annual report 2007

powering new horizons of growth

ZELAN BERHAD
27676-V

FORMERLY KNOWN AS
TRONOH CONSOLIDATED MALAYSIA BERHAD

powering new horizons

contents

01 Our Mission
02 5-years' Financial Highlights
03 Value Added Statements
04 Chairman's Statement
10 Group Chief Executive Officer's Review of Operations
23 Corporate Information
24 Corporate Structure
26 Board of Directors
27 Board of Directors' Profile
30 Senior Management Team
31 Our Policies
32 Zelan in the News
33 Highlights of the Year
34 Statement on Corporate Governance
41 Additional Compliance Information
42 Audit Committee Report
45 Internal Control Statement
47 Risk Management Report
49 Financial Statements
118 List of Properties Held
119 Disclosure of RRPT
120 Shareholders' Information
123 Notice of Annual General Meeting
125 Statement Accompanying Notice of Annual General Meeting
Proxy Form

Engineering & Construction Business Unit

The Management team at Zelan has to date participated in the construction of 14 power plants in Malaysia. At present the Management team are participating in the construction of 4 power plants overseas namely in the Kingdom of Saudi Arabia, India and in Indonesia. Zelan's expertise also includes the construction of airports, hangars, highways and interchanges as well as commercial and industrial buildings and infrastructures.

Property & Development Business Unit

The Unit is positioning itself as a lifestyle developer and has carved a niche in the property development sector in Malaysia with projects such as the Hampshire Residences and the completed Riviera Courtyard Homes. Overseas, the unit is presently developing a grade A commercial building in Bangkok, Thailand.

1 **Shuaibah III IWPP Desalination Plant**
Kingdom of Saudi Arabia

2 **Shuqaiq II IWPP Desalination Plant**
Kingdom of Saudi Arabia

3 **Al-Reem Island**
Abu Dhabi, United Arab Emirates

4 **Sidra Tower**
Dubai Internet City, Dubai, United Arab Emirates

5 **2x300MW Coal-Fired Power Plant**
State of Chhattisgarh, India

6 **2x300-400MW Coal-Fired Power Plant**
Rembang, Central Jawa, Indonesia

7 **The Royal Ratchadamri**
Central Business District, Bangkok, Thailand

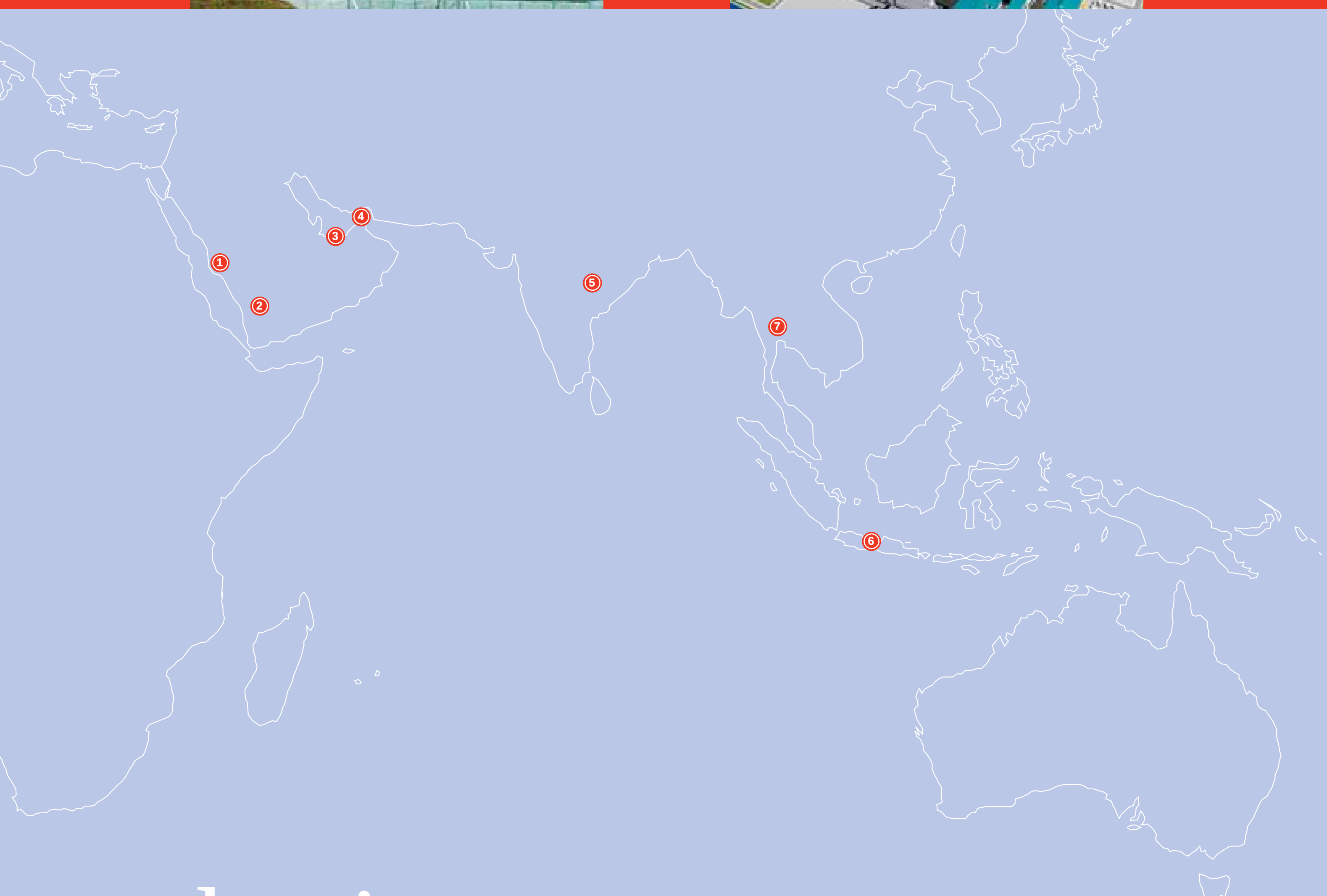
expanding

Manufacturing & Trading Business Unit

The Unit specializes in the manufacturing and installation of roofing and cladding systems that focuses on specific clients specifications. Mentionable projects taken on are the building envelope systems for the Kuala Lumpur Convention Centre, Changi Airport Terminal 3 at Singapore and the Customs, Immigration & Quarantine (CIQ) Complex at Johor.

Independent Power Producers (IPP) and Investments Business Unit

This Unit is relatively new which aims to source and secure IPP investments to generate long term recurring income for the Group. Such investments would mainly focus on greenfield and/or brownfield equity participation in IPPs.



our horizons

our mission

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

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

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

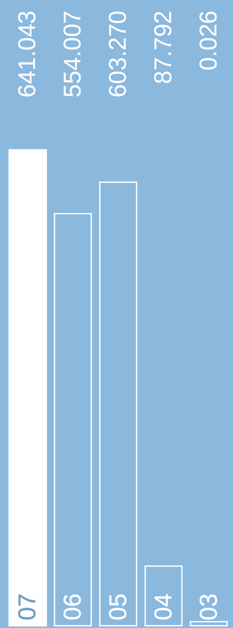
To achieve our mission, we will build on:

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

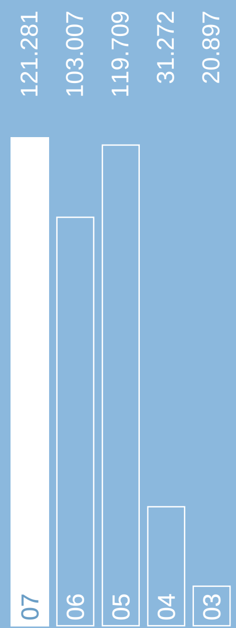
5-YEARS' FINANCIAL HIGHLIGHTS

	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
RESULTS					
Revenue	641,043	554,007	603,270	87,792	26
Gross profit	99,150	92,957	81,809	11,579	26
Operating profit	69,367	73,916	70,740	17,705	4,339
Profit before taxation	121,281	103,007	119,709	31,272	20,897
Profit attributable to shareholders	80,786	80,160	97,778	26,855	14,575
ASSETS					
Gross assets	1,129,526	1,126,368	1,027,343	802,216	256,354
Deposits, bank and cash balances	188,870	278,912	264,590	173,986	230,502
LIABILITIES AND SHAREHOLDERS' FUNDS					
Borrowings	9,506	30,170	19,985	5,487	-
Shareholders' funds	715,337	676,198	631,083	544,666	239,342
FINANCIAL RATIOS (%)					
Debt to equity	1.3	4.5	3.2	1.0	-
Pre-tax return on shareholders' funds	17.0	15.2	19.0	5.7	8.7
SHARE INFORMATION					
Dividends per share (sen)	15	15	8	4	8
Net assets*/Net tangible assets per share (sen)	254*	250*	167	135	# 85
Basic earnings per share (sen)	28	28	35	22	# 16

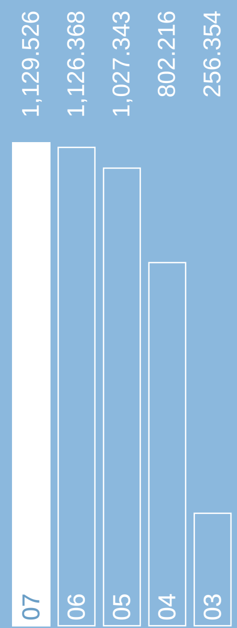
Adjusted for rights issue during the financial year ended 31 January 2004



Revenue
RM Million



Profit Before Taxation
RM Million

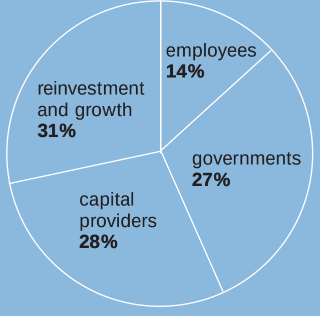


Gross Assets
RM Million

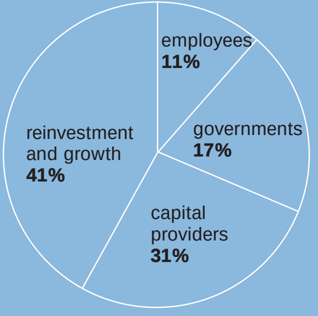
VALUE ADDED STATEMENTS

	2007 RM'000	2006 RM'000
Value Added		
Revenue	641,043	554,007
Purchases of goods & services	(550,300)	(463,236)
Value Added by the Group	90,743	90,771
Share of results of associates	34,514	28,697
Share of results of jointly controlled entities	(44)	(68)
Other Investments Income	19,859	4,301
Total Value Added	**145,072**	**123,701**
Reconciliation:		
Net Profit for the year	80,786	80,160
Add:		
Depreciation and amortisation	3,370	5,591
Finance Costs	711	1,172
Staff Costs	19,710	13,931
Taxation	39,342	21,189
Minority Interest	1,153	1,658
Total Value Added	**145,072**	**123,701**

Value Distributed 2007



Value Distributed 2006



	2007 RM'000	2006 RM'000
Value Distributed		
Employees		
- Salaries and other staff costs	19,710	13,931
Governments		
- Corporate taxation	39,342	21,189
Capital providers		
- Dividends	38,303	35,036
- Finance Cost	711	1,172
- Minority Interest	1,153	1,658
Reinvestment and growth		
- Depreciation and amortisation	3,370	5,591
- Income retained by the Group	42,483	45,124
Total Distributed	**145,072**	**123,701**

CHAIRMAN'S STATEMENT

A year of progress, an era of change.

