the Code.

A. Board of Directors

1. Composition of the Board

The Board comprises members with relevant experiences and expertise drawn from various fields such as corporate finance, financial, public services, legal and maritime services. Together, the Board with their wide experiences and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group.

At this date of this report, the Board has six (6) members. There are three (3) Independent Directors on the Board and this composition complies with the Listing Requirements of Bursa Malaysia Securities ("Bursa Malaysia"), which requires that at least one-third (1/3) of the Board should comprise Independent Directors.

The roles of the Independent Non-Executive Chairman and the Managing Director/Chief Executive Officer are distinct and are held by two (2) different persons. The Independent Non-Executive Chairman is entrusted with the overall task of running of the Board whereas the Managing Director/Chief Executive Officer is responsible for the operations of the business as well as implementation of policies and strategies adopted by the Board.

The Independent Non-Executive Directors on the Board fulfill their role by exercising independent judgement and objective participation in the Board's deliberation. Dato' Abdullah bin Mohd Yusof is the Senior Independent Non-Executive Director to whom the shareholders may communicate with.

The profile of each Director is set out on pages 26 to 29 of this Annual Report.

2. Duties and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Company and the Group. This includes the responsibility for determining the Company's and the Group's development and overall strategic directions which are as follows:

(i) Reviewing and providing guidance on the Company's and the Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long term business plans, reviewing major capital expenditures, acquisition and disposal.

(ii) Monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance.

(iii) Identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee and the Risk Management Committee.

(iv) Reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system and ensuring that they are in compliance with the applicable standards, laws and regulations.

(v) Ensuring a transparent Board nomination and remuneration process including succession planning for top management, ensuring the skills and experiences of the Directors are adequate for discharge of their responsibilities whilst the calibre of the Non-Executive Directors brings an independent judgement in the decision making process.

(vi) Developing and implementing an investors' relations program or shareholders' communications policy of the Company.

3. Board Meetings

Board meetings are scheduled in advance at the beginning of each new calendar year to enable the Directors to plan ahead. Special Board meetings will be convened as and when necessary to deliberate and assess corporate proposal or business issues that require expeditious decision from the Board.

During the financial year ended 31 March 2010, a total of four (4) Board meetings and five (5) Special Board meetings were held.

The records of attendance of each Director at Board Meetings held during the financial year ended 31 March 2010 are as follows:

Name of Director	No. of meeting(s) attended	Percentage (%)
Dato' Anwar bin Aji	9/9	100
Dato' Abdullah bin Mohd. Yusof	9/9	100
Datuk Hj. Hasni bin Harun	9/9	100
Cdr Mohd Farit bin Ibrahim RMN (Retd)	8/9	89
Mr. Ooi Teik Huat	5/5*	100
YM Raja Azmi bin Raja Nazuddin	7/7^	100

Notes:
* Number of meetings attended from 10 July 2009 onwards.
^ Number of meetings attended from 5 June 2009 onwards.

4. Supply of Information

The Company has adopted a policy of sending Board papers to the Directors ahead of scheduled meetings. This is to ensure that the Directors are given ample time to review any matters/issues to be discussed at the scheduled meeting. Minutes of every Board meeting are circulated in advance so that Directors are given opportunity to make any comments or amendments, prior to confirmation and approval at the subsequent Board meeting.

At every regularly scheduled Board meeting, the Board deliberated and considered on matters including the Company's and the Group's financial performance, business review, operating performance to-date against the annual budget and the business strategies.

In addition to that, the Directors and Senior Management will also be notified on the restrictions imposed by Bursa Malaysia on dealing in the securities of the Company during closed period, at least 30 calendar days prior to the release of the quarterly financial results announcement.

The Directors are also notified from time to time of any corporate announcements released to Bursa Malaysia, changes in the structure of the Group, new projects awarded and changes in the relevant laws and regulations such as Bursa Malaysia's Listing Requirements, Securities Industry Act and accounting policies.

Each Director has full and unrestricted access to Senior Management Team within the Group and is entitled to the advice and services of the Company Secretary. The Directors may, if necessary, obtain independent professional advice relating to the affairs of the Group or in discharging their duties and responsibilities, at the Company's expense.

5. Committees Established by the Board

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate within their clearly defined terms of reference. These Committees, which comprise of selected Board members, are empowered to deliberate and examine issues delegated to them and report back to the Board with their recommendations and comments.

(a) Audit Committee

The Audit Committee was established on 18 July 1994. The Audit Committee comprises two (2) Independent Non-Executive members and one (1) Non-Independent Non-Executive Director. The membership of the Audit Committee is as follows:

- Mr. Ooi Teik Huat *(Chairman)*
- Dato' Abdullah bin Mohd Yusof
- Datuk Hj. Hasni bin Harun

The terms of reference and summary of activities of the Audit Committee are reported on pages 49 to 52 of the Annual Report. For the financial year ended 31 March 2010, the Audit Committee met five (5) times.

(b) Executive Committee ("EXCO")

The EXCO was established on 18 July 1994. The current members comprise the following:

- Dato' Anwar bin Aji (*Chairman*)
- Dato' Abdullah bin Mohd Yusof
- Datuk Hj. Hasni bin Harun
- Cdr Mohd Farit bin Ibrahim RMN (Retd)
- YM Raja Azmi bin Raja Nazuddin

The EXCO is entrusted to discuss, deliberate and approve the strategic and operational plans which fall within their level of authority. In addition, the EXCO also deliberates on all policy issues, investment proposals, tender bids and review of annual plans and budget.

During the financial year ended 31 March 2010, the EXCO met three (3) times.

(c) Nomination Committee

The Nomination Committee was established on 23 March 2004. It consists of wholly Non-Executive Directors comprising of the following:

- Dato' Anwar bin Aji (*Chairman*)
- Dato' Abdullah bin Mohd Yusof
- Datuk Hj. Hasni bin Harun

The Nomination Committee is empowered by the Board and its terms of reference include the responsibility for recommending to the Board, suitable candidates for appointment as Directors on the Company's Board and members to the Board Committees. The Nomination Committee is also responsible to consider and recommend measures to assess the effectiveness of the Board, its Committee and contribution of each individual Director.

For the financial year under review, the Nomination Committee met two (2) times.

(d) Remuneration Committee

The Remuneration Committee was established on 23 March 2004 and consists of wholly Non-Executive Directors. The current membership is as follows:

- Dato' Anwar bin Aji (*Chairman*)
- Dato' Abdullah bin Mohd Yusof
- Datuk Hj. Hasni bin Harun

The main duties and responsibilities of the Remuneration Committee are to establish and to recommend to the Board, the structure and remuneration policy of the Executive Directors.

In addition, the Remuneration Committee also reviews and recommends to the Board on matters relating to general remuneration policy of the Company and the Group.

The Remuneration Committee had met once during the financial year under review.

6. Appointment of Director

The Nomination Committee is responsible to ensure an effective process for selection of new directors and assessment of the Board, Committees of the Board and individual Directors which will result in the required mix of skills, experiences and responsibilities being present on the Board.

7. Re-election

In accordance with the Articles of Association and in compliance with the Listing Requirements of Bursa Malaysia, all Directors are required to retire from office at least once in every three (3) years and shall be eligible for re-election.

The Articles of Association also requires that at least one third (1/3) of the Board of Directors shall retire at each Annual General Meeting ("AGM") and may offer themselves for re-election.

Additionally, Directors of or over the age of seventy are to be re-appointed annually at the AGM, a requirement to be adhered pursuant to Section 129 of the Companies Act, 1965. This affords shareholders the opportunity to review Directors' performance and also promote effective Board.

8. Training

All members of the Board have attended the Mandatory Accreditation Program organised by Bursa Malaysia and are aware of the requirements of the Continuing Education Programme set by Bursa Malaysia. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

During the financial year under review, all Directors attended at least one (1) training session, including the following:

Director	Training/Workshop/Seminar Attended	Organiser	Date
Dato' Anwar bin Aji	Corporate Governance Guide – Towards Boardroom Excellence	Malaysian Institute of Accountants	20 August 2009
Dato' Abdullah bin Mohd. Yusof	(i) New Framework for Listings and Equity Fund-Raisings	Boardroom Corporate Services (KL) Sdn. Berhad	17 September 2009
	(ii) Directors' Training: Getting Up to Speed with Governance	The Institute of Internal Auditors Malaysia	5 November 2009
Datuk Hj. Hasni bin Harun	(i) FRS 139 Financial Instruments: Recognition and Measurement, FRS 132 Financial Instruments: Presentation & FRS 7 Financial Instruments: Disclosure	PricewaterhouseCoopers	22 to 23 July 2009
	(ii) Key Amendments on the Directors' Obligations under the Listing Requirements of Bursa Malaysia Securities Berhad and Understanding the Directors' Obligations: Board Effectiveness & Managing Risk (with reference to the Corporate Governance Guide: Toward Boardroom Excellence)	Bursatra Sdn. Berhad	6 November 2009
	(iii) KPMG Malaysia GST Seminar 2010	KPMG Tax Services Sdn. Berhad	3 March 2010
Cdr Mohd Farit bin Ibrahim RMN (Retd)	Corporate Governance Guide - Towards Boardroom Excellence	Malaysian Institute of Accountants	21 April 2010
Mr. Ooi Teik Huat	(i) High Level Forum for Directors of Listed Issuer In Enhancing Corporate Governance	Bursa Malaysia	12 May 2009
	(ii) An Insight Session into the Economy with Professor Danny Quah	DRB-Hicom Berhad	24 August 2009
	(iii) Forum on FRS 139 Financial Instruments: Recognition and Measurement	Bursa Malaysia	5 October 2009
	(iv) Board Excellence Forum	Lexis Nexis	6 October 2010
	(v) Briefing on FRS 139	PricewaterhouseCoopers	26 November 2009
	(vi) Forum on FRS 139 – Financial Instruments Standard	Bursa Malaysia	21 January 2010
YM Raja Azmi bin Raja Nazuddin	(i) Corporate Governance Guide – Towards Boardroom Excellence	Malaysian Institute of Accountants	20 August 2009
	(ii) Revitalise Growth, Emerge Stronger Tomorrow	PricewaterhouseCoopers	29 October 2009

B. DIRECTORS' REMUNERATION

1. The Level and Make-up of Remuneration

The remuneration of all Directors is determined at levels which ensure that the Company attracts and retains Directors having the right calibre needed to run the Company successfully.

The Non-Executive Directors are paid annual fee approved by the shareholders at the Annual General Meeting. An attendance or meeting allowance is also paid to the Non-Executive Directors for each Board or Committee meeting that they attend.

The Executive Directors are not paid annual Director's fees, however, they receive a total remuneration package which includes his basic salary, bonus and other benefits.

2. Policy and Procedure

The Board has set the framework and benchmark values on compensation and benefits in line with the market norms and competitive pressures in the industry. The Board strives to ensure fair compensation through comparable roles in similar organisations of similar size, market sector and business complexity.

The Remuneration Committee in consultation with the Board will set and recommend the basic salary of the Executive Directors. This is done by taking into consideration the performance of the Executive Directors and the compensation practice of other companies within the same industry. The remuneration package is reviewed annually to reflect the current market condition, scale of responsibilities and personal performance.

3. Disclosure

The details of the Directors' remuneration for the financial year ended 31 March 2010 are as follows:

Category	Executive Directors (in RM'000)	Non-Executive Directors (in RM'000)
Fee	Nil	440
Salaries and bonus	1,137	Nil
Benefit-in-kind	87	Nil
EPF Contribution	159	Nil
Other emoluments	40	76

The number of Directors of the Company, whose total remuneration fall within the following bands for the financial year ended 31 March 2010, are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM0 to RM50,000	Nil	2
RM50,001 to RM100,000	Nil	2
RM100,001 to RM150,000	Nil	2
RM550,001 to RM600,000	1	Nil
RM700,001 to RM750,000	1	Nil

For security and confidentiality reasons, the details of Directors' remuneration are not shown individually.

C. SHAREHOLDERS AND INVESTORS

1. Dialogue between the Company and Investors

The Board values its dialogue with both institutional shareholders and private investors through timely dissemination of information on the Company and the Group's performance and its operation via distribution of Annual Report, relevant circulars and press releases.

In addition, the Company also posts its material announcement and quarterly financial results via Bursa LINK to enable public community to be updated on any latest development pertaining to the Company's business affairs and achievements. Shareholders can also view and access information on the Group's operations and latest projects via its website: www.zelan.com.

2. Annual General Meeting

The Annual General Meeting is the main forum which provides opportunity to the shareholders to have dialogue with the Board. Besides the normal agenda, the Board will also present reports and provide opportunity for shareholders to raise questions pertaining to the Group's business activities. The Board members are in attendance to provide responses to questions from the shareholders during these meetings.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board aims to present a true and fair assessment of the Company's financial performance, position and prospects to the Company's shareholders. The Board is also responsible to provide appropriate level of disclosure to ensure integrity and consistency of financial reports.

The Company publishes its annual financial statement annually and quarterly condensed financial statement as required by the Listing Requirements of Bursa Malaysia.

2. Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 (the "Act"), to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year. The Directors' Statement in compliance with the requirements under the Act is set out on page 61 of this Annual Report.

The Board is responsible in ensuring the Group and the Company keep sufficient accounting records for accurate disclosure of the financial position of the Group and the Company, and to enable them to ensure that the financial statements are prepared in accordance with the provisions of the Act and applicable accounting standards in Malaysia.

The Board is also responsible for taking such reasonable steps open to them, to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.

3. Internal Control

The Board recognises its overall responsibility for continuous maintenance of a sound system of internal control to safeguard the shareholders' investment and the Group's assets.

The Board reviews and discusses the effectiveness of the Group's Risk Management System at each quarterly meeting based on the report submitted by the Risk Management Committee. The Audit Committee together with the Internal Auditors and Group Risk Manager undertake reviews which cover the financial, operational and compliance control as well as Risk Management.

The Group's Internal Control Statement is set out on pages 53 to 54 of this Annual Report.

4. Relationship with the Auditors

The relationship of the Audit Committee with the Auditors is disclosed in the Audit Committee Report which can be found on pages 49 to 52 of this Annual Report.

E. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

Zelan Group has complied with the principles of corporate governance and best practices in corporate governance throughout the financial year ended 31 March 2010.

ADDITIONAL COMPLIANCE INFORMATION

Conflict Of Interest

None of the Directors have any family relationship with other Directors or major shareholders of the Company. None of the Directors have any conflict of interest in the Company.

Convictions for Offences

None of the Directors have been convicted for offences within the past ten (10) years.

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposals.

Share Buy-Back

As at the date of this statement, the Company has not purchased any of its own shares.

Options, warrants or convertible securities

No options, warrants or convertible securities were issued by the Company during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR Programme.

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/ guidelines/legislation by the relevant regulatory bodies.

Non-Audit Fee

During the financial year ended 31 March 2010, a non-audit fee of RM132,000 was paid by the Company to the External Auditors, Messrs. PricewaterhouseCoopers, Malaysia for services rendered in connection with the review of the Company's quarterly results, tax and other technical and accounting advisory works.

Profit Estimation, Forecast or Projection

There was no profit estimation, forecast or projection made or released by the Company during the financial year.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiary companies involving Directors' or major shareholders' interests, during the financial year under review, except as disclosed in Note 36 of the Financial Statements.

Contracts Relating to Loan

During the financial year under review, there were no contracts relating to loan by the Company involving Directors and major shareholders.

Revaluation Policy of Landed Properties

The Company does not have a revaluation policy on landed properties.

This statement is made in accordance with a resolution of the Board of Directors dated 15 July 2010.

AUDIT COMMITTEE REPORT

1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director with Mr. Ooi Teik Huat as Chairman.

The current members are:

- Mr. Ooi Teik Huat - Chairman, (Independent, Non-Executive)
- Dato' Abdullah bin Mohd Yusof (Independent, Non-Executive)
- Datuk Hj. Hasni bin Harun (Non-Independent, Non-Executive)

During the financial year ended 31 March 2010, the Audit Committee held a total of five (5) meetings. The details of attendance of the Audit Committee members are as follows:

Name of Directors	Attendance
Mr. Ooi Teik Huat	3/3*
Dato' Abdullah bin Mohd Yusof	5/5
Datuk Hj. Hasni bin Harun	5/5

* No. of meeting attended since his appointment on 19 August 2009.

The External Auditors attended five (5) meetings during the year under review. The Committee had two (2) private sessions with the External Auditors without the presence of Management during the financial year under review.

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

2.1 Membership

The Audit Committee members shall be appointed by the Board amongst the Directors and shall consist of not less than three members, a majority of whom shall be Independent Directors. The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director. An Alternate Director must not be appointed as a member of the Audit Committee.

All members of the Audit Committee shall be Non-Executive Directors.

At least one (1) member of the Audit Committee:

i) must be a member of the Malaysian Institute of Accountants; or

ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience, and he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or he must be a member of one (1) of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

2.2 Meetings and Minutes

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Managing Director/Chief Executive Officer and Group Chief Financial Officer. The External Auditors are requested to attend all Audit Committee meetings. Other Board members may attend meetings upon the invitation of the Audit Committee. At least twice a year the Audit Committee shall meet with the External Auditors without any executive of the Group being present. The Auditors, both Internal and External, may request a meeting if they consider necessary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board at the quarterly Board meetings.

2.3 Quorum

A quorum shall be two (2) and shall comprise Independent Directors.

2.4 Secretary

The Secretary to the Audit Committee shall be the Company Secretary.

2.5 Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

i) to investigate any matters within its terms of reference;

ii) to have access to the resources which are required to perform its duties;

iii) to conduct investigations on irregularities once reported;

iv) to have full, free and unrestricted access to any information, records, properties and personnel of the Company and any other companies within the Group;

v) to have direct communication channels with the External Auditors and person(s) carrying out the Internal Audit function or activity (if any);

vi) to be able to obtain independent professional or any other advice; and

vii) to be able to convene meetings with the External Auditors.