Dear Shareholders, on behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements for the Financial Year ended 31 January 2007.

Tan Sri Abdul Halim Bin Ali
Chairman

When reviewing the past financial year, it is clear that we are progressing on the right path towards greater success. I am excited to share the various achievements we made throughout the year.

Having been newly appointed as Chairman of the Board, I am honoured to be given the privilege to helm the Zelan Group. I am positive that together with my fellow Board members and our experienced and capable Senior Management team, we will continue to spearhead the Zelan Group to greater heights.

For the year in review, the Zelan Group improved its order book to the highest level yet, from contracts secured in the United Arab Emirates (UAE), Saudi Arabia and Indonesia.

These include power related works at the Shuaibah III Power and Water Desalination plant, and the Shuqaiq II Power and Water Desalination plant; both in Saudi Arabia. As a consortium partner, we secured part of the building works for the Al-Reem Island, Abu Dhabi and on our own, we also bid for and won the Sidra Tower Project, Dubai.

In Indonesia, we achieved a significant milestone, by becoming the first Malaysian company to achieve success in the Indonesian power sector with our winning bid for the 2x300-400MW (coal-fired) power plant project in Rembang, Central Jawa, Indonesia.

With Rembang, the Group attained its long-term goal of becoming a full-fledged international Engineering, Procurement & Construction (EPC) contractor and has now moved to the apex of the value chain. We are now recognised by both equipment suppliers and trading houses as a preferred consortium partner. This will make available to us more opportunities to bid for projects of larger size and value.

We take pride in reporting the successful handing over of both the first and second power-generating units at the Tanjung Bin project. The third power unit is expected to be delivered ahead of schedule in August 2007. We have received an early completion bonus for Unit 1. This early delivery of Units 1 and 2 enhances our growing reputation as being capable of delivering projects ahead of time and within budget.

Our property business unit registered a successful year as well, with strong demand for the Hampshire Residences Condominiums project, which is expected to be completed in the third quarter of 2008.

Our share price closed at RM8.00 for the year under review (market capitalisation at RM2.25 billion) and increased to RM11.20 as at 27 April 2007 (market capitalisation at RM3.15 billion). This is a reflection of the investor community's confidence in the management and growth potential of the Zelan Group.

RIGHT:
Mock-up of Al-Reem Island Project, Abu Dhabi

Group Results

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

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

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

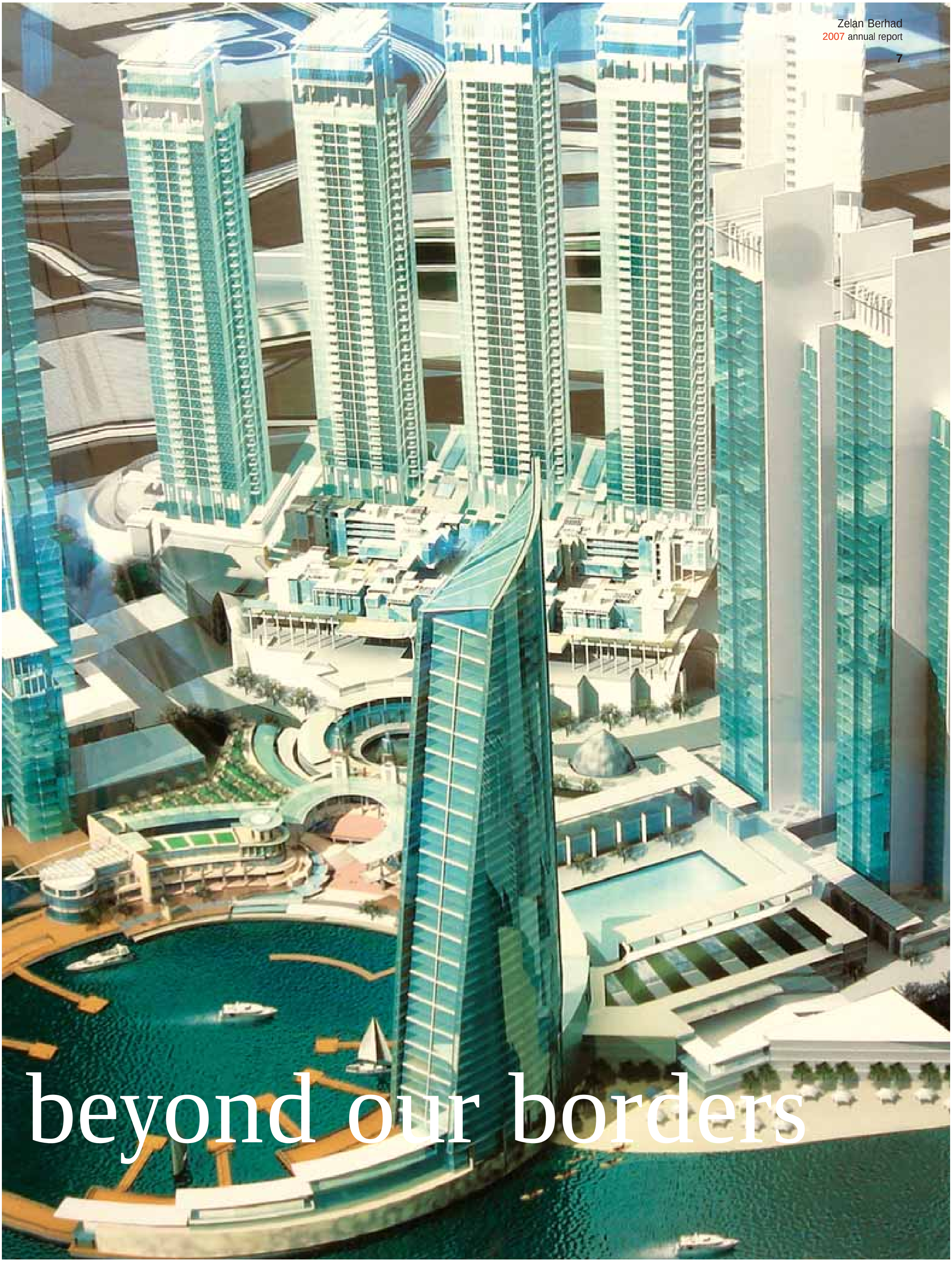
Business Outlook & Strategies

Having now secured a substantial order book, we will focus on meeting our obligations and all expected deliverables for the projects secured. The Group will put in place the required risk management policies to mitigate all identified risks. Budgetary controls will be established to manage cost escalation.

Based on the forecast for power demands in Asia, we foresee promising growth opportunities. Statistics from the International Energy Agency (IEA) indicate that electricity demand from 2004-2030 is forecast to grow fastest in India and China while the Middle East will see above average demand. India, Indonesia and the Middle East will need to spend approximately US$26 billion annually over the next 25 years on power plant projects. The Group has reason to be optimistic as we are well positioned to increase our order book.

Spurred by recent developments related to the implementation of the Ninth Malaysia Plan (9MP), a recovery is expected for the domestic construction sector (for 2007, Bank Negara Malaysia (BNM) has forecasted a growth rate of 3%.) We are identifying Private Financing Initiatives (PFI) projects that are within our areas of expertise; both for commercial purposes as well as to continue fulfilling our role in building the country's infrastructure to spur greater development and economic benefit.

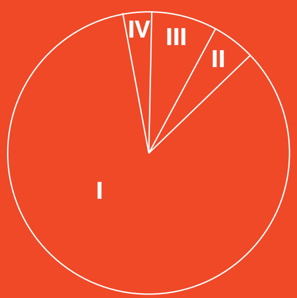
Considering the enhanced order book size and business currently being pursued both locally and overseas, barring unforeseen circumstances, the Group is confident of an improved performance for the financial year ending 31 January 2008.



beyond our borders

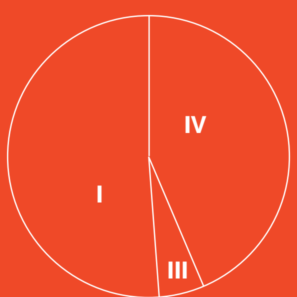
Segmental Reporting 2007

Revenue (RM'000)



I	engineering & construction	**558,889**
II	property & development	**29,949**
III	manufacturing & trading	**50,972**
IV	investment & others	**1,233**

Profit Before Taxation (RM'000)



I	engineering & construction	**65,767**
II	property & development	**(1,412)**
III	manufacturing & trading	**7,591**
IV	investment & others	**49,335**

RIGHT:
Coal unloading jetty and conveyor system at Tanjung Bin Power Plant, Johor, Malaysia

Dividend

The Board has declared an interim dividend of 5 sen per share, tax exempt, amounting to RM14.082 million, which was paid on 15 November 2006.

Your Board has further proposed the payment of a final gross dividend of 5 sen per share, tax exempt, amounting to RM14.082 million and 5 sen per share, less income tax at 26%, amounting to RM10.420 million in respect of the financial year ended 31 January 2007 which, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, will be paid on 31 July 2007.

The dividend distributable for the financial year ended 31 January 2007 will be RM38.584 million.

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 34 to 40.

Related Party Transactions

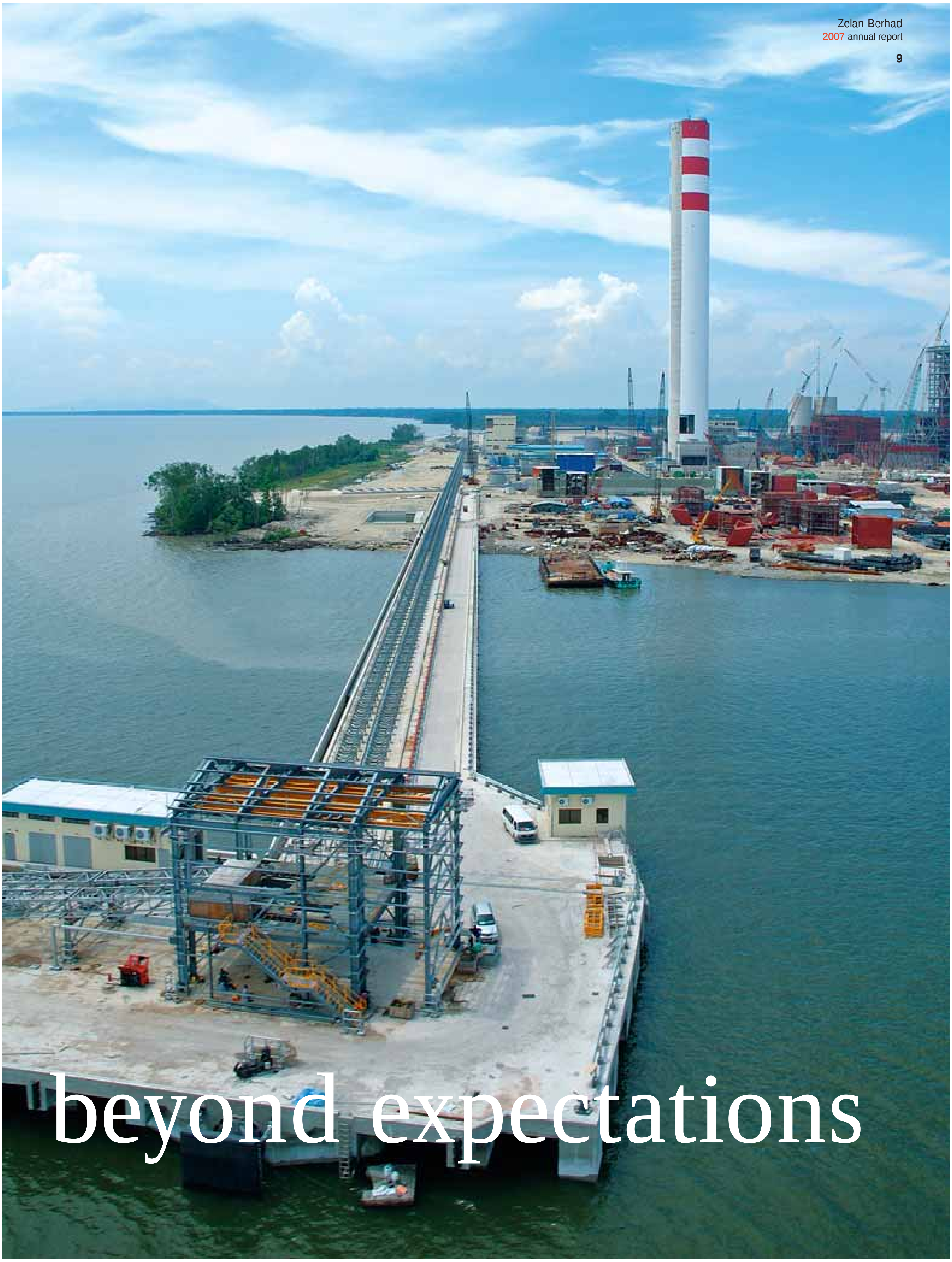
Significant related party transactions of the Group for the year under review are disclosed in Note 36 to the financial statements.

Acknowledgements

The Board would like to sincerely thank all shareholders, staff, management, the various Board committees and our business partners who have contributed to the company.

We would like to express our appreciation to our former Chairman, Tan Sri Datuk Dr. Ahmad Tajuddin Bin Ali, who has stepped down from the Board for his stewardship and vision during the past three years, for steering the Group to its present position. We also wish to thank our business associates and other stakeholders who have supported Zelan, throughout the year in review.

Tan Sri Abdul Halim Bin Ali
Chairman



beyond expectations

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Chang Si Fock @
Chong See Fock
Group Chief Executive Officer

RIGHT:
Main entrance, Souq Albukhary at Bandar Universiti Syarifah Rokiah Syed Mohamad Albukhary, Alor Setar, Kedah

The year under review has been a productive and rewarding period for the Group. If in previous years, our business direction was to build the foundation for future financial success, this year, we are beginning to achieve considerable results from our efforts, in particular, our international operations.

LEFT:
Coal conveyor system at Tanjung Bin Power Plant, Johor, Malaysia

Notably, our Engineering and Construction Unit (ECU) has secured a much larger order book as well as created increased visibility and interest for the Zelan brand name. Our Property & Development unit has also progressed in tandem with better sales from the luxurious, high-end condominium market segment. On the whole, I am happy to report that the performance of our business units has placed the Group on the right path towards greater growth and success.

ENGINEERING & CONSTRUCTION UNIT (ECU)

Reviewing our projects in Malaysia, we are pleased to report the smooth execution of works at the 3x700MW Coal-Fired Tanjung Bin power plant. This is the largest coal-fired power plant in Malaysia. Prudent execution and sound project management have resulted in the first unit achieving its Commercial Operation ahead of schedule in September 2006. The second unit was also delivered early with the Commercial Operation being achieved in February 2007. Progress on the third unit and final operation is targeted for completion in August 2007.

I am also pleased to report that we have made significant progress in the construction of the world's longest free-span column hangar. This is the Airbus A380 MAS hangar, located at Kuala Lumpur International Airport, spanning over 231 metres in length. We are now in the final stages of works and have recently concluded lifting of the 7000 metric-tonne steel roof.

The lifting presented a significant engineering challenge requiring accurate precision and detailed technical design and careful coordination; executed over months of careful planning and preparation. It is encouraging to see that we have successfully achieved this impressive feat. The experience gained from this project and our work at Tawau Airport will place us in good stead to bid competitively for other airport and hangar jobs in Asia.

engineering & construction business unit

11.3%

Revenue (Million)
2007 RM558.889
2006 RM501.922

LEFT:
Berth 9 and 10, Port of Tanjung Pelepas, Johor, Malaysia

Moving to India, during the year under review, construction of the first 300MW coal-fired unit worth RM766 million for Lanco Amarkantak Power Plant Limited (LAPPL) is progressing smoothly. Boiler lifting was completed in February 2007, while boiler erection is currently being undertaken. The second 300MW coal-fired unit, valued at RM782 million, achieved financial close on September 2006 with work also progressing smoothly.

Our Abu Dhabi-based Middle East operations have also yielded significant results despite having only established its presence in the region 2-years ago. In the United Arab Emirates (UAE), the additions to our order book come from the design and build of five towers with associated podium and seven villas at Al-Reem Island, Abu Dhabi in consortium with IJM Construction Sdn Bhd, Sunway Builders Sdn Bhd and LFE Engineering Sdn Bhd. Also during the year under review, we secured the design and build of the Sidra Tower Project in Dubai. Al-Reem and Sidra are each valued at RM300 million (Zelan's portion of works) and RM280 million, respectively.

Column Free Hangar Steel Structure, MAS A380 Hangar, KLIA, Sepang, Malaysia

In Saudi Arabia, the ECU unit secured RM90 million worth of design and build offshore civil works at the Shuaibah III Power and Water Desalination plant from Doosan Heavy Industries and Construction Company. Building on this momentum, we also successfully clinched another project in Saudi Arabia – the US$1.45 billion Shuqaiq II Independent Water & Power (IWPP) Plant. Zelan's portion of works at the plant consists of the design and build of the intake box culverts, discharge channel, fuel oil supply facilities, the ash disposal facility and all other onshore works, amounting to RM900 million. This contract was awarded to us by Mitsubishi Heavy Industries (MHI). Despite challenging conditions, work on Shuaibah III is progressing as per schedule.

In ensuring adequate resources and expertise for our Middle East operations, we have incorporated a new internal resources support concept – the Global Resources Support system. With this system, we can provide more effective engineering and commercial support to ensure successful project management from design and execution to completion.

In the ASEAN region, we succeeded in penetrating Indonesia's power sector when, together with local partner PT Priamanaya Djan International, we successfully bid for and won the 2x300-400MW (coal-fired) power plant project in Rembang, Central Jawa.

Rembang represents a significant breakthrough, as we are the only ASEAN company to be successful in this bid. Despite the presence of more established Korean, Chinese and Indian contractors; we were awarded this contract on 21 March 2007 by PT Perusahaan Listrik Negara (PLN), Indonesia's national power provider. Rembang will be the first power plant EPC contract in Indonesia undertaken by a Malaysian company.

However, the true measure of Rembang's value is the positive recognition it delivers to the Group as a full-fledged EPC contractor. With our newly acquired EPC

3x700 MW Coal-Fired Power Plant, Tanjung Bin, Johor, Malaysia

status, coupled with our excellent relationships established over the years with both international equipment suppliers and trading houses, we are in a good position to be invited to collaborate and participate jointly in bids internationally.

At present, these secured contracts have strengthened Zelan's construction order book to RM4.5 billion; which records a quantum jump compared to the previous year's RM1.2 billion.

In tandem with the growth of ECU's business and engineering capabilities, the unit has continued to prioritise safety and the environment as key to its business. Both are pivotal to the way we operate and execute our projects. ECU adheres to the highest standards and regulations in this area and continuous company-wide efforts are made to ensure a safe working environment. At the same time, the unit has given great care and effort towards improving its existing ISO 9001 quality system. The goal is to develop a comprehensive plan to achieve ISO14000 and ISO18000 accreditation within the next two years.

ECU realizes the importance of human capital as a core competency to bring the unit to a higher level. Currently, the unit possesses a multi-national, multi-discipline workforce, contributing to a rich talent pool. This diverse human capital is a valuable asset to us as it allows us to implement cross learning, knowledge sharing and promotion of best practices; as well as the exchange and exposure of ideas across our international operations. This will only improve competence and competitive ability. In addition, this is a means to expose the Malaysian workforce to the global environment and to hone their ability through exposure and opportunity.