2.6 Duties

The duties of the Audit Committee are as follows:

i) to consider the appointment of the External and Internal Auditors, the audit fee and any questions of resignation or dismissal, and inquire into staffing and competence of the External and Internal Auditors in performing their work.

ii) to discuss the nature and scope of the audit in general terms and any significant problems that may be foreseen with the External and Internal Auditors before the audit commences and ensure that adequate tests to verify the financial statements and procedures of the Group are performed.

iii) to discuss the impact of any proposed changes in accounting standards, regulatory and other legal requirements on future financial statements.

iv) to review the results and findings of the audit and monitor the implementation of any recommendations made therein.

v) to review the quarterly announcements and annual financial statements before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- major judgemental areas;
- significant adjustments resulting from the audit;

- the going concern assumptions;
- compliance with accounting standards, regulatory and other legal requirements; and
- compliance with stock exchange and legal requirements.

vi) to discuss problems and reservations arising from the interim and final audits, and any matters the External Auditors may wish to discuss (in the absence of Management where necessary).

vii) to review the assistance given by the employees to the External Auditors.

viii) to ensure that the Internal Audit function is adequately resourced and has appropriate standing within the Company.

ix) to review the Internal Audit Plan, consider the major findings of Internal Audit investigations and Management's response and ensure coordination between the Internal and External Auditors.

x) to keep under review the effectiveness of internal control systems and, in particular, review the External Auditors' management letter and Management's response.

xi) to monitor any related party transactions that may arise within the Company and the Group.

xii) to report promptly to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's Listing Requirements.

xiii) to review all prospective financial information made available to the public.

xiv) to carry out such other assignments as defined by the Board.

3. SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee met five (5) times. The businesses covered by the Audit Committee were as follows:

a) reviewed the Internal Audit Plan and major findings of Internal Audit reports;

b) reviewed the performance/operational audit of subsidiaries/associates and recommendations relating thereto;

c) reviewed the quarterly results/announcements of the Group/Company and made recommendations to the Board for approval;

d) discussed the significant areas highlighted by the External Auditors before the audit commenced;

e) reviewed the findings of the External Auditors and followed up on the recommendations;

f) reviewed the related party transactions that arose within the Company and the Group.

g) reviewed the annual financial statements of the Group/Company and made relevant recommendations to the Board for approval;

h) reviewed the External Auditors' programme; and

i) monitoring of the additional disclosure requirements in accordance with the Bursa Malaysia Securities Berhad's Listing Requirements.

4. INTERNAL AUDIT FUNCTION AND ACTIVITIES

The internal audit function is carried out by Messrs. Ernst & Young, to whom the function has been outsourced. The Audit Committee approves the Internal Audit Plan submitted by Ernst & Young prior to the commencement of a new financial year. The scope of Internal Audit covers the audits of all Business Units and operations, including head office functions.

The total Internal Audit fees incurred on services provided by Messrs. Ernst & Young during the last financial year was RM364,100.

Throughout the last financial year, audit assignments and follow-up reviews were carried out on units of operations and subsidiaries, with emphasis on overseas operations, in accordance with the Annual Audit Plan. The resulting reports of the audits undertaken were forwarded to the parties concerned for their attention and necessary actions, and subsequently presented to the Audit Committee.

Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required timeframe. Management is also responsible for ensuring a status report of action plans taken and audit findings are sent to the Internal Auditors for review and subsequent presentation to the Audit Committee.

During the financial year under review, Management had employed an Internal Audit Executive who had been assigned to assist Messrs. Ernst & Young in the Audit Plan in its effort to establish an in-house Internal Audit/Risk Management ("IA and RM") Department. Management will pursue the recruitment of other team members of the IA and RM Department in due course.

A summary of the Internal Audit activities during the financial year is as follows:

- Examine the controls over all significant Group operations and systems to ascertain whether they provide reasonable assurance that the Group's objectives and goals will be met efficiently and economically;
- Prepare the Annual Audit Plan for deliberation by the Audit Committee;
- Act on suggestions made by the External Auditors and/or Senior Management on concerns over operations or control;
- Carry out operational audits and make recommendations for improvement, where weaknesses exist; and
- Report on whether corrective actions have been taken and achieving the desired results.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors (Board) is responsible for the Group's system of internal controls and its effectiveness to safeguard shareholders' investment and the Group's assets. This is in accordance with the requirements set out by the Malaysian Code of Corporate Governance and the Bursa Malaysia Securities Berhad (BMSB). In preparing the Internal Control Statement, the Board is guided by BMSB's Statement on Internal Control; Guidance for Directors of Public Listed Companies.

RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of internal controls by ensuring its adequacy and integrity through the process of constant review and monitoring. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the business objectives of the Group. Therefore, it can only provide reasonable but not absolute assurance against material misstatements or losses.

GROUP'S RISK MANAGEMENT FRAMEWORK

The Group's Risk Management Framework continues to be fully implemented throughout the financial year. The Framework, which embodies the structure and processes are detailed under the Risk Management Report as set out on pages 55 to 56.

This process is regularly reviewed by the Board and independently reviewed by the Internal Auditors.

INTERNAL CONTROL

During the year under review, the Audit Committee has reviewed the internal control framework that currently exists within the Group, and has assessed the applicability of the existing controls with regards to their effectiveness and efficiency as reported by our Internal Auditors.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control framework that are now in place are described below:

- Performance reports are regularly provided to the Directors and discussed at Board meetings;
- Monitoring of the Group's Strategic Plan including detailed budgets by the Board on an annual basis;
- Processes governing the appraisal and the approval of investment expenditure and asset disposal, and processes to monitor and evaluate the continuing performance of the Group's investments;
- Processes governing the identification and evaluation of the risk factors before arriving at a decision to tender and the pricing of the tender for the contract thereon;
- Financial authority limits framework;
- Risk management framework;
- Monitoring of related party transactions; and
- Safety Committee to ensure that all relevant safety measures are in place towards achieving zero (0) Loss Time Injury (LTI).

In formulating the structure of the project implementation, the following factors are taken into consideration:

- Scope of works involved;
- Expertise level required;
- Level of monitoring and supervision;
- Management and supporting staff requirement;
- Duration of project;
- Periodic review by Internal Auditor; and
- Where appropriate, companies to have MS ISO 9001:2008 accreditation for their operational processes

The Board has reviewed the adequacy and integrity of the Group's internal control framework and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board introduced steps to tighten the control processes involving investment decisions and its monitoring process. Feasibility studies will be thoroughly evaluated by independent and expert consultants, and the required due diligence review will be carried out before deciding on an investment venture. Reviews on the performance of the investments will be regularly performed by the Board and the quality and type of information provided, carefully assessed.

RELATIONSHIP WITH THE AUDITORS

The Group's relationships with the External and Internal Auditors are managed by the Audit Committee. Key features underlying the relationships of the Audit Committee with the External and Internal Auditors are included in the Audit Committee's Terms of Reference.

ASSOCIATES

Representatives are appointed to the Board of Directors of the associate companies and attend Board meetings, for which key financial information is reviewed and significant risks are reported to the Board.

AUDIT COMMITTEE

The report by the Audit Committee for the year under review is set out on pages 49 to 52.

RISK MANAGEMENT REPORT

The Risk Management Report elaborates on the Group's Risk Management Framework ("the Framework"), which embodies the structure and processes to identify, assess, treat and report on risks at both corporate and project levels.

The Group Risk Manager ("GRM") continues to facilitate the execution of the Framework. This includes risk identification and mitigation actions as one of the key assessments during the bidding process. Risk analysis reports are presented, reviewed and deliberated at the respective Bid Evaluation Committee. Periodic internal trainings will also be conducted for both existing and new management staff by the GRM/ risk co-ordinators to reinforce or introduce risk management principles, awareness and culture throughout the Group.

During the current financial period, the key risk factors impacting the Group include higher contracted input prices as well as sub-contracting costs for specialist works (due to unforeseen adverse weather conditions); higher financing costs and project related expenses amid current global economic crises coupled with continuing challenges in the recruitment and retention of both skilled labour and management staff.

APPROACH TO RISK MANAGEMENT MONITORING AND REPORTING

The Board has primary responsibility in identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

The following key principles outline the Group's approach to risk management and internal control:

i) The establishment of a Risk Management Committee, which supports, advises and implements policies approved by the Board. The Committee reviews and challenges the assessment of risks put forward by all risk owners prior to tabling of the risk management report to the Board;

ii) GRM together with risk co-ordinators engage closely with Management and personnel at both project and corporate levels to ensure good risk practices within their area of responsibilities;

iii) Key risk indicators are identified and where possible, mitigating measures are put in place and closely monitored on a regular basis; and

iv) The monthly monitoring and reporting of measurable action plans and corresponding timelines in managing the risks identified.

RISK MANAGEMENT STRUCTURE

Given the importance of Risk Management to the Group, the GRM presents the monitoring, updating and reporting of risks at the Management Committee Meeting on a monthly basis. On a quarterly basis, a report on Risk Management Exercise undertaken by the Group is tabled directly to the Board of Directors. The risk management structure is as follows:

BOARD OF DIRECTORS

↑

RISK MANAGEMENT COMMITTEE

↑

MANAGEMENT COMMITTEE MEETING

RISK MANAGEMENT COMMITTEE (RMC)

The RMC is chaired by the Managing Director/Chief Executive Officer and its members comprise the Group Chief Financial Officer, GRM and representatives from each Business Unit. Key roles of the RMC are to:

i) Implement Group policies on risk and internal control.

ii) Provide adequate information in a timely manner to the Board of Directors on the status of risks (inclusive of action plans) and internal controls both at corporate and project levels.

iii) Meet at reasonable interval (on a quarterly basis) to consider the changes, if any, to the risks and control processes. Its review also covers matters such as responses to risks identified, output from the risks processes and changes made to the internal control systems.

iv) Review and suggest ways to continuously improve the assessment exercise.

MANAGEMENT COMMITTEE MEETING (MCM)

Every Business Unit and Major Project has its own Risk Coordinator, who will be in charge of coordinating and consolidating the assessments raised by all risk owners within that Unit. They shall liaise directly with GRM in the monitoring, updating and reporting of risks at least on a monthly basis at MCM.

The Risk Co-ordinators have a primary responsibility for managing risks on a day-to-day basis as well as promoting risk awareness within the operations and projects.

The key roles of MCM are:

i) To use the risk framework stipulated under the Risk Management Policies and Procedures and risk management process to ensure that significant risks at the Business Unit and Project levels are identified, assessed, treated and monitored.

ii) Where there has been a change in the risks environment, the emerging risks are added as and when required and improvement actions and risk indicators are monitored regularly.

iii) To meet monthly to review all activities and ensure that any unacceptable risk exposures are identified and managed at an appropriate level.

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FINANCIAL STATEMENTS

DIRECTORS' REPORT
For The Financial Year Ended 31 March 2010

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 20 to the financial statements and consist of investment holding, construction of power plants and buildings, property development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works, manufacturing of metal roof and wall cladding systems and management of residential properties.

There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Loss for the financial year attributable to:		
– Equity holders of the Company	(274,917)	(252,208)
– Minority interest	(13,927)	–
Loss for the financial year	(288,844)	(252,208)

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the financial year ended 31 March 2010.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Anwar bin Haji @ Aji, Chairman	
Dato' Abdullah Bin Mohd. Yusof	
Datuk Hj. Hasni Bin Harun	
Mohd Farit Bin Ibrahim	
YM Raja Azmi Bin Raja Nazuddin	(appointed on 05.06.2009)
Ooi Teik Huat	(appointed on 10.07.2009)
Yoong Nim Chee	(resigned on 06.08.2009)
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	(resigned on 19.08.2009)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, none of the Directors who held office at the end of the financial year held any interests in shares in the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Continued)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in the financial statements.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the income statements and Note 37 to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in Note 37 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Events subsequent to the balance sheet date are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 July 2010.

DATO' ANWAR BIN HAJI @ AJI
CHAIRMAN

RAJA AZMI BIN RAJA NAZUDDIN
DIRECTOR

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Dato' Anwar Bin Haji @ Aji and Raja Azmi Bin Raja Nazuddin, two of the Directors of Zelan Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 64 to 147 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2010 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 July 2010.

DATO' ANWAR BIN HAJI @ AJI	**RAJA AZMI BIN RAJA NAZUDDIN**
CHAIRMAN	*DIRECTOR*

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Chung Kin Mun, the officer primarily responsible for the financial management of Zelan Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 147 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHUNG KIN MUN

Subscribed and solemnly declared by the abovenamed Chung Kin Mun at Kuala Lumpur on 15 July 2010.

Before me,

PESURUHJAYA SUMPAH
NO. W465
KAPT. (B) JASNI BIN YUSOFF
MALAYSIA

COMMISSIONER FOR OATHS
Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

INDEPENDENT AUDITORS' REPORT

To The Members Of Zelan Berhad
(Incorporated In Malaysia) (Company No. 27676 V)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Zelan Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 64 to 147.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred a net loss of RM288,844,000 and RM252,208,000, respectively, during the financial year ended 31 March 2010 and, as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM205,256,000 and RM95,185,000, respectively. Notwithstanding the foregoing, the Directors are of the opinion that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis based on the approved plans as described in Note 2 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 20 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S.SANGARAPILLAI
(No. 2085/09/10 (J))
Chartered Accountant

Kuala Lumpur
15 July 2010

INCOME STATEMENTS
For The Financial Year Ended 31 March 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations					
Revenue	6	**998,643**	1,979,996	**4,117**	24,700
Cost of sales	7	**(1,193,713)**	(2,058,449)	**—**	—
Gross (loss)/profit		**(195,070)**	(78,453)	**4,117**	24,700
Administrative expenses		**(24,488)**	(33,206)	**(6,280)**	(9,161)
Marketing expenses		**(2,492)**	(17,223)	**—**	—
Other operating expenses					
– impairment loss on goodwill		**(44,396)**	—	**—**	—
– impairment loss on investment in a subsidiary		**—**	—	**(140,425)**	—
– impairment loss on investment in an associate		**—**	(3,072)	**—**	—
– reversal of/(allowance for) decline in value of other investments		**2,552**	(2,552)	**2,552**	(2,552)
– allowance for doubtful debts on amounts due from subsidiaries		**—**	—	**(122,912)**	(1)
– others		**(37,363)**	(25,364)	**—**	—
Other operating income					
– net gain on disposal of a jointly controlled entity and an associate		**2,637**	—	**—**	—
– gain on disposal of other investments		**11,614**	44	**11,614**	44
– others		**6,543**	20,929	**1,052**	292
Finance income	8	**866**	5,630	**99**	772
Finance cost	8	**(36)**	(120)	**(2,434)**	(39)
Share of results of:					
– associates		**8,870**	10,853	**—**	—
– jointly controlled entities		**636**	1,338	**—**	—
(Loss)/profit before taxation	9	**(270,127)**	(121,196)	**(252,617)**	14,055
Taxation	13	**(18,202)**	(8,031)	**409**	(3,554)
(Loss)/profit for the financial year from continuing operations		**(288,329)**	(129,227)	**(252,208)**	10,501
Discontinued operation					
Loss for the financial year from discontinued operation	5(b)	**(515)**	(590)	**—**	—
(Loss)/profit for the financial year		**(288,844)**	(129,817)	**(252,208)**	10,501

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Attributable to:					
Equity holders of the Company		**(274,917)**	(137,227)	**(252,208)**	10,501
Minority interest		**(13,927)**	7,410	**—**	—
(Loss)/profit for the financial year		**(288,844)**	(129,817)	**(252,208)**	10,501

	Note	2010	2009
Loss per share attributable to ordinary equity holders of the Company:			
Basic, for loss from continuing operations (sen)	14	**(48.65)**	(24.20)
Basic, for loss from discontinued operation (sen)	14	**(0.16)**	(0.16)
Basic, for loss for the financial year	14	**(48.81)**	(24.36)

BALANCE SHEETS
As At 31 March 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	16	**65,970**	125,559	**579**	1,048
Investment properties	17	**5,699**	5,841	**—**	—
Lease prepayments	18	**—**	46	**—**	46
Goodwill	19	**—**	44,396	**—**	—
Investments in subsidiaries	20	**—**	—	**100**	140,525
Investments in associates	21	**33,214**	24,344	**57**	57
Investments in jointly controlled entities	22	**127**	8,161	**—**	—
Available-for-sale investment	24	**562,509**	344,158	**562,509**	344,158
		667,519	552,505	**563,245**	485,834
CURRENT ASSETS					
Inventories	25	**9,537**	16,079	**—**	—
Property development costs	26	**—**	2,014	**—**	—
Receivables, deposits and prepayments	27	**610,719**	705,155	**2,247**	9,646
Tax recoverable		**38,341**	38,750	**3,151**	3,405
Other investments	29	**433**	9,656	**—**	1,564
Deposits, bank and cash balances	30	**43,908**	102,882	**5,901**	10,046
		702,938	874,536	**11,299**	24,661
Assets of disposal group classified as held for sale	5(b)	**36,939**	—	**—**	—
		739,877	874,536	**11,299**	24,661
TOTAL ASSETS		**1,407,396**	1,427,041	**574,544**	510,495

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company:					
Share capital	31	281,632	281,632	281,632	281,632
Reserves	32	159,465	193,547	186,183	220,040
Amount recognised directly in equity relating to asset classified as held for sale	5(b)	(68)	—	—	—
		441,029	475,179	467,815	501,672
Minority interest		17,273	34,863	—	—
TOTAL EQUITY		458,302	510,042	467,815	501,672
NON CURRENT LIABILITIES					
Borrowings	34	300	1,383	245	524
Deferred tax liabilities	35	3,661	3,936	—	—
		3,961	5,319	245	524
CURRENT LIABILITIES					
Payables	33	655,036	765,668	6,205	8,026
Borrowings	34	273,546	138,496	100,279	273
Current tax liabilities		338	7,516	—	—
Liabilities directly associated with assets classified as held for sale	5(b)	16,213	—	—	—
		945,133	911,680	106,484	8,299
TOTAL LIABILITIES		949,094	916,999	106,729	8,823
TOTAL EQUITY AND LIABILITIES		1,407,396	1,427,041	574,544	510,495