Recognising the importance of talent management, the Group has put in place strategies to recruit, develop and retain our people across our international operations.

RIGHT:
Artist impression of Hampshire Residences, Kuala Lumpur, Malaysia

It has been an eventful and successful period for Zelan Corporation as several key milestones were achieved – one of which is the strong demand for our Hampshire Residences Condominiums project. Hampshire Residences is a 2-block, 388-unit luxurious, up-market condominium project based on the lifestyle living concept, located in the green enclave of Persiaran Hampshire off Kuala Lumpur City Centre with a gross development value of RM400 million.

property & development business unit

185%

Revenue (Million)
2007 RM29.949
2006 RM10.502

We have attracted strong demand for units, mostly from foreign buyers and expatriates with some discerning local buyers. The initiatives by the Malaysian government to exempt FIC approval for property purchases by foreigners; coupled with the decision to waive Real Property Gains Tax (RPGT), has created a positive sentiment in the real estate market. This sentiment has translated into greater interest among foreign and local buyers, especially for higher-end properties.

With the strong demand for Hampshire Residences, the property development unit is well positioned and recognised in the high-end condominium market. This will augur well for future projects that we undertake. The aim is to replicate the same business model, not only in Malaysia but also overseas such as in Bangkok, Thailand and selected cities in India.

LEFT TO RIGHT:
Showhouse and artist impression of Hampshire Residences, Kuala Lumpur, Malaysia



Artist impression of Hampshire Residences, Kuala Lumpur, Malaysia

In Bangkok's Central Business District (CBD), the unit plans to develop a Grade A office building sited on a 10,680 sq. meters piece of land, secured on a long-term lease from the Crown Property Bureau of Thailand. In India, we are in advanced negotiation stages with a reputable property developer in Hyderabad to jointly develop luxury villas and condominiums.

Another milestone is the completion of The Riviera Courtyard Homes in Perling, Johor Bahru. The project was completed almost 13 months ahead of schedule; with the Certificate of Fitness (CF) issued in October 2006.

The unit is constantly seeking and evaluating prime development opportunities in Malaysia and overseas.

manufacturing & trading business unit

25%

Revenue (Million)
2007 RM50.972
2006 RM40.781

LEFT:
Express Rail Link (ERL) Station at Salak Tinggi, Sepang, Malaysia

European Profiles (M) Sdn Bhd or EPM, the manufacturing arm of Zelan Berhad, is a product and solution provider for high-quality products in the roofing and cladding segment of the industry.

Functioning as a one-stop shop, the company produced a total of 600,000 meters of various profiles and products last year. Closing the year with a turnover of RM52 million, the company continues as one of the biggest roll-forming producers in the country.

For the past two years, the new Terminal 3 at Changi Airport, Singapore has been under construction. European Profiles Contracting Pte Ltd (EPCPL), being the specialist-roofing contractor for this project, worked closely with the Main Contractor and the Civil Aviation Authority of Singapore to ensure that the stringent acoustic and thermal requirements are achieved.

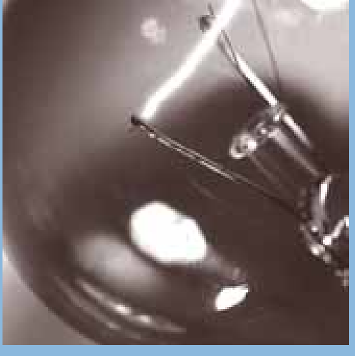
Having completed the Customs, Immigration and Quarantine (CIQ) project in Johor, the company is now continuing with JB Sentral – an adjacent development of a commercial and transport hub in the southernmost part of the country.

Whilst participating in various other projects such as high-rise buildings, condominiums, shopping complexes and several institutions of higher learning – the company has also succeeded in its first ‘supply only’ job in the residential market segment for bungalow houses. Several new products were introduced and copyrights are pending for the newly introduced EuroZip, EuroSnap and EuroLok logo.

The company is also exporting its metal floor-decking product ‘SuperHolorib’ to the United Kingdom and Singapore, as well engaging in contract manufacturing of components for an international environmental equipment supplier. From effort invested in previous years, the company has also been successful in supplying products for projects in Brunei, Indonesia and Vietnam. A new business venture has also been formed with an Indonesia company, GRC-Krazu, to produce glassfibre reinforced concrete products to complement EPM’s current range of products.

With its aggressive marketing and wide range of products, EPM will continue to be a dominant player in the industry.

independent power producers (IPP) & investments business unit



In line with the Group's long-term strategic plans, the Board has approved the decision to actively seek IPP project investments as a source of recurring income to mitigate the cyclical effects of the construction sector.

Owning IPPs complements our existing competencies, allowing us to profit both from construction and operations of IPPs. Earnings from construction activities can be re-invested into the IPP concessionaire for future recurring income.

Going forward, the power and energy industry outlook is encouraging based on the earlier mentioned statistics in the Chairman's Statement; all of which point to a huge increase in power demand over the next few years, particularly in the markets in which we are operating. Buoyed by these sentiments, we look to this business unit for its future prospects in providing a stable revenue portion to compliment the Group's existing business activities.

CORPORATE INFORMATION

at a glance

Board of Directors

Tan Sri Abdul Halim Bin Ali
Independent Non-Executive Chairman

Mr. Chang Si Fock @ Chong See Fock
Group Chief Executive Officer

Dato' Abdullah Bin Mohd Yusof
Independent Non-Executive Director

Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad
Independent, Non-Executive Director

Mr. Feizal Ali
Non-Independent, Non-Executive Director

Mr. Yoong Nim Chee
Non-Independent, Non-Executive Director

Mr. Lam Kar Keong
Non-Independent, Non-Executive Director

Mr. Khoo Boo Seong
Alternate Director to
Mr. Chang Si Fock @ Chong See Fock

En. Hasni Bin Harun
Alternate Director to Mr. Feizal Ali

Company Secretary

Ang Seng Oo (MIA1622)

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 603-2721 2222
Fax: 603-2721 2530/31

Registered Office

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

Auditors

PricewaterhouseCoopers
Chartered Accountants

Principal Bankers

Al-Rajhi Bank
CIMB Bank Berhad
EON Bank Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank
Malaysia Berhad
Abu Dhabi Commercial Bank, UAE
Bank of Baroda, India

Stock Exchange Listing

Main Board, Bursa Malaysia
Securities Berhad
Stock Code: 2283

Indonesian Operations

P. T. Zelan Indonesia
4th Floor, S. Widjojo Centre Building
Jl. Jend. Sudirman Kav. 71
Jakarta, 12190 Indonesia
Tel: (6221) 5290 3940
Fax: (6221) 5290 3954

Indian Operations

Zelan Construction (India) Pte. Ltd.
Level 2, Block H&I, Shakti Towers
766-Ana Salai, Chennai
600022 India
Tel: (9144) 4267 8806
Fax: (9144) 4267 8833

Zelan Projects Pte Ltd
Flat No. 5, Plot No. 429
B.K. Complex, Road No. 14
Banjara Hills, Hyderabad
500034, India
Tel: (9140) 2354 0991
Fax: (9140) 2354 2158

UAE Operations

Zelan Holdings (M) Sdn Bhd
Abu Dhabi branch
No. 202, ADCB Building
PO Box 106813, Abu Dhabi, UAE
Tel: (9712) 621 5667
Fax: (9712) 621 5657

Saudi Arabian Operations

Zelan Construction Arabia Co. Ltd.
Unit 206, 2nd Floor, Al-Nakheel Centre
Madinah Road, Jeddah 21411
Kingdom of Saudi Arabia
Tel: (916) 26 673595

Thailand Operations

Sahakarn-Zelan (Thailand) Co. Ltd.
No. 1363, Soi Ladprao 94
Ladprao Road, Wangthonglang
Bangkok 10310, Thailand
Tel: (662) 935 6500
Fax: (662) 530 3125

CORPORATE STRUCTURE

- Zelan Holdings (M) Sdn Bhd — 100%

Engineering & Construction

- Zelan Construction Sdn Bhd — 100%
- Zelan Construction Pte Ltd — 100%
- LK Ang-Zelan Consortium Pte Ltd — 50%
- Zelan Construction (India) Private Limited — 100%
- Zelan Construction Arabia Co Ltd — 100%
- Zelan Middle East Ltd — 100%
- Zelan Consolidated (Overseas) Sdn Bhd — 100%
- PT Zelan Indonesia — 95%
- Zelan EPC (Hong Kong) Limited — 50%
  - Zelan Projects Private Limited — 99%
- Sahakarn Zelan (Thailand) Co Ltd — 49%
- Zelan Arabia Co Ltd — 40%
- Abu Dhabi Branch
- Dubai Branch

Property & Development

- Zelan Corporation Sdn Bhd — 100%
- Zelan Development Sdn Bhd — 100%
- Lancar Impian Sdn Bhd — 100%
- Panduan Pelangi Sdn Bhd — 100%
- Ratcha Ploen Co Ltd — 60%
- Sejara Bina Sdn Bhd — 100%
  - Essential Amity Sdn Bhd — 50%

structured

ZELAN BERHAD

9.7% IJM Corporation Berhad

Manufacturing & Trading

- 80% European Profiles (M) Sdn Bhd
- 71% European Profiles Contracting Sdn Bhd
  - 99.99% European Profiles Contracting Pte Ltd
- 50.01% Richard Lees Steel Decking Asia Sdn Bhd
- 100% Zelan Enterprise Sdn Bhd
  - 100% Vispa Sdn Bhd
  - 99.9% Eminent Hectares Sdn Bhd

Investment & 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.
- 51% Associated Mines (Malaya) Sendirian Berhad*
- 30% Timah Dermawan Sdn Bhd

for the future

* Under Members' Voluntary Liquidation

BOARD OF DIRECTORS

Seated from left: **Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad** Independent, Non-Executive Director, **Tan Sri Abdul Halim Bin Ali** Independent, Non-Executive Chairman, **Chang Si Fock @ Chong See Fock** Group Chief Executive Officer
Standing from left: **Khoo Boo Seong** Alternate Director to Mr. Chang Si Fock @ Chong See Fock / Group Chief Operating Officer, **Yoong Nim Chee** Non-Independent, Non-Executive Director, **Feizal Ali** Non-Independent, Non-Executive Director, **Dato' Abdullah Bin Mohd Yusof** Independent, Non-Executive Director, **Hasni Bin Harun** Alternate Director to Feizal Ali, **Lam Kar Keong** Non-Independent, Non-Executive Director

BOARD OF DIRECTORS' PROFILE

1. Tan Sri Abdul Halim Bin Ali
Independent, Non-Executive Chairman

Tan Sri Abdul Halim Ali, 63, a Malaysian, was appointed the Independent Non-Executive Chairman of Zelan Berhad on 27 April 2007. He is also the Chairman of the Executive, Nomination and Remuneration Committee of the Board.