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2010

	<--------------------- Attributable to equity holders of the Company -------------------->									
	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	(Accumulated losses)/ retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 April 2009	**281,632**	**124,396**	**28,301**	**(133,520)**	**35,457**	**4,254**	**134,659**	**475,179**	**34,863**	**510,042**
Movements during the year										
Currency translation differences	–	–	**22,416**	–	–	–	–	**22,416**	**(421)**	**21,995**
Available-for-sale investment:										
– Fair value movement	–	–	–	**218,351**	–	–	–	**218,351**	–	**218,351**
Net income/(expense) directly recognised in equity	–	–	**22,416**	**218,351**	–	–	–	**240,767**	**(421)**	**240,346**
Loss for the financial year	–	–	–	–	–	–	**(274,917)**	**(274,917)**	**(13,927)**	**(288,844)**
Total recognised income/(expense) for the financial year	–	–	**22,416**	**218,351**	–	–	**(274,917)**	**(34,150)**	**(14,348)**	**(48,498)**
Dividends paid to minority interest	–	–	–	–	–	–	–	–	**(3,242)**	**(3,242)**
At 31 March 2010	**281,632**	**124,396**	**50,717**	**84,831**	**35,457**	**4,254**	**(140,258)**	**441,029**	**17,273**	**458,302**

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
		<--------------------- Attributable to equity holders of the Company -------------------->									
At 1 April 2008		281,632	124,396	28,026	24,562	35,457	3,733	320,988	818,794	28,926	847,720
Movements during the year											
Currency translation differences		–	–	275	–	–	–	–	275	(760)	(485)
Transfer to general reserve		–	–	–	–	–	521	(521)	–	–	–
Available-for-sale investment:											
– Fair value movement		–	–	–	(158,082)	–	–	–	(158,082)	–	(158,082)
Net income/(expense) directly recognised in equity		–	–	275	(158,082)	–	521	(521)	(157,807)	(760)	(158,567)
Loss for the financial year		–	–	–	–	–	–	(137,227)	(137,227)	7,410	(129,817)
Total recognised income/(expense) for the financial year		–	–	275	(158,082)	–	521	(137,748)	(295,034)	6,650	(288,384)
Dividends for the financial year/ period ended:											
– 31 March 2009	15	–	–	–	–	–	–	(21,122)	(21,122)	–	(21,122)
– 31 March 2008	15	–	–	–	–	–	–	(27,459)	(27,459)	–	(27,459)
Dividends paid to minority interest		–	–	–	–	–	–	–	–	(713)	(713)
At 31 March 2009		281,632	124,396	28,301	(133,520)	35,457	4,254	134,659	475,179	34,863	510,042

* 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 certain overseas subsidiaries.

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2010

		<----------- Non-distributable			----------->	<----- Distributable ------>	
	Note	Share capital RM'000	Share premium RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	(Accumulated losses)/ retained earnings RM'000	Total RM'000
At 1 April 2009		**281,632**	**124,396**	**(58,992)**	**18,456**	**3,258**	**132,922**	**501,672**
Available-for-sale investment:								
– Fair value movement		**–**	**–**	**218,351**	**–**	**–**	**–**	**218,351**
Net income directly recognised in equity		**–**	**–**	**218,351**	**–**	**–**	**–**	**218,351**
Loss for the financial year		**–**	**–**	**–**	**–**	**–**	**(252,208)**	**(252,208)**
Total recognised income/ (expenses) for the financial year		**–**	**–**	**218,351**	**–**	**–**	**(252,208)**	**(33,857)**
At 31 March 2010		**281,632**	**124,396**	**159,359**	**18,456**	**3,258**	**(119,286)**	**467,815**
At 1 April 2008		281,632	124,396	99,090	18,456	3,258	171,002	697,834
Available-for-sale investment:								
– Fair value movement		–	–	(158,082)	–	–	–	(158,082)
Net expense directly recognised in equity		–	–	(158,082)	–	–	–	(158,082)
Profit for the financial year		–	–	–	–	–	10,501	10,501
Total recognised (expense)/ income for the financial year		–	–	(158,082)	–	–	10,501	(147,581)
Dividends for the financial year/period ended:								
– 31 March 2009	15	–	–	–	–	–	(21,122)	(21,122)
– 31 March 2008	15	–	–	–	–	–	(27,459)	(27,459)
At 31 March 2009		281,632	124,396	(58,992)	18,456	3,258	132,922	501,672

* These reserves relate to net gain from disposals of investment in shares.
^ This reserve relates to changes in fair value of an available-for-sale investment.

CASH FLOW STATEMENTS

For The Financial Year Ended 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
OPERATING ACTIVITIES					
(Loss)/profit for the financial year, attributable to equity holders of the Company		**(274,917)**	(137,227)	**(252,208)**	10,501
Adjustments for:					
Taxation		**18,471**	8,174	**(409)**	3,554
Finance cost		**40**	148	**2,434**	39
Finance income		**(1,167)**	(6,105)	**(99)**	(772)
Minority interest		**(13,927)**	7,410	**—**	—
Depreciation of:					
– property, plant and equipment		**23,088**	19,433	**378**	381
– investment properties		**142**	143	**—**	—
Amortisation of lease prepayments		**46**	60	**46**	60
(Reversal of)/impairment loss on:					
– other investments		**(2,552)**	2,758	**(2,552)**	2,552
– goodwill		**44,396**	2,942	**—**	—
– investment in a subsidiary		**—**	—	**140,425**	—
– investment in an associate		**—**	3,072	**—**	—
– property, plant and equipment		**610**	—	**—**	—
Allowance for doubtful debts		**5,085**	1,255	**122,912**	1
Bad debts written off		**—**	3	**—**	—
Property, plant and equipment written off		**1,850**	14,814	**—**	2
Inventories written down		**630**	1,698	**—**	—
Development expenditure written off		**—**	2,161	**—**	—
Net gain on disposal of:					
– property, plant and equipment		**(414)**	(323)	**(134)**	—
– an associate		**(3,627)**	—	**—**	—
– non-current assets held for sale		**—**	(2)	**—**	—
– other investments		**(11,620)**	(48)	**(11,614)**	(44)
– a jointly controlled entity		**990**	—	**—**	—
Share of results of:					
– associates		**(8,870)**	(10,853)	**—**	—
– jointly controlled entities		**(636)**	(1,338)	**—**	—
Net gain on unrealised foreign exchange		**(22,826)**	(11,079)	**(499)**	(244)
Allowance for doubtful debts written back		**(761)**	(315)	**—**	—
Dividend income		**(4,117)**	(24,700)	**(4,117)**	(24,700)
		(250,086)	(127,919)	**(5,437)**	(8,670)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
OPERATING ACTIVITIES (Continued)					
Changes in working capital:					
Property development costs		**2,014**	11,932	**–**	–
Inventories		**2,223**	(4,703)	**–**	–
Receivables, deposits and prepayments		**62,257**	148,290	**(114,738)**	(84)
Payables		**(1,159)**	(170,804)	**(1,225)**	(2,107)
Cash used in operations		**(184,751)**	(143,204)	**(121,400)**	(10,861)
Taxation (paid)/refunded		**(24,725)**	(33,642)	**1,692**	1,728
Net cash flow used in operating activities		**(209,476)**	(176,846)	**(119,708)**	(9,133)
INVESTING ACTIVITIES					
Proceeds from the disposal of:					
– jointly controlled entity	5(a)	**7,657**	–	**–**	–
– other investments		**17,740**	–	**17,740**	–
– property, plant and equipment		**1,103**	1,593	**264**	–
– an associate	5(a)	**3,627**	–	**–**	–
– non-current assets held for sale		**–**	120	**–**	–
Dividends received		**3,088**	15,438	**3,088**	15,438
Interest, profit from Islamic deposits and investment income received		**1,167**	6,105	**99**	772
Purchase of property, plant and equipment		**(7,876)**	(68,428)	**(39)**	(181)
(Increase)/decrease in other investments		**(5,838)**	81,545	**(2,882)**	22,465
Additional investment in an associate	5(c)	**–**	(1,000)	**–**	–
Additional investment in an associate classified as non-current assets held for sale	5(c)	**–**	(950)	**–**	–
Repayment of advances by an investment in an associate classified as non-current assets held for sale		**–**	1,184	**–**	–
Net cash flow generated from investing activities		**20,668**	35,607	**18,270**	38,494

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
FINANCING ACTIVITIES					
Finance cost		**(6,574)**	(5,637)	**(2,434)**	(39)
Dividends paid to minority interest of a subsidiary		**(3,242)**	(713)	**—**	—
Repayments of borrowings		**(260,658)**	(324,481)	**(273)**	(261)
Dividends paid to shareholders		**—**	(48,581)	**—**	(48,581)
Proceeds from borrowings		**406,176**	413,444	**100,000**	—
Deposits pledged as security		**(2,189)**	81	**(1,744)**	—
Net cash flow generated from/(used in) financing activities		**133,513**	34,113	**95,549**	(48,882)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(55,295)**	(107,126)	**(5,889)**	(19,521)
CURRENCY TRANSLATION DIFFERENCES		**(3,281)**	7,823	**—**	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**102,522**	201,825	**10,046**	29,567
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	30	**43,946**	102,522	**4,157**	10,046

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2010

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 20 to the financial statements and consist of investment holding, construction of power plants and buildings, property development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works, manufacturing of metal roof and wall cladding systems and management of residential properties.

There has been no significant change in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 23rd Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur.

The number of employees of the Group and the Company (excluding Directors) at the end of the financial year was 821 (2009: 1,001) and 21 (2009: 22), respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The Group and the Company incurred a net loss of RM288,844,000 (2009: net loss of RM129,817,000) and RM252,208,000 (2009: net profit of RM10,501,000), respectively, during the financial year ended 31 March 2010 and, as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM205,256,000 (2009: net current liabilities of RM37,144,000) and RM95,185,000 (2009: net current assets of RM16,362,000), respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

The Group and the Company have partially disposed off its available-for-sale investment and received gross proceeds of approximately RM45.5 million in June 2010. The proceeds from the disposal were utilised towards repayment of borrowings and for working capital.

As of the date of the approval of the financial statements, the Group and the Company are in the process of disposing further the available-for-sale investment of the Company, subject to approval from shareholders, and negotiating with the bankers to secure credit facilities in order to ensure that the Group and the Company would have sufficient cash flows to complete the construction contracts in progress, meet working capital requirements, loan repayments, covenant requirements, and the investing and financing activities for the next twelve months from the date of the approval of the financial statements.

The Group is actively bidding for new contracts and is gearing itself to secure new contracts in order to return to profitability.

The Directors are of the view that the proposed disposal of the available-for-sale investment of the Company, subject to approval from shareholders, the continuing support from the existing bankers and the successful negotiations in securing credit facilities will allow the Group and the Company to carry on as a going concern. Accordingly, the financial statements of the Group and the Company are prepared on a going concern basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(i) Standards and amendments to published standards that are effective and applicable to the Group and the Company

There are no new accounting standards, amendments to published standards and interpretations to existing standards that are applicable and effective for the Group's and the Company's financial year ended 31 March 2010.

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted

The Group and the Company have not early adopted the following standards, amendments to published standards and interpretations to existing standards that are mandatory for financial year beginning on or after 1 April 2010 or later periods:

Applicable for the financial year ending 31 March 2011

- Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective for financial periods beginning on or after 1 January 2010). This amendment allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and requires investors to present dividends as income in the separate financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2011 (Continued)

- Amendment to FRS 2 “Share-based Payment - Vesting Conditions and Cancellations” (effective for financial periods beginning on or after 1 January 2010). This amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

- Amendment to FRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations.

- FRS 7 “Financial Instruments: Disclosures” and Amendment to FRS 7 (effective for financial periods beginning on or after 1 January 2010). This standard provides information to users of financial statements about an entity’s exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

- FRS 8 “Operating Segments” (effective for financial periods beginning on or after 1 July 2009). This standard requires a ‘management approach’, under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

- Amendment to FRS 8 “Operating Segments” (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.

- Revised FRS 101 “Presentation of Financial Statements” (effective for financial periods beginning on or after 1 January 2010). This standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity. ‘Non-owner changes in equity’ are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2011 (Continued)

- Amendment to FRS 107 "Statement of Cash Flows" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

- Amendment to FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that guidance to FRSs states whether it is an integral part of FRSs. Guidance that is an integral part of FRSs is mandatory. Guidance that is not an integral part of FRSs does not contain requirements for financial statements.

- Amendment to FRS 110 "Events after the Balance Sheet Date" (effective for financial periods beginning on or after 1 January 2010). This amendment reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

- Amendment to FRS 116 "Property, Plant and Equipment" (effective for financial periods beginning on or after 1 January 2010). This amendment requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.

- Amendment to FRS 117 "Leases" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

- Amendment to FRS 118 "Revenue" (effective for financial periods beginning on or after 1 January 2010). This amendment provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'.

- Amendment to FRS 119 "Employee Benefits" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2011 (Continued)

- FRS 123 "Borrowing Costs" and Amendment to FRS 123 (effective for financial periods beginning on or after 1 January 2010). This standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The improvement to FRS 123 clarifies that the definition of borrowing costs includes interest expense calculated using the effective interest method defined in FRS 139 "Financial Instruments: Recognition and Measurement".

- Amendment to FRS 127 "Consolidated and Separate Financial Statements" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that where an investment in a subsidiary that is accounted for under FRS 139 is classified as held for sale under FRS 5, FRS 139 would continue to be applied.

- Amendment to FRS 128 "Investments in Associates" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases.

- Amendments to FRS 128 and FRS 131 "Interests in Joint Ventures" (consequential amendments to FRS 132 "Financial instruments: Presentation") and FRS 7 (effective for financial periods beginning on or after 1 January 2010). These amendments clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7.

- Amendment to FRS 132 "Financial Instruments: Presentation" (effective for financial periods beginning on or after 1 January 2010). This amendment requires entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

- Amendment to FRS 134 "Interim Financial Reporting" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that basic and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report.

- Amendment to FRS 136 "Impairment of Assets" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2011 (Continued)

- Amendment to FRS 138 "Intangible Assets" (effective for financial periods beginning on or after 1 January 2010). This amendment clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.

- FRS 139 "Financial Instruments: Recognition and Measurement" and Amendment to FRS 139 (effective for financial periods beginning on or after 1 January 2010). This standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendment to FRS 139 provides further guidance on eligible hedged items. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.

- Amendment to FRS 140 "Investment Property" (effective for financial periods beginning on or after 1 January 2010). This amendment requires assets under construction or development for future use as investment property to be accounted as investment property rather than property, plant and equipment. Where the fair value model is applied, such property is measured at fair value. However, where fair value is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and fair value becomes reliably measurable. It also clarifies that if a valuation obtained for an investment property held under lease is net of all expected payments, any recognised lease liability is added back in order to determine the carrying amount of the investment property under the fair value model.

- IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective for financial periods beginning on or after 1 January 2010). This interpretation requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

- IC Interpretation 10 "Interim Financial Reporting and Impairment" (effective for financial periods beginning on or after 1 January 2010). This interpretation prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2011 (Continued)

- IC Interpretation 11 "FRS 2 – Group and Treasury Share Transactions" (effective for financial periods beginning on or after 1 January 2010). This interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

- IC Interpretation 13 "Customer Loyalty Programmes" (effective for financial periods beginning on or after 1 January 2010). This interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

- IC Interpretation 14 "FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" (effective for financial periods beginning on or after 1 January 2010). This interpretation provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset.

With the exception of FRS 7, FRS 139 and the revised FRS 101, the Group and the Company do not anticipate the above standards, amendments to published standards and interpretations to existing standards to have a significant impact on the financial statements of the Group and the Company. The Group and the Company have applied the transitional provision in FRS 7 and FRS 139, which exempts entities from disclosing the possible impact arising from the initial application of these standards on the financial statements of the Group and the Company. While the Group and the Company do not anticipate significant financial impact arising from the revised FRS 101, there would be a change in the manner in which the financial statements are presented.

The following amendments are part of the MASB's improvements project:

- FRS 5 "Non-current assets held for sale and discontinued operations" (effective from 1 January 2010) clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations.

- FRS 101 "Presentation of Financial Statements" (as revised in 2009) widens the scope of the standard to allow current/non-current classification of a derivative and clarifies how to classify the liability component of a convertible instrument.

- FRS 107 "Statement of Cash Flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

- FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" clarifies the use of implementation guidance in the standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2011 (Continued)

- FRS 110 "Events After the Balance Sheet Date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

- FRS 116 "Property, Plant and Equipments" (consequential amendment to FRS 107 "Statement of Cash Flows") (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.

- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'.

- FRS 119 "Employee Benefits" (effective from 1 January 2010) clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

- FRS 136 "Impairment of Assets" (effective from 1 January 2010) clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

The adoption of the relevant improvements to the standards above is not expected to have a material impact to the financial statements of the Group and the Company.

The Group and the Company will apply the above standards, amendments to published standards and interpretations to existing standards from financial periods beginning on 1 April 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2012

- Amendment to FRS 2 "Share-based Payment" (effective for financial periods beginning on or after 1 July 2010). This amendment clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.

- Revised FRS 3 "Business Combinations" (effective for financial periods beginning on or after 1 July 2010). This standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- Amendment to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective for financial periods beginning on or after 1 July 2010). This amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

- Revised FRS 127 "Consolidated and Separate Financial Statements" (effective for financial periods beginning on or after 1 July 2010). This standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

- Amendment to FRS 138 "Intangible Assets" (effective for financial periods beginning on or after 1 July 2010). This amendment clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

- Amendment to IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective for financial periods beginning on or after 1 July 2010). This amendment clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

- IC Interpretation 12 "Service Concession Arrangements" (effective for financial periods beginning on or after 1 July 2010). This interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Standards, amendments to published standard and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not been early adopted (Continued)

Applicable for the financial year ending 31 March 2012 (Continued)

- IC Interpretation 15 "Agreements for the Construction of Real Estate" (effective for financial periods beginning on or after 1 July 2010). This interpretation provides guidance on whether FRS 118 "Revenue" or FRS 111 "Construction Contracts" should be applied to particular transactions. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between developer and a buyer is reached before the construction of the real estate is completed.

  With IC Interpretation 15, the Group will have to change its accounting policy from recognising revenue by stage of completion method to completion method.

- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (effective for financial periods beginning on or after 1 July 2010). This interpretation clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held by any entity in the group. The requirements of FRS 121 "The Effects of Changes in Foreign Exchange Rates" do apply to the hedged item.

- IC Interpretation 17 "Distributions of Non-cash Assets to Owners" (effective for financial periods beginning on or after 1 July 2010). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

With the exception of IC Interpretation 15, the Group and the Company do not anticipate the above standards, amendments to published standards and interpretations to existing standards to have any significant impact on the financial statements of the Group and the Company.

The Group and the Company will apply the above standards, amendments to published standards and interpretations to existing standard from financial periods beginning on 1 April 2011.

(b) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Economic entities in the Group (Continued)

(i) Subsidiaries (Continued)

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2(h) on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are attributable against the Group's interest except to the extent that the minority has a binding obligation to, and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal (including the cumulative amount of any exchange differences that relate to the subsidiary) and is recognised in the consolidated income statement.

(ii) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Economic entities in the Group (Continued)

(iii) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method of accounting, adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement.

When the Group ceases to have significant influence over an associate, the Group discontinues the use of equity method from the date it ceases to have significant influence over the associate and shall account for the investment as an available-for-sale financial asset in accordance with FRS 139 "Financial Instruments: Recognition and Measurement". See accounting policy Note 2(g) on available-for-sale investments.

(iv) Joint ventures

Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements by the equity method of accounting. Equity method of accounting involves recognising the Group's share of post-acquisition results of the jointly controlled entities in the consolidated income statement and its share of post-acquisition movements within reserves in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group's investments in jointly controlled entities include goodwill on acquisition (net of accumulated impairment loss).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Economic entities in the Group (Continued)

(iv) Joint ventures (Continued)

Jointly controlled entities (Continued)

Where necessary, in applying the equity method of accounting, adjustments are made to the financial statements of the jointly controlled entities to ensure consistency of accounting policies with those of the Group.

Jointly controlled operations

In respect of the Group's interest in jointly controlled operations, the Group recognises the assets that it controls and the liabilities that it incurs as well as the expenses that it incurs and the share of income that it earns from the activities undertaken by the joint ventures in the financial statements.

Transactions between a venturer and a joint venture

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Capital work-in-progress is not depreciated. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings	2% – 10%
Furniture and fittings	10% – 33%
Motor vehicles	20% – 25%
Office equipment	10% – 50%
Plant and machinery	10% – 33%
Renovation	10% – 20%
Tools and equipment	10% – 50%

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at each balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

At each balance sheet date, the carrying amounts of property, plant and equipment are reviewed to determine whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(i) on impairment of assets.

Gains and losses arising from disposals of the assets are determined by comparing the net proceeds with the carrying amounts of the assets disposed and are included in the income statement.

(d) Investment properties

Investment properties, comprising principally buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Buildings are depreciated on the straight line basis to write off the cost of the buildings to their residual values over their estimated useful lives of 50 years.

At each balance sheet date, the carrying amounts of investment properties are reviewed to determine whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(i) on impairment of assets.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the period of the retirement or disposal.

(e) Lease prepayments

Leasehold land that normally has a finite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as lease prepayments and is amortised over the lease term in accordance with the pattern of benefits provided.

Lease prepayments with lease period of 99 years or less are amortised equally over their respective periods of lease.

(f) Investments

Investments in subsidiaries, associates and jointly controlled entities are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(i) on impairment of assets.

Quoted investments and other short term investments (within current assets) are stated at the lower of cost and market value, determined either on an aggregate portfolio basis or on an individual investment basis. Market value is calculated by reference to the quoted market prices or dealer quotes at the close of business as at the balance sheet date. Any decline in the carrying amount of the investments is recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments (Continued)

Other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(g) Available-for-sale investments

Available-for-sale (“AFS”) investments are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. The AFS investment is initially recognised at fair value plus transaction costs. After the initial recognition, the Group measures the AFS investment at its fair value based on quoted prices in an active market.

Any gain or loss arising from a change in the fair value of the AFS investment is recognised directly in equity as “fair value reserve”, except for impairment losses and foreign exchange gains and losses, if any, until the AFS investment is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in the income statement.

The Group assesses at each balance sheet date whether there is objective evidence that an AFS investment is impaired. In the case of equity securities classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for an AFS investment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that AFS investment previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Goodwill

Goodwill represents the excess of cost of the acquisition of subsidiaries, associates and jointly controlled entities over the fair value of the Group’s share of the identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 2(i) on impairment of assets.

In respect of associates and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of investments in the associates and jointly controlled entities. Such goodwill is tested for impairment as part of the overall balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment loss previously are reviewed for possible reversal of the impairment loss at each balance sheet date.

The impairment loss is charged to the income statement. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount is recognised in the income statement up to the extent of its original cost.

(j) Leases

Finance leases and hire purchase

Leases or hire purchase of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases or hire purchase.

Finance leases and hire purchase arrangements are capitalised at inception at the lower of the fair value of the leased assets or assets under hire purchase and the present value of the minimum lease payments. Each lease or hire purchase instalment payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental or hire purchase obligations, net of finance charges are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease or hire purchase period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases or hire purchase is depreciated over the shorter of the estimated useful life of the asset and the term of the lease or hire purchase.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

(k) Property development activities

Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Property development activities (Continued)

Land held for property development (Continued)

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(i) on impairment of assets.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of 2 to 4 years.

Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are recognised when incurred. When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the percentage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; and property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under receivables, deposits and prepayments (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

(l) Inventories

Completed properties

Completed properties for sale are stated at the lower of cost and net realisable value. The cost of completed properties for sale comprise cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories (Continued)

Other inventories

Other inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost comprises the original purchase price plus incidentals in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(m) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Construction costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for contract work performed to date bear to the estimated total costs for the contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

Irrespective of whether the outcome of a construction contract can be estimated reliably, when it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from contract customers under receivables, deposits and prepayments (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contract customers under payables (within current liabilities).

(n) Non-current assets classified as assets held for sale

Non-current assets are classified as assets held for sale and are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

(o) Trade receivables

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is no objective evidence that the Group will be able to collect all amounts due according to the original terms of the receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which are readily convertible to known amounts of cash and have insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(q) Share capital

Classification

Ordinary shares are classified as equity.

Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability in the financial year in which they are declared. A dividend declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

(r) Borrowings

Classification

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest on the borrowings is reported within finance cost in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Capitalisation of borrowing cost

Borrowing costs incurred to finance the construction contracts and property development activities are capitalised during the period of time in which the contract activities and development activities are carried out. Capitalisation of borrowing costs will cease upon the completion of these activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee benefits

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

Post-employment benefits – defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution plan are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(t) Taxation

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associate or joint venture on distributions of retained earnings to the companies in the Group, and real property gains taxes payable on disposal of properties, where applicable.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provision is not recognised for future operating losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(w) Foreign currencies

Functional and presentation currency

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 financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity in the "foreign exchange reserve".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to "foreign exchange reserve" in shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met as described below. The amount of the revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods and services

Revenue from sale of goods, including completed properties, and services rendered are measured at the fair value of the consideration receivable and are recognised when the significant risks and rewards of ownership have been transferred to the buyer or upon delivery of products and performance of services, net of sales tax and discount.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Interest income/Profit from Islamic deposits

Interest income and profit from Islamic deposits are recognised in the income statement on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Investment income

Investment income from other investments is recognised on an accrual basis.

Construction contracts

The revenue recognition for construction contracts is based on the percentage of completion method. See accounting policy Note 2(m) for further details.

Property development

The revenue recognition for property development activities is based on the percentage of completion method. See accounting policy Note 2(k) for further details.

Other income

Other income earned by the Group are recognised on the following bases:
Carpark income – on the accrual basis
Rental income – on the accrual basis
Management charges – on the accrual basis
Membership fees – on the accrual basis

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Financial instruments

Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy notes associated with each item.

Financial instruments not recognised on the balance sheet

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. The instrument is not recognised in the financial statements on inception.

Exchange gains and losses on foreign currency forward contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

Fair value estimation for disclosure purposes

The fair value of quoted securities is based on quoted market prices at the balance sheet date. The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

The fair values for financial assets and liabilities with a maturity of more than one year are estimated using a variety of methods, including estimated discounted value of future cash flows, quoted market prices or dealer quotes, and assumptions based on market conditions existing at each balance sheet date.

(z) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Segment reporting (Continued)

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing the interest rate, foreign currency exchange, liquidity and credit risks. Exposure to credit, interest rate, foreign currency exchange and liquidity risks arise in the normal course of the Group's and the Company's business. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to Group's financial risk management policies.

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits.

The Group does not use derivative financial instruments to hedge its debt obligations.

The Group's investments in financial assets are mainly short-term in nature (placements with licensed financial institutions) and they are not held for speculative activities. As such, interest rate risk exposure is only limited to fluctuations in short term money market's interest rates.

(ii) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. The Group has a natural hedge to the extent that payments for foreign currency payables will be matched against receivables denominated in the same foreign currency.

The Group minimises its foreign currency exchange exposure by entering into derivative financial instruments such as foreign currency forward contracts.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency exchange risk (Continued)

As at 31 March 2010, the settlement dates on open forward contracts ranged within 6 months (2009: 6 months). The foreign currency amounts to be received and the contractual exchange rates of the Group's outstanding contracts were as follows:

Duration	Currency to be received	Currency to be paid	Amount in foreign currency '000	Contractual rate RM	RM'000 equivalent
At 31 March 2010					
23.11.09 – 24.05.10	USD	RM	USD174	3.3970	590
At 31 March 2009					
10.11.08 – 07.05.09	USD	RM	USD736	3.5200	2,590
21.11.08 – 14.05.09	USD	RM	USD191	3.6030	688
23.02.09 – 25.08.09	SGD	RM	SGD869	2.3933	2,080

The net unrecognised losses as at 31 March 2010 on open contracts which hedge anticipated future foreign currency sales amounted to RM23,000 (2009: net unrecognised gains of RM162,000). These net exchange gains and losses are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

(iii) Liquidity risk

As part of the Group's overall prudent liquidity management, the Group maintains sufficient short-term deposits to meet its working capital requirements and obligations as and when they are expected to arise. The Group aims at maintaining flexibility in funding by keeping committed credit lines available. In addition, the Group ensures that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance the debt.

(iv) Credit risk

The Group's exposure to credit risk arises through their receivables. The Group has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of the ageing of its receivables. Credit evaluations are performed on all customers requiring credit over a certain amount as early as during the project tendering stage.

For power plant construction works, contracts are executed only after customers have obtained financial close to finance the projects. For property development activities, the development units will not be handed over to the purchasers until full amount of the selling price is collected.

As at the balance sheet date, the Group has no significant concentration of credit risk other than five corporate debtors which represent 71% of the Group's total trade receivables, of which these balances are monitored closely. 71% of these trade receivables related to retention sum.

At the balance sheet date, the Group does not have any major concentration of credit risk related to any financial instruments. The majority of the financial assets are deposits receivable and short-term money market instruments that are not concentrated to any particular group but widely dispersed across various licensed financial institutions. The only credit risk attributable to the short term money market instruments are the economic factors affecting the countries that those deposits have been placed as disclosed in Note 30 to the financial statements. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Preparation of the financial statements of the Group and the Company as a going concern

The Group and the Company are in the process of disposing further the Company's available-for-sale investment, subject to approval from shareholders, and negotiating with the bankers to secure credit facilities in order to ensure that the Group and the Company would have sufficient cash flows to complete the construction contracts in progress, meet working capital requirements, loan repayments, covenant requirements, and the investing and financing activities for the next twelve months from the date of the approval of the financial statements.

The Group is actively bidding for new contracts and is gearing itself to secure new contracts in order to return to profitability.

The Directors are of the view that the proposed disposal of the available-for-sale investment of the Company, subject to approval from shareholders, the continuing support from the existing bankers and the successful negotiations in securing credit facilities will allow the Group and the Company to carry on as a going concern. Accordingly, the financial statements of the Group and the Company are prepared on a going concern basis. Refer to Note 2 to the financial statements for further details.

(ii) Impairment of goodwill

The Group tests goodwill for impairment annually. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash generating units were determined based on the value in use calculations which would require the Directors to make certain assumptions and estimates. As at 31 March 2010, the Group recognised an impairment loss of RM44,396,000 in relation to the goodwill relating to the engineering and construction cash generating unit ("CGU") as the recoverable amount using the value in use calculation was lower than the carrying amount of the CGU. The details of the key assumptions and estimates used are set out on Note 19 to the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Critical accounting estimates and assumptions (Continued)

(iii) Construction contracts

The Group recognises contract revenue based on percentage of completion method. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to principals and counter claims from sub-contractors and liquidated and ascertained damages ("LAD") based on expected completion dates of the contracts. In making this judgement, the Directors took into consideration the current circumstances and relied on input from external consultants, where appropriate, and past experience.

Based on the Directors' knowledge of current events and actions, and information presently available, the Directors do not believe that the financial statements would result in any material adjustment as the estimated total contract costs would not vary materially from management's estimates, and are satisfied that adequate provisions have been made in the financial statements as at 31 March 2010.

(iv) Estimated useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment to determine the amount of depreciation expense to be recorded. The useful lives are estimated at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual review of the assumptions made on useful lives to ensure that they continue to be valid.

Based on the Directors' best knowledge of information presently available, the Directors do not believe that the financial statements would result in any material adjustment as the assumption made on useful lives based on market condition would not vary materially from management's estimates.

5 ACQUISITION, DISPOSALS AND DISCONTINUED OPERATION

During the financial year ended 31 March 2010

(a) Disposal of the Group's investments in an associate and a jointly controlled entity

During the financial year, the Group had made the following disposals:

(i) On 30 October 2009, Zelan Corporation Sdn. Bhd., a wholly-owned subsidiary of Zelan Holdings (M) Sdn. Bhd., entered into a Share Sale Agreement ("SSA") with In Glory Investments Limited to disposed of its 35% equity interest in Ratcha Ploen Co. Ltd., an associate, comprising 404,600 ordinary shares, for a cash consideration of Baht 38,000,000 (approximately RM3,627,000). The conditions precedent to the SSA were completed on 30 November 2009 and the resultant gain on disposal recognised in the consolidated income statement during the financial year was RM3,627,000.

(ii) On 2 November 2009, Zelan Holdings (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a SSA with GE Constructions Limited to dispose of its 50% equity interest in Zelan EPC Limited (formerly known as Zelan EPC (Hong Kong) Limited), a jointly-controlled entity, comprising 127,000 ordinary shares, for a cash consideration of RM7,657,000. The conditions precedent to the SSA were completed on 13 January 2010 and the resultant loss on disposal recognised in the consolidated income statement during the financial year was RM990,000.

5 ACQUISITION, DISPOSALS AND DISCONTINUED OPERATION (Continued)

During the financial year ended 31 March 2010 (Continued)

(b) Discontinued operation and disposal group classified as held for sale

On 11 May 2010, the Company announced the decision to dispose European Profiles (M) Sdn. Berhad ("EPM"), a subsidiary of Zelan Holdings (M) Sdn. Bhd., which forms a significant part of the manufacturing and trading business segment of the Group. The proposed disposal is consistent with the Group's long-term strategy to maximise growth and profitability by focusing on the engineering and construction related businesses.

As at 31 March 2010, the assets and liabilities of EPM have been presented on the consolidated balance sheet as a disposal group held for sale and the results from this subsidiary is presented separately on the consolidated income statement as a discontinued operation.

The disposal was completed on 23 June 2010.