A Bachelor of Arts (Honours) graduate from University of Malaya, Malaysia, Tan Sri Abdul Halim joined the Malaysian Foreign Service soon after graduating in 1965. During the next thirty (30) years, his postings included the Malaysian High Commission in New Delhi, Republic of India, the Malaysian Consulate in Medan, Sumatra, Republic of Indonesia and the Malaysian Embassy in Tokyo, Japan. In 1976, he was appointed Principal Assistant Secretary, Ministry of Foreign Affairs and three (3) years later, was posted to the United Nations in New York, as Malaysia's Deputy Permanent Representative.

In 1982, he assumed his first ambassadorial role as the Malaysian Ambassador to the Socialist Republic of Vietnam, coming back to Kuala Lumpur when he was appointed Deputy Secretary-General (III), Ministry of Foreign Affairs. In 1988, he was appointed Ambassador of Malaysia to Austria, where he also held the position of President Representative to UNIDO, IAEA, United Nations Office in Vienna, Austria. In 1991, he was named Deputy of Secretary-General (1), Ministry of Foreign Affairs, before his appointment as Secretary-General five (5) years later.

In September 1996, he was appointed Chief Secretary to the Government, a post he held until his retirement in January 2001, when he was named Chairman of The Employee Provident Fund Board ("EPF"). He is also the Chairman of Malaysian Building Society Berhad, a subsidiary of EPF, Cycle and Carriage Bintang Berhad, Badan Pengawas Saham Minoriti Berhad (Minority Shareholders Watchdog Body Limited), Multimedia Development Corporation Sdn Bhd and University of Technology, Malaysia. He also sits on the Boards of IJM Corporation Berhad, ESSO Malaysia Berhad and LCL Corporation Berhad.

In recognition of his achievements and contributions to the country and corporate sector, Tan Sri Abdul Halim was conferred a Fellowship by the Governing Council of the Malaysian Institute of Directors.

Tan Sri Abdul Halim does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.

2. Chang Si Fock @ Chong See Fock
Group Chief Executive Officer

Mr. Chang Si Fock @ Chong See Fock, 52, was appointed as Executive Director of the Company on 11 December 2003. On 24 May 2005, he was re-designated as Group Chief Executive Officer. He also sits as a member of the Executive Committee.

He is the founding member of the Zelan group of companies. He started his career in Humes Industries (M) Sdn Bhd in the estimating and contracts department.

After several years with Humes, he set up his own trading company. The trading company later diversified further into construction and manufacturing businesses. His extensive experience includes the construction and management of high-rise buildings, associated civil works for steam power stations and gas fired combined cycle power plants and integrated housing projects.

He is a Malaysian citizen and holds a Diploma in Marketing Management. He is also the Group Managing Director of Zelan Holdings (M) Sdn Bhd and its subsidiaries.

Mr. Chang does not have any family relationship with any other Directors and/or major shareholders of the Company. He is deemed interested in 44,860,300 shares of the Company, held via corporations controlled by him.

3. Dato' Abdullah Bin Mohd Yusof
Independent, Non-Executive Director

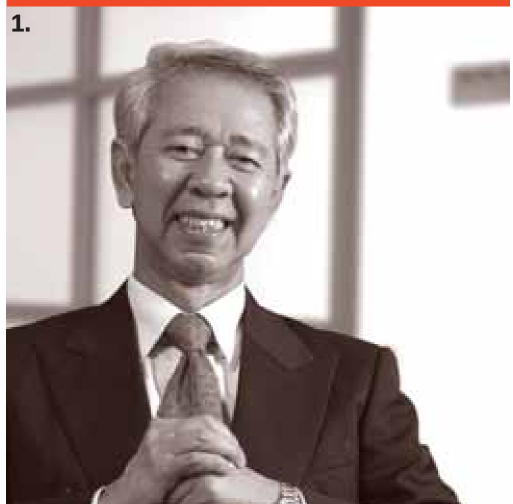
Dato' Abdullah Bin Mohd Yusof, 68, joined the Board as Independent, Non-Executive Director on 1 August 2002. He is also a member of the Audit, Executive, Nomination and Remuneration Committee.

He 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.

He is currently the Chairman of Aeon Co. (M) Berhad and a Board member of Tradewinds Corporation Berhad and MMC Corporation Berhad.

Dato' Abdullah does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company.

1.



2.

3.

BOARD OF DIRECTORS' PROFILE
CONTINUED

4.

5.

6.

4. Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad

Independent, Non-Executive Director

Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad, 68, was appointed to the Board as Independent, Non-Executive Director on 23 September 2002. He is also the Chairman of the Audit Committee and a member of the Nomination Committee.

He is a holder of Bachelor of Commerce degree from University of Melbourne, Australia. He is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in Australia. He holds an Honorary Doctorate in Business Administration by Universiti Kebangsaan Malaysia.

He is a Malaysian citizen and former partner of KPMG and Managing Partner of KPMG Desa, Megat & Co. He used to serve as the Executive Director of Kumpulan Guthrie.

He is currently the Chairman of Press Metal Berhad and a Director of Integrated Rubber Corporation Berhad, UAC Berhad, Royal & Sun Alliance Insurance (M) Berhad, Boustead Holdings Berhad and IJM Corporation Berhad.

Dato' Megat does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company.

5. Encik Feizal Ali

Non-Independent, Non-Executive Director

Encik Feizal Ali, 46, was appointed as Non-Independent, Non-Executive Director of the Company on 20 November 2006. He is also a member of the Executive Committee.

He started his career in Accounting and Finance in the US banking industry (1985-1989) and subsequently worked in the Middle East for five (5) years (1989-1994).

He is a permanent resident of Malaysia. He holds a Bachelor of Science degree in Business Administration (Accounting) from Menlo College, USA, a Bachelor of Commerce degree from University of Kerala and a Masters degree in Business Administration (Finance) from the University of Santa Clara, California.

He is also the Group Chief Executive of MMC Corporation Berhad. He was appointed to the Board of MMC Corporation Berhad on 24 March 2004. Prior to joining MMC Corporation Berhad, he was the Vice President - Finance of Commerce Dot Com Sdn. Bhd. (1999-2001), Chief Financial Officer of Pelabuhan Tanjung Pelepas Sdn. Bhd. (1996-1999) and Finance General Manager of Prolink Development Sdn. Bhd. (1994-1996).

He is a Board member of Malakoff Berhad, MMC Engineering Group Berhad, Johor Port Berhad, Nucleus Avenue (M) Berhad and IJM Corporation Berhad.

Encik Feizal does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company.

6. Yoong Nim Chee

Non-Independent, Non-Executive Director

Mr. Yoong Nim Chee, aged 48, joined the Board as Non-Independent, Non-Executive Director on 9 October 2003. He is also a member of the Audit, Executive and Remuneration Committee.

He has worked in senior positions in the corporate finance department in several merchant banks. He was the Executive Director of MMC Engineering Group Berhad from 2001 to 2003. He is currently the Director, Corporate Affairs of MMC Corporation Berhad.

He is a Malaysian citizen and holds a Bachelor of Economics in Business Administration from Universiti Malaya.

Mr. Yoong does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company.

7. Lam Kar Keong
Non-Independent, Non-Executive Director

Mr. Lam Kar Keong, 52, was appointed as Non-Independent, Non-Executive Director of the Company on 23 June 2004. He is currently the Managing Director of Zelan Construction Sdn Bhd.

Prior to joining Zelan Construction Sdn Bhd, He was the Executive Director (Implementation) of Zelleco Group of Companies from 1989 to 1997 and later appointed as Managing Director of Zelleco Engineering Sdn. Bhd. Thereafter, he assumed his current post as the Managing Director of Zelan Construction Sdn. Bhd.

He is a Malaysian citizen, holds a LL.B (Hons) from University of London, Bachelor of Science (Civil Engineering) from University of Westminster, London and Master of Science in Urban Development Planning from University of London.

Mr. Lam does not have any family relationship with any other Directors and/or major shareholders of the Company. He is deemed interested in 44,860,300 shares of the Company, held via corporations controlled by him.

8. Khoo Boo Seong
Alternate Director to Mr. Chang Si Fock @ Chong See Fock

Mr. Khoo Boo Seong, 57, was appointed as Alternate Director to Mr. Chang Si Fock @ Chong See Fock on 23 March 2004. He is currently the Group Chief Operating Officer of the Company and the Managing Director of European Profiles (M) Sdn Bhd.

He has more than twenty (20) years working experience before joining European Profiles (M) Sdn Bhd in 1993. His previous employment includes attachment to manufacturing subsidiaries of the RTZ Group of United Kingdom, CRA Group of Australia and the Comcraft International Group – holding senior management positions in finance, sales and marketing as well as Board memberships.

He is a Malaysian citizen and holds a Master of Business Administration (MBA) degree from National University of Singapore (NUS).

Mr. Khoo does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company.

9. Encik Hasni Bin Harun
Alternate Director to Encik Feizal Ali

Encik Hasni, 50, was appointed as Alternate Director to Encik Feizal Ali on 2 March 2007. He is currently the Group Chief Operating Officer of MMC Corporation Berhad.

He is a member of the Malaysian Institute of Accountants. He holds a Master in Business Administration from United States International University, San Diego, California and a Bachelor of Accounting (Hons) from University of Malaya.

He 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. Later, he joined DRB-HICOM Berhad as Group Chief Financial Officer until December 2006.

He also sits on the Boards of EON Bank Berhad, MIMB Investment Bank Berhad (formerly known as Malaysian International Merchant Bankers Berhad), EONCAP Islamic Bank Berhad, Mardec Berhad, Uni.Asia General Insurance Berhad, Uni.Asia Life Assurance Berhad, Labuan Reinsurance (L) Ltd and several private limited companies. He is an Alternate Director of Nucleus Avenue (M) Berhad and Johor Port Berhad and IJM Corporation Berhad.