The analysis of the results of the discontinued operation in respect of the Group's disposal of its investment in EPM is as follows:

	Group	
	2010 RM'000	2009 RM'000
Revenue	**21,344**	28,228
Other income	**918**	504
Expenses	**(22,508)**	(29,179)
Loss before tax from discontinued operation	**(246)**	(447)
Taxation	**(269)**	(143)
Loss for the financial year from discontinued operation	**(515)**	(590)

5 ACQUISITION, DISPOSALS AND DISCONTINUED OPERATION (Continued)

During the financial year ended 31 March 2010 (Continued)

(b) Discontinued operation and disposal group classified as held for sale (Continued)

The following amounts have been charged/(credited) in arriving at loss before tax of the discontinued operation:

	Group	
	2010 RM'000	2009 RM'000
Allowance for doubtful debts	**616**	1,253
Auditors' remuneration – statutory audit	**73**	73
Depreciation of property, plant and equipment	**547**	649
Directors' remuneration		
– Salaries and bonus	**215**	220
– Defined contribution retirement plan	**28**	18
– Other employee benefits	**–**	12
Impairment loss on goodwill	**–**	2,942
Impairment loss on other investments	**–**	206
Interest expense:		
– Hire purchase	**4**	5
– Term loan	**–**	23
Inventories written down	**630**	1,698
Net (gain)/loss on foreign exchange:		
– Realised	**(149)**	1,194
– Unrealised	**103**	427
Property, plant and equipment written off	**2**	8
Rental of land and premises	**–**	20
Staff costs		
– Wages, salaries and bonus	**2,384**	3,049
– Defined contribution retirement plan	**309**	337
Gain from disposal of other investments	**(6)**	(4)
Interest income	**(301)**	(475)
Gain on disposal of property, plant and equipment	**–**	(24)
Write back of allowance for doubtful debts	**(761)**	(315)

5 ACQUISITION, DISPOSALS AND DISCONTINUED OPERATION (Continued)

During the financial year ended 31 March 2010 (Continued)

(b) Discontinued operation and disposal group classified as held for sale (Continued)

The cash flows attributable to the discontinued operation are as follows:

	Group	
	2010 RM'000	2009 RM'000
Operating cash flows	**2,339**	3,874
Investing cash flows	**(2,713)**	(499)
Financing cash flows	**(3,542)**	(3,269)
Total cash flows	**(3,916)**	106

The major classes of assets and liabilities of European Profiles (M) Sdn. Berhad classified as held for sale on the consolidated balance sheet as at 31 March 2010 are as follows:

	RM'000
Assets	
Property plant and equipment	8,647
Deferred tax assets	616
Inventories	3,689
Other investments	10,620
Trade and other receivables	10,502
Tax recoverable	278
Cash and bank balances	2,587
Assets of disposal group held for sale	36,939
Liabilities	
Trade and other payables	(15,464)
Borrowings	(94)
Current tax liabilities	(655)
Liabilities directly associated with assets classified as held for sale	(16,213)
Equity	
Foreign exchange reserve	(68)
Equity directly associated with assets classified as held for sale	(68)

5 ACQUISITION, DISPOSALS AND DISCONTINUED OPERATION (Continued)

During the financial year ended 31 March 2009

(c) Subscription of additional shares in associates

On 13 June 2008 and 28 July 2008, the Group subscribed for 2,200,000 5% Redeemable Preference Shares of RM1.00 each in Essential Amity Sdn. Bhd. ("EASB") for an aggregate amount of RM2,200,000 satisfied by way of capitalising on advances to EASB amounting to RM1,200,000 and a cash consideration of RM1,000,000.

On 30 July 2008 and 5 December 2008, the Group subscribed for its proportionate shareholding in Ratcha Ploen Co. Ltd. ("RPC") for an aggregate amount of RM3,860,000 satisfied by way of capitalising on advances to RPC amounting to RM2,910,000 and a cash consideration RM950,000.

6 REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Construction contracts	**977,409**	1,763,735	**–**	–
Property development	**15,591**	186,871	**–**	–
Carpark income	**854**	608	**–**	–
Rental income	**378**	404	**–**	–
Sale of completed properties	**153**	3,522	**–**	–
Management charges	**132**	146	**–**	–
Membership fees	**9**	10	**–**	–
Dividend income	**4,117**	24,700	**4,117**	24,700
	998,643	1,979,996	**4,117**	24,700

7 COST OF SALES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Construction contract costs	**1,175,616**	1,925,243	**–**	–
Property development costs	**17,788**	130,332	**–**	–
Cost of properties sold	**128**	2,706	**–**	–
Others	**181**	168	**–**	–
	1,193,713	2,058,449	**–**	–

8 FINANCE INCOME AND FINANCE COST

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Finance income				
Interest income	**777**	3,880	**29**	35
Profit from Islamic deposits	**70**	571	**70**	571
Investment income	**19**	1,179	**–**	166
	866	5,630	**99**	772
Finance cost				
Interest expense on borrowings	**6,570**	5,609	**2,434**	39
Less: Amount capitalised into construction contracts (Note 28)	**(6,534)**	(5,489)	**–**	–
	36	120	**2,434**	39

9 (LOSS)/PROFIT BEFORE TAXATION

In addition to those items disclosed in the income statement, (loss)/profit before taxation is arrived at after charging/(crediting):

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations				
Allowance for doubtful debts	**4,469**	2	**122,912**	1
Amortisation of lease prepayments	**46**	60	**46**	60
Auditors' remuneration – statutory audit	**520**	588	**50**	43
Depreciation of:				
– property, plant and equipment	**22,541**	18,784	**378**	381
– investment properties	**142**	143	**—**	—
Development expenditure written off	**—**	2,161	**—**	—
Directors' remuneration	**2,092**	3,728	**1,852**	2,623
Impairment loss on:				
– goodwill	**44,396**	—	**—**	—
– investment in a subsidiary	**—**	—	**140,425**	—
– investment in an associate	**—**	3,072	**—**	—
– property, plant and equipment	**610**	—	**—**	—
– other investments	**—**	206	**—**	—
Bad debts written off	**—**	3	**—**	—
Property, plant and equipment written off	**1,848**	14,806	**—**	2
Net loss/(gain) on foreign exchange				
– realised	**2**	(1,591)	**—**	—
– unrealised	**(22,929)**	(11,506)	**(499)**	(244)
Rental of land and premises	**1,021**	1,015	**17**	17
Rental of office equipment	**37**	67	**21**	16
Staff costs	**16,870**	21,557	**3,900**	3,756
Bad debts recovered (net)	**(14)**	(36)	**—**	—
Net (gain)/loss on disposal of:				
– property, plant and equipment	**(414)**	(299)	**(134)**	—
– non-current assets held for sale	**—**	(2)	**—**	—
– an associate	**(3,627)**	—	**—**	—
– a jointly controlled entity	**990**	—	**—**	—
– other investments	**(11,614)**	(44)	**(11,614)**	(44)
Rental income on premises	**(781)**	(453)	**—**	—
Rental income on office equipment	**—**	(169)	**—**	—

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM359,000 (2009: RM257,000).

10 STAFF COSTS

Staff costs from continuing operations, excluding Directors' remuneration, are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages, salaries and bonus	**114,563**	106,965	**3,300**	3,159
Defined contribution retirement plan	**1,918**	2,173	**431**	394
Other employee benefits	**3,667**	82,000	**169**	203
	120,148	191,138	**3,900**	3,756

Staff costs for the financial year are allocated as follows:

Income statement (Note 9)	**16,870**	21,557	**3,900**	3,756
Construction contracts (Note 28)	**103,278**	169,581	**–**	–
	120,148	191,138	**3,900**	3,756

11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year were as follows:

Non-executive Directors:

Dato' Anwar Bin Haji @ Aji, Chairman	
Dato' Abdullah Bin Mohd. Yusof	
Datuk Hj. Hasni Bin Harun	
Mohd Farit Bin Ibrahim	
Ooi Teik Huat	(appointed on 10.07.2009)
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	(resigned on 19.08.2009)

Executive Directors:

YM Raja Azmi Bin Raja Nazuddin	(appointed on 05.06.2009)
Yoong Nim Chee	(resigned on 06.08.2009)

11 DIRECTORS' REMUNERATION (Continued)

The aggregate amount of emoluments received/receivable by the Directors of the Company during the financial year was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Charged to income statement:				
Non-executive Directors:				
– fees	**440**	473	**440**	473
– other emoluments	**316**	1,059	**76**	90
Executive Directors:				
– salaries and bonus	**1,137**	1,828	**1,137**	1,729
– defined contribution retirement plan	**159**	240	**159**	226
– other employee benefits	**40**	128	**40**	105
	2,092	3,728	**1,852**	2,623
Not charged to income statement:				
Executive Directors:				
– estimated monetary value of benefits-in-kind	**87**	88	**87**	79
	2,179	3,816	**1,939**	2,702

Included in other emoluments of the Non-executive Directors in the previous financial year are salaries and bonus of RM834,000 and defined contribution retirement plan of RM108,000 relating to a Non-executive Director of the Company who was an Executive Director of a subsidiary.

12 AUDITORS' REMUNERATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
PricewaterhouseCoopers Malaysia*				
– Statutory audit	**343**	365	**50**	43
– Fees for other services	**132**	111	**107**	111
	475	476	**157**	154

12 AUDITORS' REMUNERATION (Continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other member firms of PricewaterhouseCoopers International Limited*				
– Statutory audit	**121**	100	**–**	–
– Fees for other services	**23**	11	**–**	–
	144	111	**–**	–
Firms other than member firms of PricewaterhouseCoopers International Limited				
– Statutory audit	**56**	123	**–**	–

* PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

13 TAXATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations				
Current tax:				
Malaysian tax:				
– Current financial year	**8,921**	7,361	**–**	3,433
– (Over)/under accrual in previous financial years	**382**	(876)	**(409)**	121
	9,303	6,485	**(409)**	3,554
Foreign tax:				
– Current financial year	**9,084**	2,636	**–**	–
– Over accrual in previous financial years	**–**	(1,389)	**–**	–
	9,084	1,247	**–**	–
Deferred tax (Note 35):				
– Origination and reversal of temporary differences	**(185)**	299	**–**	–
Total income tax expense/(credit) from continuing operations	**18,202**	8,031	**(409)**	3,554

13 TAXATION (Continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Discontinued operation				
Current tax:				
Malaysian tax:				
– Current financial year	**774**	372	**–**	–
– (Over)/under accrual in previous financial years	**202**	(63)	**–**	–
	976	309	**–**	–
Deferred tax (Note 35):				
– Origination and reversal of temporary differences	**(706)**	(166)	**–**	–
Total income tax expense from discontinued operation (Note 5(b))	**269**	143	**–**	–
Tax expense/(credit)	**18,471**	8,174	**(409)**	3,554
The explanation of the relationship between tax expense/ (credit) and (loss)/profit before taxation is as follows:				
(Loss)/profit before taxation from:				
– continuing operations	**(270,127)**	(121,196)	**(252,617)**	14,055
– discontinued operation	**(246)**	(447)	**–**	–
	(270,373)	(121,643)	**(252,617)**	14,055
Tax calculated at the Malaysian tax rate of 25% (2009: 25%)	**(67,593)**	(30,411)	**(63,052)**	3,514
Tax effects of:				
– share of results of associates and jointly controlled entities	**(2,376)**	(3,048)	**–**	–
– expenses not deductible for tax purposes	**49,901**	12,633	**64,099**	1,112
– income not subject to tax	**(5,161)**	(5,275)	**(1,047)**	(1,193)
– different tax rates in other countries	**42,144**	6,916	**–**	–
– temporary differences and tax losses not recognised	**901**	22,563	**–**	–
– utilisation of previously unrecognised tax losses	**(220)**	(216)	**–**	–
– business loss not allowed for offset against future income	**291**	7,340	**–**	–
Under/(over) accrual in previous financial years	**584**	(2,328)	**(409)**	121
Tax expense/(credit)	**18,471**	8,174	**(409)**	3,554

14 LOSS PER SHARE

(a) Basic

The calculation of basic loss per share of the Group is calculated by dividing the loss attributable to the ordinary equity holders of the Company for the financial year of RM274,917,000 (2009: RM137,227,000) by the weighted average number of ordinary shares in issue during the financial year of 563,262,970 (2009: 563,262,970).

	Group	
	2010 RM'000	2009 RM'000
Loss from continuing operations attributable to equity holders of the Company	**(274,018)**	(136,313)
Loss from discontinued operation attributable to equity holders of the Company	**(899)**	(914)
Loss attributable to equity holders of the Company	**(274,917)**	(137,227)

	'000	'000
Weighted average number of shares in issue	**563,263**	563,263

	Sen	Sen
Basic loss per share, attributable to equity holders of the Company, for:		
– Loss from continuing operations	**(48.65)**	(24.20)
– Loss from discontinued operations	**(0.16)**	(0.16)
Total basic loss per share attributable to equity holders of the Company	**(48.81)**	(24.36)

(b) Diluted

The Group does not have in issue any financial instruments or other contracts that may entitle its holders to ordinary shares and therefore, dilute its basic earnings per share. Accordingly, the diluted loss per share has not been presented.

15 DIVIDENDS IN RESPECT OF ORDINARY SHARES

	2010		2009	
	Gross dividend per share sen	Amount of dividend, net of tax RM'000	Gross dividend per share sen	Amount of dividend, net of tax RM'000
Dividends in respect of the financial year:				
Interim dividend:				
– net of tax at 25%	–	–	5.0	21,122
Dividends recognised as distribution to ordinary equity holders of the Company during the financial year	–	–	11.5	48,581

16 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Net book value										
At 1 April 2009	**2,050**	**11,323**	**1,669**	**7,701**	**6,228**	**76,510**	**906**	**18,908**	**264**	**125,559**
Additions	**–**	**–**	**36**	**399**	**488**	**628**	**14**	**6,311**	**–**	**7,876**
Disposals	**–**	**–**	**(262)**	**(375)**	**(5)**	**–**	**–**	**(47)**	**–**	**(689)**
Write off	**–**	**–**	**(82)**	**(3)**	**(12)**	**(1,366)**	**–**	**(123)**	**(264)**	**(1,850)**
Depreciation charge	**–**	**(232)**	**(562)**	**(3,456)**	**(2,481)**	**(36,180)**	**(148)**	**(9,158)**	**–**	**(52,217)**
Impairment loss	**–**	**–**	**(131)**	**–**	**(321)**	**–**	**–**	**(158)**	**–**	**(610)**
Translation differences		**–**	**–**	**–**	**–**	**(3,452)**	**–**	**–**	**–**	**(3,452)**
Transferred to disposal group held for sale	**(2,050)**	**(3,603)**	**(42)**	**(204)**	**(197)**	**(2,551)**	**–**	**–**	**–**	**(8,647)**
At 31 March 2010	**–**	**7,488**	**626**	**4,062**	**3,700**	**33,589**	**772**	**15,733**	**–**	**65,970**
At 31 March 2010										
Cost	**–**	**8,798**	**2,364**	**14,705**	**12,644**	**123,544**	**1,780**	**32,717**	**–**	**196,552**
Accumulated depreciation and impairment loss	**–**	**(1,310)**	**(1,738)**	**(10,643)**	**(8,944)**	**(89,955)**	**(1,008)**	**(16,984)**	**–**	**(130,582)**
Net book value	**–**	**7,488**	**626**	**4,062**	**3,700**	**33,589**	**772**	**15,733**	**–**	**65,970**

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold land RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Net book value										
At 1 April 2008	2,050	11,555	2,038	8,089	7,188	79,135	1,054	5,760	264	117,133
Additions	—	—	280	3,256	2,040	45,988	—	18,086	—	69,650
Disposals	—	—	(59)	(254)	(70)	(580)	—	(307)	—	(1,270)
Write off	—	—	(16)	(1)	(114)	(14,613)	—	(70)	—	(14,814)
Depreciation charge	—	(232)	(703)	(3,999)	(3,103)	(40,165)	(152)	(5,175)	—	(53,529)
Translation differences	—	—	129	610	287	6,745	4	614	—	8,389
At 31 March 2009	2,050	11,323	1,669	7,701	6,228	76,510	906	18,908	264	125,559
At 31 March 2009										
Cost	2,050	13,118	3,778	17,511	14,729	137,921	1,766	26,908	264	218,045
Accumulated depreciation	—	(1,795)	(2,109)	(9,810)	(8,501)	(61,411)	(860)	(8,000)	—	(92,486)
Net book value	2,050	11,323	1,669	7,701	6,228	76,510	906	18,908	264	125,559

Company	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Net book value				
At 1 April 2009	**—**	**984**	**64**	**1,048**
Additions	**—**	**—**	**39**	**39**
Disposal	**—**	**(129)**	**(1)**	**(130)**
Depreciation charge	**—**	**(344)**	**(34)**	**(378)**
At 31 March 2010	**—**	**511**	**68**	**579**
At 31 March 2010				
Cost	**40**	**1,583**	**465**	**2,088**
Accumulated depreciation	**(40)**	**(1,072)**	**(397)**	**(1,509)**
Net book value	**—**	**511**	**68**	**579**

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Net book value				
At 1 April 2008	—	1,155	95	1,250
Additions	—	165	16	181
Write off	—	—	(2)	(2)
Depreciation charge	—	(336)	(45)	(381)
At 31 March 2009	—	984	64	1,048
At 31 March 2009				
Cost	40	2,063	427	2,530
Accumulated depreciation	(40)	(1,079)	(363)	(1,482)
Net book value	—	984	64	1,048

Depreciation charge for the financial year is allocated as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Income statement				
– continuing operations (Note 9)	**22,541**	18,784	**378**	381
– discontinued operation (Note 5(b))	**547**	649	**—**	—
Construction contracts (Note 28)	**29,129**	34,096	**—**	—
	52,217	53,529	**378**	381
Net book values of assets acquired under hire purchase arrangements:				
– Motor vehicles	**870**	2,070	**511**	827

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group	
	2010 RM'000	2009 RM'000
Net book values of assets pledged as security for term loans (Note 34):		
– Motor vehicles	–	326

During the previous financial year, the Group acquired property, plant and equipment with an aggregate cost of RM69,650,000, of which RM1,222,000 was acquired by means of hire purchase arrangements.

17 INVESTMENT PROPERTIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost				
At start and end of the financial year	**6,350**	6,350	–	–
Accumulated depreciation				
At start of the financial year	**(509)**	(366)	–	–
Depreciation charge	**(142)**	(143)	–	–
At end of the financial year	**(651)**	(509)	–	–
Net book value	**5,699**	5,841	–	–

As at 31 March 2010, the fair value of the investment properties was estimated at RM8,730,000 (2009: RM7,750,000) based on valuation by an independent professionally qualified valuer. Valuations were based on current prices in an active market for all properties.