Encik Hasni does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company

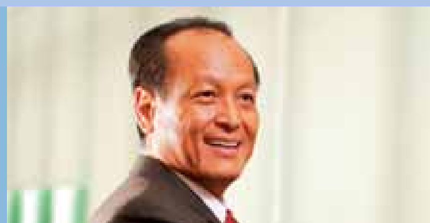
7.

8.

9.

SENIOR MANAGEMENT TEAM

Chang Si Fock @ Chong See Fock (Albert)
Group Chief Executive Officer, Zelan Berhad
Group Managing Director, Zelan Holdings (M) Sdn Bhd



Khoo Boo Seong
Group Chief Operating Officer, Zelan Berhad
Managing Director, European Profiles (M) Sdn Bhd
Head of Business Unit – Manufacturing & Trading

CORPORATE SERVICES

Ang Seng Oo
Group Chief Financial Officer /
Group Company Secretary, Zelan Berhad

Devan Kumar Krishnan
Head of Group Human Resources, Zelan Berhad

Steven Mun Yung Kwun
Head of Group Legal, Zelan Berhad

OPERATIONS

Tan Cheng Huat
Managing Director, Zelan Corporation Sdn Bhd

Lam Kar Keong
Head of Business Unit – Engineering & Construction
Managing Director, Zelan Construction Sdn Bhd

Huah Beng An
Head of Business Unit – IPP & Investments
Zelan Berhad

Chong Wan Ping (Joseph)
Deputy Managing Director, Zelan Construction Sdn Bhd

Teh Keng Ming
Head of Technical Commercial & Procurement
Zelan Construction Sdn Bhd

Yap Sui Pon
Project Director, Zelan Construction Sdn Bhd

Cheah Siew Mun
Chief Operating Officer, Zelan Corporation Sdn Bhd

OUR POLICIES

BUSINESS

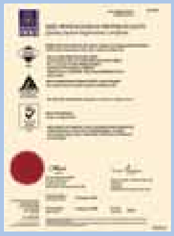
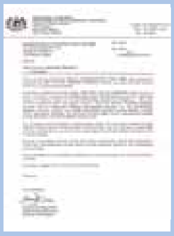
The Zelan Group's business policy is to provide total satisfaction to our customers by delivering products and services that: • exceed customers' expectations • are in accordance with statutory requirements and relevant codes and practices • are within stipulated schedule and budget • We plan to achieve these through: • adopting an efficient management system • excellent engineering practices • total project management and control processes • the implementation and continuous improvement of company quality management system, complying with MS ISO 9001:2000. In this regard, the Group has received numerous letters of commendation and awards in recognition of the quality of its products and services.

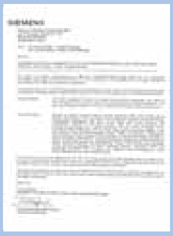
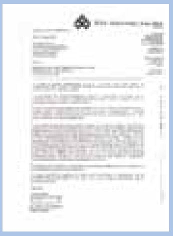
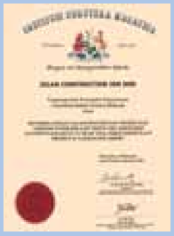
SAFETY AND HEALTH

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, the 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 staff are informed, instructed, trained and supervised on how to perform their job without risk to their own and others' safety. • To motivate and guide all workers to appreciate the cooperation 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.

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 company quality management system, complying with MS ISO 9001:2000. • 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.


ZELAN IN THE NEWS

Zelan bids for Indon, Botswana projects

KUALA LUMPUR: Zelan Bhd is bidding to build new power plants in Indonesia and Botswana, which would have a combined power generation capacity of 1,800 megawatts (MW), chief executive officer Albert Chang said.

Albert Chang (left) and Dongfang president Luo Zhigang

BUSINESS, GULF NEWS, SUNDAY, SEPTEMBER 24, 2006

Malaysia team gets Reem Island project

IT WILL BUILD MARINA SQUARE ZONE C

BY STANLEY CARVALHO
Staff Reporter

Abu Dhabi Tamouh Investments has awarded Malaysia's IJM Consortium a Dh1.3 billion mixed-development contract to construct Zone C in the Marina Square Plot 1 on Al Reem Island, a senior company official said.

Tamouh is one of three developers involved in Abu Dhabi's Al Reem Island project.

PROFILE

Group of leading market-listed companies

- The IJM Consortium is a group of leading stock market listed engineering and construction companies from Malaysia that has recently entered the construction market in Abu Dhabi.

the IJM Consortium is the right contractor for the job," Ong said at the ground-breaking ceremony to mark the launch of the construction.

begun and project completion is set for first quarter of 2009," Ong said.

Both nationals and foreign nationals can buy land at Marina Square, according

Zelan upbeat on Hampshire Residences

Zelan seeks IPP status

MOVE FOLLOWS ITS TRANSFORMATION INTO A FULL-FLEDGED CONTRACTOR IN THE POWER SECTOR

Tronoh, Zelan tipped to win lucrative power deals

By Mustapha Kamil
mustaphakamil@nstp.com.my

AFTER making inroads into the Middle East and India, Tronoh Consolidated Bhd and its subsidiary, Zelan Holdings, are set to win potentially lucrative contracts to build coal-fired power plants in Indonesia.

Company sources said that working jointly with Indonesia's PT Primanaya, the consortium has by default won at least one of four jobs tendered out by PT Perusahaan Listrik Indonesia (PLN) to construct power plants in the 300 megawatts

TRONOH CONSOLIDATED BHD – RECENT LARGE CONTRACTS

HIGHLIGHTS OF THE YEAR

January **2006**

- Annual Dinner & Dance – "Around the World" held at the Crowne Plaza Mutiara, Kuala Lumpur.

July **2006**

- 30th Annual General Meeting was held at Nirwana Ballroom 1, Crowne Plaza Mutiara, Kuala Lumpur.

August **2006**

- Milestone Event – Commercial Operation of Unit 1 at Tanjung Bin Power Plant officially achieved.

September **2006**

- Award of Shuqaiq II Project, Saudi Arabia by Mitsubishi Heavy Industries Limited.
- Official Launch of Hampshire Residences held at the Show House officiated by Group Chief Executive Officer, Mr. Albert Chang.
- Award of Al-Reem Island Project by Tamouh Investment LLC to the IJM-Zelan-Sunway-LFE Consortium.

December **2006**

- Extraordinary General Meeting (Change of Name) was held at The Banquet Hall, Ritz-Carlton Hotel. The shareholders of the Company approved the change of name from Tronoh Consolidated Malaysia Berhad to Zelan Berhad.
- Cocktail Reception in conjunction of the Company's change of name was held at Hilton Kuala Lumpur and was officiated by the then Chairman of the Company, Tan Sri Datuk Dr. Ahmad Tajuddin Bin Ali.
- Award of Sidra Tower Project by H. E. Ali Bin Khalfan Al-Mutawa Al-Dhahry.

February **2007**

- Milestone Event – Commercial Operation of Unit 2 at Tanjung Bin Power Plant officially achieved.

March **2007**

- Milestone Event – Lifting of the world's longest column free hangar steel structure at A380 MAS Hangar, KLIA. Project is being implemented by the Zelan-Marubeni-Tokyu Construction Consortium.
- Award of Rembang EPCC Contract from PT PLN to the Zelan-Priamanaya-Tronoh Consortium.

April **2007**

- Press Conference on Award of Supplies Contract from Zelan Holdings (M) Sdn Bhd to Dongfang Electric Corporation for the Rembang Power Plant project.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors acknowledges and fully subscribe to the recommendations of the Malaysian Code of Corporate Governance (the "Code").

The Board strives to ensure that it practices the highest standard of principles and best practices of the Code in discharging its responsibility to safeguard and enhance long-term shareholder value and the financial performance of the Company.

The Board is pleased to report to the shareholders on how the Company has applied the principles as recommended by the Code throughout the financial year under review.

A. BOARD OF DIRECTORS

1. Composition of the Board

The Board comprises members with relevant experiences and expertise drawn from various fields such as engineering, financial, public services, legal, technical and marketing.

At the date of this report, the Board has seven (7) members and two (2) Alternate Directors. There are three (3) Independent Directors on the Board and this composition complies with the listing requirement of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), which requires that at least one-third (1/3) of the Board should comprise of Independent Directors.

The role of the Independent Non-Executive Chairman and the Group Chief Executive Officer is distinct and is held by two different persons. The Independent Non-Executive Chairman is entrusted with the overall task of running of the Board whereas the Group 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 judgment 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 27 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 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 Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long range 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. Ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards and 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 judgment in the decision making process.

vi. Developing and implementing an investor relations program or shareholder communications policy for 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 January 2007, a total of four (4) Board meetings and five (5) Special Board meetings were held.

The records of attendance of each Director at Board Meeting held during the financial year ended 31 January 2007 are disclosed below:

Director(s)	Number of meeting(s) attended	Percentage (%)
Tan Sri Datuk Dr. Ahmad Tajuddin Bin Ali (resigned on 1 April 2007)	9 out of 9	100
*Chang Si Fock @ Chong See Fock	8 out of 8	100
Khoo Boo Seong (alternate to Chang Si Fock @ Chong See Fock)	1 out of 1	
Dato' Abdullah Bin Mohd Yusof	9 out of 9	100
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	9 out of 9	100
Feizal Ali (appointed on 20 November 2006)	1 out of 3	33.3
Yoong Nim Chee	9 out of 9	100
Lam Kar Keong	9 out of 9	100
Dato' Ismail Bin Shahudin (resigned on 2 October 2006)	4 out of 6	66.7
Dato' Mohd Ariff Bin Mohd Shafie (retired on 27 July 2006)	4 out of 4	100

* In his absence, his Alternate Director attended the meeting

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 will also be 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 meeting, the Board deliberated and considered on matters including the Company and 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 close period, at least one (1) month 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 project 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 within the Group and is entitled to the advice and services of the Company Secretary. The Director 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. However, no such advice was sought by any of the Directors during the financial year ended 31 January 2007.