18 LEASE PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At start of the financial year	**46**	106	**46**	106
Amortisation charge	**(46)**	(60)	**(46)**	(60)
At end of the financial year	**–**	46	**–**	46
Cost	**218**	218	**218**	218
Accumulated amortisation	**(218)**	(172)	**(218)**	(172)
Net book value	**–**	46	**–**	46

19 GOODWILL

	Group	
	2010 RM'000	2009 RM'000
Net book value		
At start of the financial year	**44,396**	47,338
Impairment loss during the financial year	**(44,396)**	(2,942)
At end of financial year	**–**	44,396
Cost	**47,338**	47,338
Accumulated impairment losses	**(47,338)**	(2,942)
Net book value	**–**	44,396

19 GOODWILL (Continued)

Impairment assessment for goodwill

The carrying amount of goodwill allocated to the Group's cash-generating unit ("CGUs") is as follows:

	Group	
	2010 RM'000	2009 RM'000
Engineering and construction	–	44,396
Manufacturing and trading ^	–	–
	–	44,396

^ The carrying amount of goodwill for the manufacturing and trading CGU of RM2,942,000 had been fully impaired during the financial year ended 31 March 2009.

Recoverable amounts based on value in use

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the Directors covering a five-year period. The key assumptions used in the value-in-use calculations are as follows:

	2010		2009	
	Engineering and construction %	Manufacturing and trading %	Engineering and construction %	Manufacturing and trading %
Gross margin	**5 – 15**	–	8 – 12	20
Pre-tax discount rate	**14**	–	14	14

The following describes each key assumption underlying the preparation of the cash flow projections for the purposes of impairment assessment of the goodwill:

(i) Gross margin

The Directors have determined the budgeted gross margins of the projects based on past performance and their expectations of market development.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant industry.

19 GOODWILL (Continued)

Recoverable amounts based on value in use (Continued)

(iii) Projects included in the cash flow projections

The Directors have included, in the cash flow projections, the existing projects/orders in hand, projects which are currently being tendered and projects anticipated to be tendered in the future, taking into consideration the success rate of securing these projects based on past experience and historical data.

The cash flow projections for the engineering and construction CGU assume that each project generates cash flows for a period of 3 to 5 years from the date of commencement.

In the previous financial year, the cash flow projections for the manufacturing and trading CGU assumed that each project and order in hand generated cash flow in the same year the projects commenced and orders were fulfilled.

Based on the value in use calculations, the Group has recorded a full impairment loss of RM44,396,000 for the current financial year in respect of the goodwill of the engineering and construction CGU on the basis that the carrying amount of the engineering and construction CGU exceeded its recoverable amount.

20 INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares outside Malaysia, at cost	**18,055**	18,055
Less: Accumulated impairment losses	**(18,055)**	(18,055)
	–	–
Unquoted shares in Malaysia, at cost	**140,525**	140,525
Less: Accumulated impairment losses	**(140,425)**	–
	100	140,525
	100	140,525

20 INVESTMENTS IN SUBSIDIARIES (Continued)

The shares of all subsidiaries are held directly by the Company unless indicated below. Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010 %	2009 %	
Tronoh Consolidated (Overseas) Sdn. Bhd. #	Malaysia	**100**	100	Dormant
Golden Solitaire (Australia) B.V.	Netherlands	**67**	67	Under members' voluntary liquidation
Zelan Holdings (M) Sdn. Bhd. #	Malaysia	**100**	100	Investment holding, civil engineering and building turnkey contractor
Tronoh Consolidated (Labuan) Ltd.	Malaysia	**100**	100	Under members' voluntary liquidation
TCMB Energy Ventures Sdn. Bhd. #	Malaysia	**100**	100	Dormant
TCMB Power Sdn. Bhd. #	Malaysia	**100**	100	Dormant
Subsidiaries of Zelan Holdings (M) Sdn. Bhd.				
Zelan Corporation Sdn. Bhd. #	Malaysia	**100**	100	Property development and management and operation of motor vehicles parking facilities
Sejara Bina Sdn. Bhd. ^	Malaysia	**100**	100	Investment holding
European Profiles (M) Sdn. Berhad ^	Malaysia	**80**	80	Manufacturing of metal roof and wall cladding systems
Zelan Enterprise Sdn. Bhd. #	Malaysia	**100**	100	Contracting and supplying of building materials
Zelan Construction Sdn. Bhd. #	Malaysia	**100**	100	Piling and civil engineering contractor
P T Zelan Indonesia ^	Indonesia	**95**	95	Civil technical design and construction of civil and building works
Zelan Middle East Ltd.	Malaysia	**100**	100	Under members' voluntary liquidation
Zelan Consolidated (Overseas) Sdn. Bhd. ^	Malaysia	**100**	100	Dormant

20 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010 %	2009 %	
Subsidiaries of Zelan Holdings (M) Sdn. Bhd. (Continued)				
Zelan Construction (India) Private Limited *	India	**100**	100	Civil technical design and construction of civil and building works
Zelan Construction Arabia Co. Ltd. * ^^	Saudi Arabia	**100**	100	Civil technical design and construction of civil and building works
Subsidiaries of Zelan Corporation Sdn. Bhd.				
Zelan Development Sdn. Bhd. #	Malaysia	**100**	100	Property development
Panduan Pelangi Sdn. Bhd. ^	Malaysia	**100**	100	Building management and maintenance
Zelan Property Services Sdn. Bhd. ^	Malaysia	**100**	100	Management of residential properties
Paduan Lima Sejati Sdn. Bhd. ^	Malaysia	**100**	100	Management and operation of a fitness centre
Subsidiaries of Zelan Enterprise Sdn. Bhd.				
Vispa Sdn. Bhd. ^	Malaysia	**100**	100	Dormant
Eminent Hectares Sdn. Bhd. ^	Malaysia	**99.98**	99.98	Investment holding
Subsidiaries of European Profiles (M) Sdn. Berhad				
European Profiles Contracting Sdn. Bhd. ^	Malaysia	**56.80**	56.80	Design, engineering and contracting of building envelope systems
Richard Lees Steel Decking Asia Sdn. Bhd. ^	Malaysia	**40**	40	Dormant
Subsidiary of European Profiles Contracting Sdn. Bhd.				
European Profiles Contracting Pte. Ltd. ^	Singapore	**56.80**	56.80	Design, engineering and contracting of building envelope systems

20 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010 %	2009 %	
Subsidiary of Zelan Construction Sdn. Bhd.				
Zelan Construction Pte. Ltd. ^	Singapore	**100**	100	Under members' voluntary liquidation

Note:
\# Audited by PricewaterhouseCoopers, Malaysia.
^ Audited by a firm other than member firms of PricewaterhouseCoopers International Limited.
* Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.
^^ The accounting year end of this subsidiary is 31 December.

21 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares in Malaysia, at cost	**5,580**	5,580	**3,005**	3,005
Less: Accumulated impairment losses	**–**	–	**(2,948)**	(2,948)
	5,580	5,580	**57**	57
Unquoted shares outside Malaysia, at cost	**2,467**	6,365	**–**	–
Less: Accumulated impairment losses	**–**	(3,072)	**–**	–
	2,467	3,293	**–**	–
Group's share of post-acquisition reserves	**25,167**	15,471	**–**	–
	33,214	24,344	**57**	57

21 INVESTMENTS IN ASSOCIATES (Continued)

The Group's share of revenue, profits, assets and liabilities of the associates are as follows:

	Group	
	2010 RM'000	2009 RM'000
Revenue	**246,273**	343,040
Profit after taxation (including minority interest)	**8,870**	10,853
Non-current assets	**85**	3,752
Current assets	**109,420**	119,252
Current liabilities	**(75,671)**	(95,258)
Non-current liabilities	**(620)**	(330)
Net assets	**33,214**	27,416
Less: Accumulated impairment losses	**—**	(3,072)
	33,214	24,344

The shares of all associates are held directly by the Company unless indicated below. Details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010 %	2009 %	
Timah Dermawan Sendirian Berhad *#	Malaysia	**30**	30	Dormant
Associates of Zelan Holdings (M) Sdn. Bhd.				
Sahakarn Zelan (Thailand) Co. Ltd. ^*	Thailand	**49**	49	Investment holding
Zelan Arabia Co. Ltd. ^*	Saudi Arabia	**40**	40	Civil technical design and construction of civil and building works
Associate of Sejara Bina Sdn. Bhd.				
Essential Amity Sdn. Bhd. #	Malaysia	**50**	50	Turnkey contractor and property development

21 INVESTMENTS IN ASSOCIATES (Continued)

The shares of all associates are held directly by the Company unless indicated below. Details of the associates are as follows: (Continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010 %	2009 %	
Associate of Zelan Corporation Sdn. Bhd.				
Ratcha Ploen Co. Ltd. ^@	Thailand	–	35	Property development

Note:
- # Audited by PricewaterhouseCoopers, Malaysia.
- ^ Audited by a firm other than member firms of PricewaterhouseCoopers International Limited.
- * The accounting year end of these associates is 31 December.
- @ Refer to Note 5(a)(i) for the disposal of Ratcha Ploen Co. Ltd.

22 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	–	85
Share of results of jointly controlled entities	**127**	8,076
	127	8,161

22 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

The Group's share of revenue, expenses, assets and liabilities of the jointly controlled entities are as follows:

	Group	
	2010 RM'000	2009 RM'000
Revenue	**20,292**	48,079
Expenses (including tax expense)	**(19,656)**	(46,741)
Profit after taxation	**636**	1,338
Non-current assets	**169**	202
Current assets	**147,123**	140,564
	147,292	140,766
Current liabilities	**(147,126)**	(132,578)
Non-current liabilities	**(39)**	(27)
Net assets	**127**	8,161

Details of the jointly controlled entities are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2010 %	2009 %
L.K. Ang – Zelan Consortium Pte. Ltd.	Under members' voluntary liquidation	Singapore	**50**	50
Zelan EPC Limited (formerly known as Zelan EPC (Hong Kong) Limited) ^	Investment holding	Hong Kong	**–**	50
Subsidiary of Zelan EPC Limited (formerly known as Zelan EPC (Hong Kong) Limited)				
Zelan Projects Private Limited ^	Engineering, procurement and construction contractor	India	**–**	49.95

Note:

^ Refer to Note 5(a)(ii) for the disposal of Zelan EPC Limited (formerly known as Zelan EPC (Hong Kong) Limited).

23 JOINT VENTURES

The Group's share of income, expenses, assets and liabilities of the jointly controlled operations are as follows:

	Group	
	2010 RM'000	2009 RM'000
Revenue	**300**	1,391
Expenses (including tax expense)	**–**	(270)
Profit after taxation	**300**	1,121
Non-current assets	**–**	–
Current assets	**51**	3,436
Current liabilities	**(4)**	(1,345)
Net assets	**47**	2,091

The Group's share of income, expenses, assets and liabilities of the jointly controlled operations have been included within the financial statements of the entities within the Group which operate these jointly controlled operations.

Details of the jointly controlled operations are as follows:

Name of company	Principal activities	Proportion of ownership interest	
		2010 %	2009 %
Zelan - Murray Roberts Joint Venture	Civil engineering works	**50**	50
ZCSB-WEPE Joint Venture	Civil engineering works	**51**	51
European Profiles Contracting Sdn. Bhd. – PT Krazu Nusantara (European Profiles – Krazu Joint Venture)	Supply, delivery, hoist installation and painting of GRC Islamic Features Panels and done works ceilings for Albukhary Higher Learning Centre	**36**	36
Sumitomo - Zelan Consortium	Construction and completion of power plant	**^**	^

23 JOINT VENTURES (Continued)

Details of the jointly controlled operations are as follows: (Continued)

Name of company	Principal activities	Proportion of ownership interest	
		2010 %	2009 %
Zelan-Marubeni-Tokyu Construction Consortium	Construction and completion of hangar and workshop for aircraft	*	*

^ The proportion of ownership interest in this jointly controlled operation varies based on the stages of the contract activities as set out in the Sumitomo - Zelan Consortium Agreement.

* The proportion of ownership interest in this jointly controlled operation varies based on the stages of the contract activities as set out in the Zelan - Marubeni - Tokyu Construction Consortium Agreement.

24 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At start of the financial year	**344,158**	502,240	**344,158**	502,240
Increase/(decrease) in fair value	**218,351**	(158,082)	**218,351**	(158,082)
At end of the financial year	**562,509**	344,158	**562,509**	344,158

Available-for-sale investments amounting to RM323,691,000 (2009: Nil) have been pledged as security for the Group's revolving credits as disclosed in Note 34(b) to the financial statements.

25 INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost:		
– Completed properties for sale	**9,537**	9,739
– Raw materials	**—**	5,400
	9,537	15,139
At net realisable value:		
– Raw materials	**—**	940
	9,537	16,079

26 PROPERTY DEVELOPMENT COSTS

	Group	
	2010 RM'000	2009 RM'000
Freehold land, at cost	**30,000**	30,000
Development expenditure	**234,166**	218,392
	264,166	248,392
Less: Accumulated costs charged to income statement	**(264,166)**	(246,378)
	—	2,014
At start of the financial year	**2,014**	52,827
Cost incurred during the financial year:		
– development costs	**15,774**	113,848
	17,788	166,675
Costs charged to income statement	**(17,788)**	(125,780)
Derecognition of property development costs		
– land cost	**—**	(36,720)
– development expenditure (Note 9)	**—**	(2,161)
	—	(38,881)
At end of the financial year	**—**	2,014

27 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	**461,842**	433,122	**–**	–
Amounts due from contract customers (Note 28)	**21,051**	99,600	**–**	–
Accrued billings in respect of property development	**–**	2,938	**–**	–
Advances to subcontractors	**85,205**	112,540	**–**	–
Amount due from a jointly controlled entity	**–**	322	**–**	–
Amounts due from joint ventures	**–**	84	**–**	–
Amounts due from associates	**836**	1,867	**–**	1
Amounts due from related companies	**12,150**	13,400	**–**	–
	581,084	663,873	**–**	1
Other assets	**–**	2,740	**–**	–
Other receivables, deposits and prepayments	**33,044**	38,601	**995**	96
Less: Allowance for doubtful debts	**(3,409)**	(59)	**(59)**	(59)
	29,635	41,282	**936**	37
Amounts due from subsidiaries	**–**	–	**127,158**	12,543
Less: Allowance for doubtful debts	**–**	–	**(125,847)**	(2,935)
	–	–	**1,311**	9,608
	610,719	705,155	**2,247**	9,646

The currency exposure profile of receivables is as follows:

– Ringgit Malaysia	**16,414**	67,273	**2,247**	9,646
– Indian Rupee	**138,303**	33,979	**–**	–
– Saudi Riyal	**8,150**	62,032	**–**	–
– Euro	**12,143**	13,575	**–**	–
– Singapore Dollar	**–**	979	**–**	–
– Indonesian Rupiah	**88,066**	93,334	**–**	–
– US Dollar	**105,031**	238,924	**–**	–
– Arab Emirates Dirham	**242,612**	195,059	**–**	–
	610,719	705,155	**2,247**	9,646

27 RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Credit terms of trade receivables range from 14 to 60 days (2009: 14 to 60 days).

Retention on contracts, included in trade receivables of the Group, amounted to RM231,286,000 (2009: RM215,127,000).

The amount due from a jointly controlled entity is trade and non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

The amounts due from joint ventures are trade in nature, unsecured, interest free and have no fixed terms of repayment.

The amounts due from associates are trade in nature, unsecured, interest free and have no fixed terms of repayment.

The amounts due from subsidiaries and related companies are non-trade in nature, unsecured, interest free and have no fixed terms of repayment.

28 CONSTRUCTION CONTRACTS

	Group	
	2010 RM'000	2009 RM'000
Aggregate costs incurred to date	**7,611,233**	6,472,542
Add: Attributable profits	**305,177**	355,421
Less: Recognised losses	**(305,328)**	(194,290)
	7,611,082	6,633,673
Less: Progress billings	**(7,709,753)**	(6,696,416)
	(98,671)	(62,743)
Amounts due from contract customers (Note 27)	**21,051**	99,600
Amounts due to contract customers (Note 33)	**(119,722)**	(162,343)
	(98,671)	(62,743)

28 CONSTRUCTION CONTRACTS (Continued)

Included in aggregate costs incurred during the financial year are as follows:

	Group	
	2010 RM'000	2009 RM'000
Rental of plant and machinery	**22,815**	31,112
Rental of premises	**8,335**	16,020
Depreciation of property, plant and equipment (Note 16)	**29,129**	34,096
Interest expense on (Note 8):		
– hire purchase	**21**	74
– term loans	**3,872**	3,707
– bank overdrafts	**104**	151
– revolving credit	**2,537**	1,557
	6,534	5,489
Staff costs (Note 10)	**103,278**	169,581

Borrowing costs included in construction contract costs incurred during the financial year were capitalised by applying a capitalisation rate ranging from 4.00% to 15.00% (2009: 1.75% to 8.00%) per annum.

29 OTHER INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Warrants quoted in Malaysia, at cost	–	4,116	–	4,116
Less: Accumulated impairment losses	–	(2,552)	–	(2,552)
	–	1,564	–	1,564
Other investments quoted in Malaysia, at cost	**433**	8,298	–	–
Less: Accumulated impairment losses	–	(206)	–	–
	433	8,092	–	–
Total	**433**	9,656	–	1,564
Market value	**557**	9,836	–	1,564

30 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with:				
– Licensed banks	**4,178**	39,448	**1,744**	9,000
– Other licensed financial institutions	**—**	1	**—**	—
	4,178	39,449	**1,744**	9,000
Bank and cash balances	**39,730**	63,433	**4,157**	1,046
Deposits, bank and cash balances	**43,908**	102,882	**5,901**	10,046
Less: Deposits pledged as security	**(2,549)**	(360)	**(1,744)**	—
	41,359	102,522	**4,157**	10,046
Add: Cash and cash equivalents of disposal group held for sale (Note 5(b))	**2,587**	—	**—**	—
	43,946	102,522	**4,157**	10,046
The currency exposure profile of deposits, bank and cash balances is as follows:				
– Ringgit Malaysia	**10,945**	36,512	**5,901**	10,046
– Saudi Riyal	**2,279**	1,825	**—**	—
– Indian Rupee	**3,202**	19,293	**—**	—
– Singapore Dollar	**—**	160	**—**	—
– Arab Emirates Dirham	**3,937**	7,600	**—**	—
– US Dollar	**22,879**	33,153	**—**	—
– Indonesian Rupiah	**664**	4,338	**—**	—
– Euro	**2**	1	**—**	—
	43,908	102,882	**5,901**	10,046

Included in deposits placed with licensed banks of the Group is an amount of RM2,549,000 (2009: RM360,000) which have been pledged to secure banking facilities, including performance guarantee facility, granted to the Group (Note 34).