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 committee operates within its 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 recommendation 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, and is chaired by Dato. (Dr.) Megat Abdul Rahman Bin Megat Ahmad. The full composition, its terms of reference and summary of activities are reported on pages 42 to 44 of the Annual Report. For financial year ended 31 January 2007, the committee met four (4) times.

b) Executive Committee (EXCO)

The EXCO was established on 11 February 2003. The current members comprises the following:

- Tan Sri Abdul Halim Bin Ali (Chairman; appointed on 27 April 2007)
- Chang Si Fock @ Chong See Fock
- Dato' Abdullah Bin Mohd Yusof
- Yoong Nim Chee
- Feizal Ali (appointed on 24 November 2006)

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 budgets.

Meetings are scheduled four (4) times a year, to be held in between quarterly meetings and as and when it is necessary. During the financial year ended 31 January 2007 the Committee met six (6) times.

c) Nomination Committee
The Nomination Committee was established on 23 March 2004. It consists of wholly Independent/Non-Executive Directors chaired by Tan Sri Abdul Halim Bin Ali. The other members are Dato' Abdullah Bin Mohd Yusof and Dato (Dr.) Megat Abdul Rahman Bin Megat Ahmad.

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 Board of the Company, subsidiaries and associates. 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 had met once.

d) Remuneration Committee
The Remuneration Committee was established on 23 March 2004 and consists of wholly Non-Executive Directors. It is chaired by Tan Sri Abdul Halim Bin Ali and the members are Yoong Nim Chee and Dato' Abdullah Bin Mohd Yusof.

The main duties and responsibilities of the committee are to establish and recommend to the Board the structure and policy of remuneration of the Group Chief Executive Officer and Non-Executive Directors. In addition, the committee also reviews and recommend to the Board on matters relating to general remuneration policy of the Company and Group.

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

6. Appointment of Director
The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed Director is put forward to the Board for consideration and approval.

7. Re-election
In accordance with the Articles of Association and in compliance with Bursa Malaysia's Listing Requirements, all Directors are required to retire from office once at least in each 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 and may offer themselves for re-election.

8. Training
All members of the Board have attended the Mandatory Accreditation Program (MAP) organised by Bursa Malaysia.

B. DIRECTORS' REMUNERATION

1. The Level and Make-up of Remuneration

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

The Non-Executive Directors are paid a yearly 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 they attend.

The Group Chief Executive Officer is not paid yearly Director's fees; however, he receives a total remuneration package which includes basic salary, bonus and other benefits.

2. Policy and Procedure

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

The Non-Executive Directors will abstain from deliberation and voting on decisions in respect of their own remuneration. The final decision in respect of these matters however remains exercisable only by the full Board.

The Remuneration Committee in consultation with the Board will set and recommend the basic salary of the Group Chief Executive Officer. This is done by taking into consideration the performance of the Group Chief Executive Officer 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 January 2007 are as follows:

Category	Executive Directors	Non-Executive Directors
Fee (RM'000)	Nil	431
Salaries and bonuses (RM'000)	2,038	Nil
Benefit-in-kind (RM'000)	104	13
EPF (RM'000)	285	Nil
Other emoluments (RM'000)	104	97

The number of Directors of the Company whose total remuneration falls within the following bands for the financial year ended 31 January 2007 are as follows:

Range of remuneration	**Executive Directors**	**Non-Executive Directors**
RM 0 – RM 50,000	Nil	4
RM 50,001 – RM 100,000	Nil	2
RM 100,001 – RM 150,000	Nil	2
RM 750,001 – RM 800,000	1	Nil
RM 1,750,001 – RM 1,800,000	1	Nil

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

C. SHAREHOLDERS AND INVESTORS

1. Dialogue between Company and Investors

The Board values its dialogue with both institutional shareholders and private investors through timely dissemination of information on the Company and 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 the Bursa Link to enable the public community being updated on any latest development pertaining to the Company's business affair and achievement. Shareholders can also view and access information on the Group's operations and latest project via its website, www.zelan.com.

During the financial year ended 31 January 2007, the Company also organises analyst briefing either voluntarily or upon request by the fund managers. This briefing would normally be attended by the Group Chief Executive Officer and other key personnel of the Company and Group.

2. Annual General Meeting

The Annual General Meeting (AGM) is the main forum which provides opportunity to the shareholders to have dialogue with the Board of Directors of the Company. Besides the normal agenda, the Board also presents reports and provides opportunity for shareholders to raise questions pertaining to the business activities of the Group. The Board members are in attendance to provide responses to questions from the shareholders during these meetings.

The notice of Annual General Meeting together with the Annual Report will be despatched to the shareholders at least twenty-one (21) days before the date of the meeting. Besides the normal agenda of the AGM, the notice also contains resolution to consider special business. Each item of special business included in the notice of meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved. The notice will also contain resolution on Directors who are seeking election or re-election. Further details on the individual Directors who are standing for election will be disclosed in the statement accompanying the notice of Annual General Meeting.

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 shareholders of the Company. The Board is also responsible to provide appropriate level of disclosure to ensure integrity and consistency of the financial reports.

The Company publishes full financial statements annually and condensed financial statements quarterly as required by Bursa Malaysia's Listing Requirements.

2. Directors' Responsibility Statement

The Directors are required by the Companies Act 1965, 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 and of the results and cash flows of the Group and the Company for the financial year. The Statement by Directors in compliance with this Act is set out on page 54 of this Report.

The Board is responsible in ensuring the Group and the Company keep sufficient accounting records for accurate disclosure of the financial position of Group and the Company, and to enable them to ensure that the financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved 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 Company'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 carry out reviews which cover the financial, operational and compliance control as well as Risk Management.

The Company's Internal Control Statement is set out on page 45 to 46 of this Annual Report.

4. Relationships with the Auditors

The relationships of the Audit Committee with the Auditors are disclosed in the Audit Committee Report which can be found on page 42 to 44 of this Annual Report.

E. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company has complied with the Code throughout the financial year ended 31 January 2007.

ADDITIONAL COMPLIANCE INFORMATION

1. **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 except for Mr. Chang Si Fock @ Chong See Fock and Mr. Lam Kar Keong.

   Mr. Chang Si Fock @ Chong See Fock and Mr. Lam Kar Keong are Directors and shareholders of Noble Gem Sdn Bhd (NGSB), Novazi Sdn Bhd (NSB) and Eminent Gateway Sdn Bhd (EGSB). As at the date of this report, NGSB, NSB and EGSB are substantial shareholders of the Company.

   In addition, Mr. Chang Si Fock @ Chong See Fock and Mr. Lam Kar Keong are deemed interested in 44,860,300 shares of the Company held by companies which are controlled by them.

2. **CONVICTIONS FOR OFFENCES**
   None of the Directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.

3. **UTILISATION OF PROCEEDS**
   No proceeds were raised by the Company from any corporate proposal.

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

5. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
   No options, warrants or convertible securities were issued by the Company during the financial year.

6. **AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME**
   During the financial year, the Company did not sponsor any ADR or GDR Programme.

7. **IMPOSITION OF SANCTIONS/PENALTIES**
   There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

8. **NON-AUDIT FEES**
   During the year under review, a non-audit fee of RM200,000 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 and other technical and accounting advisory works.

9. **PROFIT ESTIMATE, FORECAST OR PROJECTION**
   The Company did not make any release on the profit estimate, forecast or projection for the financial year.

10. **PROFIT GUARANTEE**
    During the year, there was no profit guarantee given by the Company.

11. **MATERIAL CONTRACTS**
    There were no material contracts entered into by the Company/or its subsidiaries involving Director's or major shareholders' interest, during the financial year under review, except as disclosed in Note 36 to the Financial Statements.

12. **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.

13. **REVALUATION OF LANDED PROPERTIES**
    The Company does not have a revaluation policy on landed properties.

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 Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad as Chairman.

The current members are:

- Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad, Chairman, (Independent, Non-Executive)
- Dato' Abdullah Bin Mohd Yusof (Independent, Non-Executive)
- Yoong Nim Chee (Non-Independent, Non-Executive)

The term of office of each member is subject to review by the Board every three (3) years.

During the financial year ended 31 January 2007, the Audit Committee held a total of four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name of Directors	Attendance
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	4/4
Dato' Abdullah Bin Mohd Yusof	4/4
Yoong Nim Chee (appointed on 27 July 2006)	2/2
Dato' Mohd Ariff Bin Mohd Shafie (retired on 27 July 2006)	2/2

The External Auditors attended four (4) meetings during the year under review. In one (1) of the meeting, the committee had a session with the External Auditors without the presence of management.

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 (3) 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 1st 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 Group Chief Financial Officer and Group Chief Operating Officer. The presence of External Auditors will be requested, if required. Other Board members may attend meetings upon the invitation of the Audit Committee. At least once 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 principles 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, half-yearly and annual financial statements before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumptions;
- compliance with accounting standards; 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 programme, 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 Group, and ensure that the Directors report such transactions accordingly to the shareholders in this Annual Report.

xii) to report promptly to Bursa Malaysia 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's Listing Requirements.

xiii) to review all prospective financial information provided to the regulators and/or 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 four (4) 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 proposed changes in accounting policies;

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

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

g) reviewed the related party transactions that arose within the Company and Group;

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

i) reviewed the External Auditors' programme; and

j) monitoring of the additional disclosure requirements in accordance with the Bursa Malaysia'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.

Throughout the last financial year, audit assignments and follow-up reviews were carried out on units of operations and subsidiaries, not only in Malaysia but also included overseas operations, in accordance with the annual audit plan. The resulting reports of the audits undertaken were presented to the Audit Committee and forwarded to the parties concerned for their attention and necessary action.

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

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 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.

INTERNAL CONTROL STATEMENT

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 RISK MANAGEMENT FRAMEWORK

The Group Risk Management Framework exercise was fully implemented throughout the financial year. The Group is committed to managing risk by identifying, analysing, evaluating and treating exposures that are likely to have an adverse impact on the operational performance and/or continued effectiveness of its operations.

Realising the importance of good corporate governance culture, the Group has put in place a Risk Management Committee (RMC) chaired by the Group CEO. RMC includes representatives from all the Business Units. Each Business Unit's risk management exercise is performed and led by the respective head of the Business Units. The RMC is tasked to identify and evaluate risks within the Group, taking into consideration the effectiveness of controls currently implemented. Its review covers matters such as mitigating actions to significant risks identified and changes to internal control system.

This process is regularly reviewed by the Board and independently reviewed by an outsourced Internal Audit service.