30 CASH AND CASH EQUIVALENTS (Continued)

Included in the cash and bank balances is RM115,000 (2009: RM114,000) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Contract and Licensing) Act 1966) that may only be used in accordance with the said Act.

Deposits of the Group and the Company at the end of the balance sheet date have an average maturity of 52 days (2009: 52 days) and 30 days (2009: 30 days) respectively. Bank balances are deposits held at call with banks.

The weighted average interest rates of deposits, bank and cash balances that were effective at the balance sheet date were as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Deposits placed with:				
– Licensed banks	**4.65**	3.50	**1.75**	1.86
– Other licensed financial institutions	**—**	2.79	**—**	—
Bank balances	**1.33**	1.53	**1.08**	0.99

31 SHARE CAPITAL

The authorised, issued and fully paid up capital of the Company as at the end of the financial year are as follows:

	Group/Company			
	No. of ordinary shares		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised:				
At start and the end of the financial year	**800,000**	800,000	**800,000**	800,000
Issued and fully paid:				
At start and end of the financial year	**563,264**	563,264	**281,632**	281,632

32 RESERVES

Retained earnings as at 31 March 2009

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credit under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividend paid under this system is tax exempt in the hands of shareholders.

Under the special transitional provisions of the Finance Act 2007, companies with Section 108 credits may continue to pay franked dividend until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends.

Subject to agreement with the Inland Revenue Board, the Company had sufficient Section 108 tax credits to pay net dividends of approximately RM102,000,000 out of the distributable reserves of the Company as at 31 March 2009. In addition, the Company has tax exempt income available as at 31 March 2009 to frank tax exempt dividends of approximately RM153,000,000 out of the distributable reserves of the Company as at 31 March 2009.

33 PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	**353,381**	326,176	**—**	—
Amounts due to contract customers (Note 28)	**119,722**	162,343	**—**	—
Advances received on contracts	**96,506**	152,851	**—**	—
Other payables and accruals	**79,578**	123,597	**876**	2,139
Amounts due to subsidiaries	**—**	—	**5,288**	5,606
Amount due to a joint venture partner	**2**	2	**—**	—
Amounts due to related companies	**40**	431	**41**	281
Amounts due to associates	**5,807**	268	**—**	—
	655,036	765,668	**6,205**	8,026

33 PAYABLES (Continued)

The currency exposure profile of payables is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
– Ringgit Malaysia	**40,466**	82,853	**1,345**	2,571
– Indian Rupee	**132,142**	29,587	**–**	–
– Saudi Riyal	**49,418**	143,632	**–**	–
– Singapore Dollar	**–**	584	**–**	–
– Arab Emirates Dirham	**217,514**	223,193	**–**	–
– Euro	**119**	131	**4,860**	5,455
– Thai Baht	**–**	268	**–**	–
– United States Dollar	**102,913**	168,009	**–**	–
– Indonesian Rupiah	**112,464**	117,411	**–**	–
	655,036	765,668	**6,205**	8,026

Credit terms of trade payables granted to the Group vary from no credit to 60 days (2009: 60 days).

The advances received from contract customers are secured by advance payment bonds issued by financial institutions which are in turn secured by a corporate guarantee by a subsidiary. The advances are interest free and repayable by deducting from progress billings certified by the contract customers.

Amounts due to related companies, subsidiaries and associates are non-trade in nature, unsecured, interest free and have no fixed terms of repayment.

Amount due to a joint venture partner is trade in nature, unsecured, interest free and is repayable in accordance with the terms of the contract.

34 BORROWINGS

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current:					
Term loans – secured	(a)	**22,865**	64,255	**–**	–
Term loans – unsecured	(a)	**54,357**	30,000	**–**	–
Revolving credit – secured	(b)	**195,888**	35,974	**100,000**	–
Overdraft facility – secured	(c)	**–**	7,467	**–**	–
Hire purchase liabilities – secured	(d)	**436**	800	**279**	273
		273,546	138,496	**100,279**	273
Non-current:					
Term loans – secured	(a)	**–**	510	**–**	–
Hire purchase liabilities – secured	(d)	**300**	873	**245**	524
		300	1,383	**245**	524
Total:					
Term loans – secured	(a)	**22,865**	64,765	**–**	–
Term loans – unsecured	(a)	**54,357**	30,000	**–**	–
Revolving credit – secured	(b)	**195,888**	35,974	**100,000**	–
Overdraft facility – unsecured	(c)	**–**	7,467	**–**	–
Hire purchase liabilities – secured	(d)	**736**	1,673	**524**	797
		273,846	139,879	**100,524**	797

(a) Term loans

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Payable within one year	**77,222**	94,255	**–**	–
Payable between one and two years	**–**	292	**–**	–
Payable between three and four years	**–**	218	**–**	–
	77,222	94,765	**–**	–

34 BORROWINGS (Continued)

(a) Term loans (Continued)

The secured term loans of the Group are secured by:

- Facility Agreement cum Assignment as principal instrument incorporating first party registered charge over the land and buildings of certain subsidiaries and debenture over all fixed and floating assets of a subsidiary
- General security agreement
- Marginal deposit covering the financial guarantee
- Letter of undertaking
- Letter of comfort
- Third party indemnity
- Mortgage over assets
- Assignment of project proceeds

The interest rates of the term loans are based on the Cost of Funds ("COF") plus/minus a fixed margin and are reset every time there is a change in the COF.

The carrying amount of the term loans with fixed interest rate which are due within one year approximate their fair values at balance sheet date. The fair value of the term loans in the previous year which were due after one year were RM484,000.

(b) Revolving credit

The revolving credit facilities are secured by:

- Assignment of proceeds accounts, project proceeds, supplier bonds
- Letter of undertaking
- Letter of subordination of debts
- Pledge of quoted shares (Note 24)

The interest rate of the revolving credit is based on the COF plus a fixed margin.

As at 31 March 2010, the outstanding revolving credit balance of RM48,937,000 in respect of a subsidiary of the Company was subject to compliance with two financial loan covenants, which have not been complied with as at the balance sheet date.

(c) Overdraft facility

The bank overdraft facility was secured by a corporate guarantee.

34 BORROWINGS (Continued)

(d) Hire purchase liabilities

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Analysis of hire purchase liabilities:				
Payable within one year	**461**	877	**295**	303
Payable between one and two years	**270**	622	**215**	295
Payable between two and three years	**37**	250	**37**	215
Payable between three and four years	**—**	38	**—**	37
	768	1,787	**547**	850
Less: Finance charges	**(32)**	(114)	**(23)**	(53)
	736	1,673	**524**	797
Present value of hire purchase liabilities:				
Payable within one year	**436**	800	**279**	273
Payable between one and two years	**264**	593	**209**	279
Payable between two and three years	**36**	244	**36**	209
Payable between three and four years	**—**	36	**—**	36
	736	1,673	**524**	797

Included in the hire purchase liabilities of the Group of the previous year is RM737,000 which was secured by corporate guarantee from a subsidiary.

(e) Interest rates

Contractual interest rates at the balance sheet date (per annum) are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Term loans	**3.45 – 15.00**	2.50 – 8.00	**—**	—
Revolving credit	**4.00 – 5.10**	4.00 – 6.00	**4.73 – 5.10**	—
Overdraft facility	**—**	5.40	**—**	—
Hire purchase liabilities	**1.75 – 5.10**	1.75 – 5.10	**2.20 – 2.52**	2.20 – 2.52

34 BORROWINGS (Continued)

(f) Currency exposure profile

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	**130,640**	31,256	**100,524**	797
Arab Emirates Dirham	**52,961**	58,962	**—**	—
Saudi Riyal	**24,357**	24,305	**—**	—
US Dollar	**65,888**	25,356	**—**	—
	273,846	139,879	**100,524**	797

35 DEFERRED TAX LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Deferred tax liabilities		
– subject to income tax		
– continuing operations	**3,661**	3,936
– deferred tax asset of disposal group held for sale (Note 5(b))	**(616)**	—
	3,045	3,936

Movement during the financial year is as follows:

At start of the financial year	**3,936**	3,803
(Credited)/charged to income statement		
– continuing operations (Note 13)	**(185)**	299
– discontinued operation (Note 13)	**(706)**	(166)
Reclassification of deferred tax asset of disposal group held for sale (Note 5(b))	**616**	–
At end of the financial year	**3,661**	3,936

35 DEFERRED TAX LIABILITIES (Continued)

	Group	
	2010 RM'000	2009 RM'000
Subject to income tax:		
Deferred tax assets (before offsetting)		
– Provisions	**(178)**	(175)
Offsetting	**178**	175
Deferred tax assets (after offsetting)	**–**	–
Deferred tax liabilities (before offsetting)		
– Property, plant and equipment	**2,841**	3,061
– Unrealised foreign exchange gain	**998**	1,050
	3,839	4,111
Offsetting	**(178)**	(175)
Deferred tax liabilities (after offsetting)	**3,661**	3,936

The amount of deductible temporary differences, unabsorbed capital allowances and unused tax losses, all of which have no expiry date and for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deductible temporary differences	**50,191**	50,185	**–**	–
Unabsorbed capital allowances	**140**	122	**134**	134
Tax losses	**44,033**	41,336	**–**	–
	94,364	91,643	**134**	134

36 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant transactions and balance with related parties other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with other related parties:				
Progress billings receivable from Bukhary Realty Sdn. Bhd., a company related to a corporate shareholder of the Company	**—**	(12,854)	**—**	—
Progress billings receivable from ZCSB-WEPE, a jointly controlled operation	**—**	33	**—**	—
Rental of office premises receivable from MMC Engineering Services Sdn. Bhd., a subsidiary of a corporate shareholder of the Company	**55**	—	**—**	—
Rental of office premises receivable from Tradewinds Corporation Berhad, a related party of a corporate shareholder of the Company	**379**	377	**—**	—
Transactions with subsidiary of the Company				
Rental fee payable	**—**	—	**17**	17
Transactions with key management personnel				
Progress billings on sale of properties	**163**	6,590	**—**	—

The outstanding balances arising from the above related party transactions have been disclosed in Note 27 and Note 33 to the financial statements.

The related party transactions described above have been entered into in the normal course of business and have been established under negotiated terms.

Key management compensation

The aggregate amount of compensation received/receivable by key management of the Group and the Company (including Executive Directors) during the financial year was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and bonus	**5,128**	10,742	**2,419**	4,377
Defined contribution retirement plan	**570**	1,135	**337**	569
Directors' fees	**204**	126	**—**	—
	5,902	12,003	**2,756**	4,946
Estimated monetary value of benefits-in-kind	**108**	149	**34**	77
	6,010	12,152	**2,790**	5,023

37 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 30 October 2009, Zelan Corporation Sdn. Bhd. disposed of its 35% equity interest in Ratcha Ploen Co. Ltd., an associate. Refer to Note 5(a)(i) for further details.

(ii) On 2 November 2009, Zelan Holdings (M) Sdn. Bhd. disposed of its 50% equity interest in Zelan EPC Limited (formerly known as Zelan EPC (Hong Kong) Limited), a jointly controlled entity. Refer to Note 5(a)(ii) for further details.

38 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(i) On 11 May 2010, Zelan Holdings (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Bagan Persona Sdn. Bhd. to dispose of its entire 80% equity interest in European Profiles (M) Sdn. Berhad, a subsidiary, comprising 2,800,000 ordinary shares, for a sale consideration of RM10,000,000. The disposal was completed on 27 June 2010.

(ii) On 25 June 2010, the Company disposed of 9,400,000 ordinary shares of RM1.00 each in IJM Corporation Berhad in the open market at an average disposal price of RM4.8514 per share for a total consideration of RM45,465,000.

39 CONTINGENT LIABILITIES

(a) The Company was named as the second defendant, after MMC Corporation Berhad ("MMC"), in a writ of summons for specific performance on the sale of shares in a company, in which the Company was a shareholder, following the non-completion of the sale and purchase agreement ("Agreement") for a purchase consideration of RM4,300,000.

On 6 March 2007, following the High Court hearing, the Court dismissed the abovementioned claim with costs. The plaintiff subsequently filed a notice of appeal on 4 April 2007, to which the Court of Appeal's hearing took place on 30 June 2010.

In the Court of Appeal's hearing on 30 June 2010, the Court of Appeal allowed MMC's application for security for costs of the Company and the hearing of the appeal was adjourned to a date to be fixed pending the payment of the security by the plaintiff. In light of the aforesaid, the Company had requested the plaintiff to provide the Company with security by way of an agreement, failing which, the Company would also file an application for security.

No provision has been made in the financial statements based on the legal advice received as the solicitors are of the view that the plaintiff would not succeed in the appeal.

(b) A supplier of ready mixed concrete in the Kingdom of Saudi Arabia ("KSA") had filed a claim of SAR67,422,000 (approximately RM58,655,000) against a subsidiary of the Company, incorporated in KSA, for the outstanding invoices, quantities of concrete not ordered by the subsidiary, bank surcharges, equipment, manpower and material standby cost, equipment rental costs and value of damaged plants at a KSA Court hearing on 14 June 2010. The next KSA Court hearing has been fixed on 30 October 2010.

No provision has been made in the financial statements based on the legal advice of the solicitors in KSA, who are of the view that the plaintiff does not have a valid legal case based on the terms and conditions of the contract between the subsidiary and the supplier dated 12 August 2008.

39 CONTINGENT LIABILITIES (Continued)

(c) In the ordinary course of business, the Group has given guarantees amounting to RM753,678,000 (2009: RM804,219,000) to third parties in respect of subcontractors' performance.

40 COMMITMENTS

(a) Capital commitments

There is no capital expenditure which were authorised but not contracted for as at the balance sheet date.

(b) Operating lease commitments

The Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2010 RM'000	2009 RM'000
Less than one year	**8,723**	6,070
One to two years	**54**	42
Two to three years	**15**	26
	8,792	6,138

41 SEGMENTAL INFORMATION

The Group is organised into five main business segments as follows:

(a) Engineering and construction
(b) Manufacturing and trading
(c) Property and development
(d) Investment
(e) Others

Other operations of the Group mainly comprise maintenance services and others, all of which are not of a sufficient size to be reported separately.

Inter-segment revenue comprise construction of buildings for property development segment and purchase of raw materials for the engineering and construction segment as well as dividend income for the investment segment. The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – business segments

	Continuing operations						Discontinued operation	
	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Eliminations RM'000	Sub-total RM'000	Manufacturing and trading RM'000	Total RM'000
Year ended 31 March 2010								
Revenue								
External sales	954,440	21,946	22,125	132	–	998,643	21,344	1,019,987
Inter-segment sales	55,424	–	17	–	(55,441)	–	–	–
Total revenue	1,009,864	21,946	22,142	132	(55,441)	998,643	21,344	1,019,987
Results								
Segment results	(409,328)	3,416	(106,286)	9	259,319	(252,870)	(543)	(253,413)
Finance income	661	105	100	–	–	866	301	1,167
Finance cost	(10)	(4)	(22)	–	–	(36)	(4)	(40)
Gain on disposal of:								
– other investments	–	–	11,614	–	–	11,614	–	11,614
– a jointly controlled entity and an associate	(990)	3,627	–	–	–	2,637	–	2,637
Impairment loss on goodwill	(44,396)	–	–	–	–	(44,396)	–	(44,396)
Reversal of impairment loss of other investments	–	–	2,552	–	–	2,552	–	2,552
Share of results of:								
– associates	8,870	–	–	–	–	8,870	–	8,870
– jointly controlled entities	636	–	–	–	–	636	–	636
(Loss)/profit before taxation	(444,557)	7,144	(92,042)	9	259,319	(270,127)	(246)	(270,373)
Tax expense								(18,471)
Loss for the financial year								(288,844)

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

	Continuing operations						Discontinued operation	
	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Eliminations RM'000	Sub-total RM'000	Manufacturing and trading RM'000	Total RM'000
Year ended 31 March 2009								
Revenue								
External sales	1,757,810	191,014	31,028	144	—	1,979,996	28,228	2,008,224
Inter-segment sales	152,659	9,000	17	—	(161,676)	—	—	—
Total revenue	1,910,469	200,014	31,045	144	(161,676)	1,979,996	28,228	2,008,224
Results								
Segment results	(197,471)	29,156	24,949	2	10,297	(133,067)	2,048	(131,019)
Finance income	2,833	2,025	772	—	—	5,630	475	6,105
Finance cost	(78)	(3)	(39)	—	—	(120)	(28)	(148)
Impairment loss on:								
– goodwill	—	—	—	—	—	—	(2,942)	(2,942)
– other investments	—	(206)	(2,552)	—	—	(2,758)	—	(2,758)
– an associate	—	(3,072)	—	—	—	(3,072)	—	(3,072)
Share of results of:								
– associates	10,855	—	(2)	—	—	10,853	—	10,853
– jointly controlled entities	1,338	—	—	—	—	1,338	—	1,338
(Loss)/profit before taxation	(182,523)	27,900	23,128	2	10,297	(121,196)	(447)	(121,643)
Tax expense								(8,174)
Loss for the financial year								(129,817)

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

	Continuing operations						Discontinued operation	
	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Eliminations RM'000	Sub-total RM'000	Manufacturing and trading RM'000	Total RM'000
31 March 2010								
Assets								
Segment assets	697,218	18,194	586,171	83	(2,891)	1,298,775	36,939	1,335,714
Investments in:								
– associates	32,588	–	–	626	–	33,214	–	33,214
– jointly controlled entities	127	–	–	–	–	127	–	127
	729,933	18,194	586,171	709	(2,891)	1,332,116	36,939	1,369,055
Unallocated corporate assets								38,341
Total assets								1,407,396
Liabilities								
Segment liabilities	841,498	4,690	101,631	12	(18,949)	928,882	16,213	945,095
Unallocated corporate liabilities								3,999
Total liabilities								949,094
Other information:								
Capital expenditure	7,361	451	39	–	–	7,851	25	7,876
Depreciation and amortisation	51,263	171	424	–	–	51,858	547	52,405
(Reversal of)/Impairment loss on:								
– other investments	–	–	(2,552)	–	–	(2,552)	–	(2,552)
– goodwill	44,396	–	–	–	–	44,396	–	44,396
– property, plant and equipment	610	–	–	–	–	610	–	610

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

	Engineering and construction RM'000	Manufacturing and trading RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Eliminations RM'000	Total RM'000
31 March 2009							
Assets							
Segment assets	834,135	44,530	55,825	374,610	92	46,594	1,355,786
Investments in:							
– associates	23,762	–	–	582	–	–	24,344
– jointly controlled entities	8,161	–	–	–	–	–	8,161
	866,058	44,530	55,825	375,192	92	46,594	1,388,291
Unallocated corporate assets							38,750
Total assets							1,427,041
Liabilities							
Segment liabilities	889,454	17,806	10,847	3,432	23	(16,015)	905,547
Unallocated corporate liabilities							11,452
Total liabilities							916,999
Other information:							
Capital expenditure	69,343	108	18	181	–	–	69,650
Depreciation and amortisation	52,300	653	252	526	1	–	53,732
Impairment loss on:							
– investment in an associate	–	–	3,072	–	–	–	3,072
– other investments	–	206	–	2,552	–	–	2,758
– goodwill	–	2,942	–	–	–	–	2,942

Capital expenditure comprises additions to property, plant and equipment (Note 16). Unallocated corporate assets and liabilities are in respect of tax recoverable and current and deferred tax liabilities respectively.

41 SEGMENTAL INFORMATION (Continued)

(b) Secondary reporting format – geographical segment

	Total revenue from external customers		Capital expenditure		Segment assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations						
Malaysia	**24,008**	226,056	**726**	1,424	**750,854**	783,880
Singapore	**—**	—	**—**	—	**157**	685
Netherlands	**—**	—	**—**	—	**12,145**	13,394
India	**126,134**	66,945	**6**	7	**141,609**	61,456
United Arab Emirates	**260,113**	287,696	**1,107**	39,581	**280,363**	248,511
Saudi Arabia	**263,035**	426,051	**5,906**	27,841	**53,415**	124,323
Indonesia	**325,353**	973,248	**106**	797	**131,914**	194,792
	998,643	1,979,996	**7,851**	69,650	**1,370,457**	1,427,041
Discontinued operation/ disposal group						
Malaysia	**21,344**	28,228	**25**	—	**36,939**	—
	1,019,987	2,008,224	**7,876**	69,650	**1,407,396**	1,427,041

The Group's business activities outside Malaysia are mainly in respect of engineering and construction activities.

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 July 2010.

LIST OF PROPERTIES HELD

As at 31 March 2010

Location	Tenure	Area (sq. ft.)	Description/ Existing Use	Year of Expiry	Net Book Value (RM'000)	Age of Building (Years)	Year of Acquisition
PROPERTIES							
23rd & 24th Floor, Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	28,244	Office use	2090	7,488	10	1995
INVESTMENT PROPERTIES							
21st Floor, Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	21,788	Office rented to third party	2090	2,936	10	1995
Basement, 4th, 5th and 6th Floor Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	50,176	Car park	2090	2,763	10	2005

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

As at 30 June 2010

Transacting parties which our Group transacts with	Name of other Related Parties	Nature of transactions by companies within our Group	Shareholders' mandate obtained at the AGM held on 19 August 2009 RM'000	Incurred from 19 August 2009 to 30 June 2010 RM'000
MMC Corporation Berhad and its subsidiaries, collectively	Seaport Terminal (Johore) Sdn. Bhd. (STSB) Indra Cita Sdn. Bhd. (ICSB) Tan Sri Syed Mokhtar Shah bin Syed Nor (TSSM)	Construction contracts, project management and property development	1,500,000	96
Bukhary Realty Sdn. Bhd. (BRSB)	STSB, ICSB and TSSM	Construction contracts, project management and property development	50,000	Nil
Tradewinds Corporation Berhad (TCB)	Perspective Lane (M) Sdn. Bhd., Restu Jernih Sdn. Bhd., MMC Corporation Berhad, STSB, ICSB and TSSM	Rental of office premises to TCB and its subsidiaries	500	316
European Profiles Contracting Sdn. Bhd. Group	Mr. Khoo Boo Seong and Bagan Pesona Sdn. Bhd.	Manufacturing and/or trading of roofing wall and composite floor decking and related products design, engineering, contracting, trading and project management of building envelope system, composite floor decking and associated works	50,000	12,633

SHAREHOLDERS' INFORMATION

As at 30 June 2010

Class of Securities	: Ordinary Shares of 50 sen each
Authorised Share Capital	: RM400,000,000
Issued and Paid-up Capital	: RM281,631,485
Voting Rights	: One (1) vote for every ordinary share
No. Shareholders	: 9,509

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	146	1.54	3,142	0.00
100 – 1,000	909	9.56	759,616	0.13
1,001 – 10,000	5,319	55.94	30,021,526	5.33
10,001 – 100,000	2,805	29.50	89,220,822	15.84
100,001 to less than 5% of issued shares	328	3.45	184,918,878	32.83
5% and above of issued shares	2	0.02	258,338,986	45.87
Total	**9,509**	**100.00**	**563,262,970**	**100.00**

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2010

Type of Ownership	Shareholders	%	Shareholdings	%
1. Government Agency	2	0.02	71,786	0.01
2. Bumiputra:				
(a) Individuals	489	5.14	7,708,746	1.37
(b) Companies	32	0.34	14,428,800	2.56
(c) Nominees Company	1,107	11.64	38,612,185	6.86
3. Non-Bumiputra:				
(a) Individuals	6,546	68.84	108,712,907	19.30
(b) Companies	71	0.75	44,083,302	7.82
(c) Nominees Company	1,029	10.82	307,983,150	54.68
Malaysian Total	**9,276**	**97.55**	**521,600,876**	**92.60**
4. Foreign:				
(a) Individuals	117	1.23	2,973,382	0.53
(b) Companies	6	0.06	468,308	0.08
(c) Nominees Company	110	1.16	38,220,404	6.79
Foreign Total	**233**	**2.45**	**41,662,094**	**7.40**
Grand Total	**9,509**	**100.00**	**563,262,970**	**100.00**

SUBSTANTIAL SHAREHOLDERS OF ZELAN BERHAD

As at 30 June 2010

No.	Name of Substantial Shareholders	No. of Shares	%
1.	MMC CORPORATION BERHAD	221,053,386	39.25
2.	EMPLOYEES PROVIDENT FUND BOARD	69,739,000	12.38

THIRTY LARGEST SHAREHOLDERS

As at 30 June 2010

No.	Names	Shareholdings	%
1.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for MMC Corporation Berhad*	221,053,386	39.25
2.	EMPLOYEES PROVIDENT FUND BOARD	37,285,600	6.62
3.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *CMS Trust Management Berhad for Employees Provident Fund*	22,500,000	3.99
4.	HSBC NOMINEES (ASING) SDN. BHD. *BBH And Co Boston for GMO Emerging Markets Fund*	12,401,600	2.20
5.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *Exempt AN for American International Assurance Berhad*	8,987,400	1.60
6.	SBB NOMINEES (TEMPATAN) SDN. BHD. *Employees Provident Fund Board*	8,654,800	1.54
7.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) Trustee Bhd for CMS Premier Fund (4959)*	6,200,000	1.10
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *CMS Trust Management Berhad for* *Tenaga Nasional Berhad Retirement Benefit Trust Fund*	5,574,600	0.99
9.	AMANAH RAYA BERHAD *Kumpulan Wang Bersama*	5,500,000	0.98
10.	CITIGROUP NOMINEES (ASING) SDN. BHD. *CBNY for Dimensional Emerging Markets Value Fund*	4,989,300	0.89
11.	VALUECAP SDN. BHD.	3,920,000	0.70
12.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial*	3,614,400	0.64
13.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) Trustee Bhd for CMS Malaysia Inc. Fund*	3,097,800	0.55
14.	SBB NOMINEES (TEMPATAN) SDN. BHD. *Lembaga Tabung Haji (CAFM)*	2,494,000	0.44

THIRTY LARGEST SHAREHOLDERS (CONT'D.)

As at 30 June 2010

No.	Names	Shareholdings	%
15.	CARTABAN NOMINEES (ASING) SDN. BHD. *SSBT Fund J728 for SPDR S&P Emerging Asia Pacific ETF*	2,176,800	0.39
16.	CARTABAN NOMINEES (ASING) SDN. BHD. *SSBT Fund 57X8 for IBM Tax Deferred Savings Plan*	2,046,200	0.36
17.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Low Heng Nam*	2,000,000	0.36
18.	MOHD BASARI BIN MOHD NOOR	2,000,000	0.36
19.	NG KIAN BING	1,804,800	0.32
20.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Toh Ean Hai*	1,540,000	0.27
21.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Tan Yu Wei*	1,450,000	0.26
22.	CITIGROUP NOMINEES (ASING) SDN. BHD. *CBNY for DFA Emerging Markets Small Cap Series*	1,373,400	0.24
23.	LIEW SIP	1,320,200	0.23
24.	HSBC NOMINEES (ASING) SDN. BHD. *BBH and Co Boston for GMO Emerging Markets Equity Fund*	1,312,800	0.23
25.	HSBC NOMINEES (ASING) SDN. BHD. *Exempt AN for JPMorgan Chase Bank, National Association (Netherlands)*	1,196,700	0.21
26.	MAYBAN NOMINEES (ASING) SDN. BHD. *Mayban Trustees Berhad for CIMB-Principal Small Cap Fund*	1,000,000	0.18
27.	PUBLIC NOMINEES (ASING) SDN. BHD. *Pledged Securities Account for Ole Hvass Bispelund*	974,100	0.17
28.	CARTABAN NOMINEES SDN. BHD. *SSBT Fund OMDQ for Teachers' Retirement System of the State of Illinois*	966,000	0.17
29.	ECML NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for Leong Kam Chee*	926,800	0.16
30.	CARTABAN NOMINEES (ASING) SDN. BHD. *SSBT Fund 0021 for College Retirement Equities Fund*	906,600	0.16
	TOTAL	**369,267,286**	**65.56**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Thirty Fourth (34th) Annual General Meeting ("AGM")** of **Zelan Berhad** will be held at **Mahkota 2, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur** on **Thursday, 26 August 2010** at **9:30 a.m.** for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon.
   (Please refer to Note A)

2. To re-elect Cdr Mohd Farit Mohd Ibrahim RMN (Retd) who retires by rotation in accordance with Article 84 of the Company's Articles of Association. **Resolution 1**

3. To consider and, if thought fit, to pass the following Resolution:

   "That pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Dato' Abdullah bin Mohd Yusof be appointed as Director of the Company to hold office until the next AGM." **Resolution 2**

4. To approve the Director's fees for the financial year ended 31 March 2010 amounting to RM439,602.73 (2009: RM472,939.75). **Resolution 3**

5. To re-appoint Messrs. PricewaterhouseCoopers, who are eligible and have given their consent for re-appointment as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following as Special Resolution:-

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION ("PROPOSED AMENDMENTS") **Resolution 5**

"**THAT** the Proposed Amendments to the Company's Articles of Association in the form and manner as set out in Section 2.1 of the Circular to Shareholders dated 30 July 2010 be and are hereby approved.

AND THAT the Directors and/or any of them be and are authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad or any relevant authorities."

7. To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

(i) AUTHORITY TO ALLOT SHARES

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and is hereby empowered to issue and allot shares of the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Board may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10.0%) of the issued and paid-up share capital of the Company at the time of issue **AND THAT** the Board, is also empowered to obtain the approval of Bursa Malaysia Securities Berhad and any other relevant approvals as may be necessary for the listing of and quotation for the additional shares so issued." **Resolution 6**

(ii) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE WITH MMC CORPORATION BERHAD AND ITS SUBSIDIARIES, TRADEWINDS CORPORATION BERHAD AND ITS SUBSIDIARIES, AND BUKHARY REALTY SDN. BHD. ("PROPOSED SHAREHOLDERS' MANDATE") **Resolution 7**

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of revenue or trading nature with MMC Corporation Berhad and its subsidiaries, Tradewinds Corporation Berhad and its subsidiaries, and Bukhary Realty Sdn. Bhd. as set out in Section 2.2 of the Circular to Shareholders dated 30 July 2010 which are subject to the renewal and obtaining the shareholders' mandate, provided that such transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms' length basis on normal commercial terms, which are consistent with the Group's normal business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

AND THAT such approval shall be in force until:

(i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such AGM;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier **AND THAT** the Directors and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, to execute all such documents) in the interest of the Company to give full effect to the aforesaid shareholders' mandate and any transaction contemplated under this Ordinary Resolution,

AND THAT in making the appropriate disclosure of the aggregate value of recurrent transactions conducted pursuant to the shareholders' mandate in the Company's annual report, the Company must provide a breakdown of the aggregate value of the recurrent transaction made during the financial period, amongst others, based on the following information:

(i) the type of the recurrent transactions entered into; and

(ii) the names of the related parties involved in each type of the recurrent transaction made and their relationship with the Company."

BY ORDER OF THE BOARD

SUHLA AL ASRI (MAICSA 7025570)
Company Secretary

30 July 2010
Kuala Lumpur

Note A:

This agenda item is meant for discussion only as per the provision of Section 169 (1) of the Companies Act, 1965 which does not require a formal approval of the shareholders and hence, it is not put forward for voting.

Notes:

1. A member of the Company who is entitled to attend and vote at the 34th AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing the proxy must be deposited with the Share Registrar, Symphony Share Registrars Sdn. Bhd., at Level 6, Symphony House, Blok D13, Pusat Dagangan D1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the 34th AGM.
3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the 34th AGM should they subsequently wish to do so.

Explanatory Notes to the Special Business:-

Resolution Nos. 5 and 7

For further information, please refer to Circular to Shareholders dated 30 July 2010.

Resolution No. 6

The proposed Resolution 6, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares in the Company up to and not exceeding in total ten per cent (10.0%) of the issued and paid-up capital of the Company pursuant to Section 132D of the Companies Act, 1965. This authority, unless revoked or verified at a general meeting will expire at the next AGM of the Company.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 19 August 2009 which will lapse at the conclusion of the forthcoming AGM.

The Board continues to consider opportunities to expand the Company's business. In the event of a new allotment of shares pursuant to such opportunity, the proceeds will be utilised as working capital of the Company. The passing of this resolution would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are standing for re-election and re-appointment

The Director standing for re-election is Cdr Mohd Farit bin Ibrahim RMN (Retd).

The Director standing for re-appointment under Section 129 (6) of the Companies Act, is YBhg. Dato' Abdullah bin Mohd. Yusof.

The profiles of the above Directors are set out on pages 26 to 29 of this Annual Report.

No. of Shares Held	

ZELAN BERHAD
27676-V

PROXY FORM

I/We, ________________________________ (NRIC/Passport No. ______________________)

of ________________________________ Tel. No. ______________________

being a member/members of ZELAN BERHAD hereby appoint *the **Chairman of the Meeting**, or

________________________________ (NRIC/Passport No. ______________________)

and/or ________________________________ (NRIC/Passport No. ______________________) as my/our proxy to vote for me/us on my/our behalf at the 34th Annual General Meeting of the Company to be held on **Thursday, 26 August 2010 at **9:30 a.m.** and at any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting.

Subject to any voting instructions given below, the proxy will exercise his/her discretion as to how he/she votes and whether or not he/she abstains from voting on the resolution, by whomsoever proposed (including, without limitation, any resolution to amend the resolution or to adjourn the meeting).

RESOLUTION	ORDINARY BUSINESS	FOR	AGAINST
1	Re-election of Director		
	(a) Cdr Mohd Farit bin Ibrahim RMN (Retd)		
2	Re-appointment of Director		
	(b) YBhg. Dato' Abdullah bin Mohd Yusof		
3	Directors' Fees		
4	Re-appointment of Auditors		
	SPECIAL BUSINESS		
5	Special Resolution – Proposed Amendments		
6	Ordinary Resolution – Authority to Allot Shares		
7	Ordinary Resolution – Proposed Shareholders' Mandate		

Please indicate with a check mark ("✓") in the appropriate box on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.

The proportions of my/our holding to be represented by my/our proxies are as follows:

	First Proxy	Second Proxy	Total
No. of shares			

Date: ______________________ 2010 Signature: ______________________

* If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank space provided.

** Please delete as applicable.

NOTES:

1 This proxy form, duly signed, must be deposited at the Registrar's Office at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia (Fax No: +603-7841 8008) not less than forty eight (48) hours before the meeting. Each shareholder can appoint not more than two (2) proxies.

2 In the case of a corporation, this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. This instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

3 A corporation may by resolution of its Directors or the governing body, if it is a member of the Company authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.

4 In the case of joint holders, the signature of any of them will suffice.

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STAMP

TO: THE REGISTRAR
ZELAN BERHAD (27676-V)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

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