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 outsourced Internal Auditors.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- Performance reports as benchmarked against budgets and objectives are regularly provided to the Directors and discussed at Board meetings;

- Three (3) years Group Strategic planning process including detailed budgets and monitoring, reviewed 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;

- Process 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 for decision making;

- Risk Management Committee;

- Related Party Committee;

- 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
  - Periodical review by an outsourced internal auditor; and
  - Where appropriate, certain companies have MS ISO 9001:2000 accreditation for their operational processes

The Board has reviewed the adequacy and integrity of the Group's internal control system 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 Outsourced Internal Auditors are managed by the Audit Committee. Key features underlying the relationships of the Audit Committee with the External and Outsourced Internal Auditors are included in the Audit Committee's terms of reference.

ASSOCIATES

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

The internal control of a public listed associate, IJM Corporation Berhad has not been addressed in this Statement as the associate will comply with the necessary listing requirements in its own rights. Furthermore, on 2 April 2007, IJM Corporation Berhad ceased to be an associate of the Company.

AUDIT COMMITTEE

The report by the Audit Committee for the year under review is set out on pages 42 to 44.

CONCLUSION

The Board believes that the development of the system of internal controls is an ongoing process and continues to take steps to improve the internal control system. During the year under review, no material weaknesses have been identified which would result in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

RISK MANAGEMENT REPORT

In addition to assessing the major business segments within the Group i.e. Investment Holding, Engineering & Construction, Property Development and Manufacturing & Trading, the Group also drilled down further its assessment on Engineering & Construction Business Unit by assessing risks based on major projects undertaken by the Unit.

This enhancement has ensured ownership by project management staff in assessing and implementing mitigating measures for the risks associated with their projects.

Generally, the Group achieved its objective to instill the awareness of risk management among all employees of executive level and above. Going forward, the Group will be more pro-active in managing its risks.

As the Group will be actively venturing into overseas markets, Management has incorporated risk identification and mitigation as one of the key assessments during the bidding process for projects abroad.

During the current financial year, the Group focuses on evaluating and managing the risks associated with tendering in new markets especially in the United Arab Emirates, the Kingdom of Saudi Arabia and Indonesia.

APPROACH TO RISK MANAGEMENT REPORT

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

a) The Board has a primary responsibility to oversee risks within the Group as a whole, identifying principal risks and ensuring the implementation of appropriate systems to manage such risks.

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

   ii) The managers and risk teams at operational levels are responsible for encouraging good risk practices within their areas of accountability.

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

RISK MANAGEMENT STRUCTURE

Given the importance of Risk Management to the Group, a report on Risk Management Exercise undertaken by the Group is tabled directly to the Board of Directors on a quarterly basis. The risk management structure is as follows:

BOARD OF DIRECTORS

RISK MANAGEMENT COMMITTEE — At group level

RISK MANAGEMENT UNIT — At each business unit and major project

RISK MANAGEMENT COMMITTEE (RMC)
The RMC is chaired by the Group Chief Executive Officer and its members comprise the Group Chief Operating Officer, Group Chief Financial Officer, Chief Risk Coordinator 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 and internal controls at each Business Unit and for major projects.

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 significant 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.

RISK MANAGEMENT UNIT (RMU)
Every Business Unit has its own Risk Coordinator, who will be in charge of coordinating and consolidating the assessments raised by all risk owners within that Business Unit.

The RMU has 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 RMU 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 level 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 at regular intervals (at least quarterly) to review all activities and ensure that any unacceptable risk exposures are identified and managed at an appropriate level and to update the Risk Register for reporting to the Risk Management Committee (RMC).

financial statements

50 Directors' Report

54 Statement by Directors

54 Statutory Declaration

55 Report of the Auditors

56 Income Statements

57 Balance Sheets

59 Consolidated Statement of Changes in Equity

60 Company Statement of Changes in Equity

61 Cash Flow Statements

63 Notes to the Financial Statements

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 January 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 19 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 have been no significant changes in the nature of these activities during the financial year.

CHANGE OF NAME

The Company changed its name from Tronoh Consolidated Malaysia Berhad to Zelan Berhad on 11 December 2006.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation	81,939	76,313
Minority interest	(1,153)	0
Net profit for the financial year	80,786	76,313

DIVIDENDS

The dividends paid or declared by the Company since 31 January 2006 were as follows:

	RM'000
In respect of the financial year ended 31 January 2006, as shown in the Directors' report of that year, a final gross dividend of 5 sen per share, tax exempt, and 5 sen per share, less income tax at 28% per ordinary share, paid on 15 August 2006	24,221
In respect of the financial year ended 31 January 2007, an interim gross dividend of 5 sen per share, tax exempt, paid on 15 November 2006	14,082

The Board of Directors recommend the payment of a final gross dividend of 5 sen per share, tax exempt, amounting to RM14.082 million and 5 sen per share, less income tax at 26%, amounting to RM10.420 million in respect of the financial year ended 31 January 2007 which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 31 July 2007.

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:

Tan Sri Datuk Dr. Ahmad Tajuddin Bin Ali, Chairman	(resigned on 1 April 2007)
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	
Dato' Abdullah Bin Mohd. Yusof	
Chang Si Fock @ Chong See Fock	
Yoong Nim Chee	
Lam Kar Keong	
Khoo Boo Seong (alternate Director to Chang Si Fock @ Chong See Fock)	
Feizal Ali	(appointed on 20 November 2006)
Hasni Bin Harun (alternate Director to Feizal Ali)	(appointed on 2 March 2007)
Dato' Mohd. Ariff Bin Mohd. Shafie	(retired on 27 July 2006)
Dato' Ismail Bin Shahudin	(resigned on 2 October 2006)

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 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, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.2.2006	**Bought**	**Sold**	**At 31.1.2007**
The Company				
Chang Si Fock @ Chong See Fock*	74,361,000	0	0	74,361,000
Lam Kar Keong*	74,361,000	0	0	74,361,000
European Profiles (M) Sdn. Bhd.				
Khoo Boo Seong*	875,000	0	(875,000)	0
European Profiles Contracting Sdn. Bhd.				
<u>Direct interest</u>				
Khoo Boo Seong	50,000	0	0	50,000
<u>Indirect interest</u>				
Khoo Boo Seong*	240,000	0	0	240,000

* Indirect interest (shares held by companies in which the Director has an interest)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Other than disclosed above, according to the register of Directors' shareholdings, the other Directors in office at the end of the financial year did not hold any interest 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 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 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 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 Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and 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 Company to meet their obligations when they fall due.

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

(a) any charge on the assets of the Group or 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 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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the full and final settlement of a tax dispute between the Group and the Australian tax authority during the financial year as disclosed in Note 38 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 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.

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 26 April 2007.

DATO' (DR.) MEGAT ABDUL RAHMAN BIN MEGAT AHMAD
DIRECTOR

CHANG SI FOCK @ CHONG SEE FOCK
DIRECTOR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad and Chang Si Fock @ Chong See Fock, two of the Directors of Zelan Berhad (formerly known as Tronoh Consolidated Malaysia Berhad), state that, in the opinion of the Directors, the financial statements set out on pages 56 to 117 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 January 2007 and of the results and cash flows of the Group and 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 26 April 2007.

DATO' (DR.) MEGAT ABDUL RAHMAN BIN MEGAT AHMAD
DIRECTOR

CHANG SI FOCK @ CHONG SEE FOCK
DIRECTOR

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Ang Seng Oo, the officer primarily responsible for the financial management of Zelan Berhad (formerly known as Tronoh Consolidated Malaysia Berhad), do solemnly and sincerely declare that the financial statements set out on pages 56 to 117 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.

ANG SENG OO

Subscribed and solemnly declared by the abovenamed Ang Seng Oo at Kuala Lumpur on 26 April 2007.

Before me,

No. W 317
M.S. NATHAN
MALAYSIA
ABDUL RAHMAN

COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS
TO THE MEMBERS OF ZELAN BERHAD

We have audited the financial statements set out on pages 56 to 117. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:

    (i) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and

    (ii) the state of affairs of the Group and Company as at 31 January 2007 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

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

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 19 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/08 (J))
Partner of the firm

Kuala Lumpur
26 April 2007

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

		Group		Company	
	Note	2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Revenue	6	641,043	554,007	84,150	84,391
Cost of sales	7	(541,893)	(461,050)	0	0
Gross profit		99,150	92,957	84,150	84,391
Administrative expenses		(28,807)	(19,625)	(8,569)	(5,505)
Marketing expenses		(7,452)	(2,502)	0	0
Operating expenses					
- amortisation of goodwill		0	(2,667)	0	0
- allowance for decline in market value of quoted investments		0	(2,646)	0	0
- other operating expenses		(8,506)	(7,699)	0	0
Other operating income					
- net gain on disposal of quoted investments		2,335	6,947	2,776	6,864
- gain on disposal of investment in an associate		15,820	0	15,820	0
- reversal of allowance for decline in market value of quoted investments		1,704	0	0	0
- other operating income		7,706	3,573	2,971	2,152
Finance income	8	5,572	7,212	735	432
Finance cost	8	(711)	(1,172)	(428)	(853)
Share of results of:					
- associates		34,514	28,697	0	0
- jointly controlled entities		(44)	(68)	0	0
Profit before taxation	9	121,281	103,007	97,455	87,481
Tax expense	13	(39,342)	(21,189)	(21,142)	(21,900)
Profit for the financial year		81,939	81,818	76,313	65,581
Attributable to:					
Equity holders of the Company		80,786	80,160	76,313	65,581
Minority interest		1,153	1,658	0	0
Profit for the financial year		81,939	81,818	76,313	65,581
Earnings per share attributable to ordinary equity holders of the Company:					
Basic (sen)	14	28	28		

BALANCE SHEETS
AS AT 31 JANUARY 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	16	37,713	30,689	667	1,369
Investment properties	17	7,076	8,372	177	218
Intangible assets	18	47,338	47,338	0	0
Investments in subsidiaries	19	0	0	140,642	140,642
Investments in associates	20	543,730	515,593	461,965	462,875
Investments in jointly controlled entities	21	143	187	0	0
Other assets	23	6,638	2,423	0	0
		642,638	604,602	603,451	605,104
CURRENT ASSETS					
Inventories	24	14,098	13,350	0	0
Property development costs	25	66,098	48,833	0	0
Other investments	26	2,093	9,063	0	0
Receivables, deposits and prepayments	27	208,107	166,703	14,932	7,074
Tax recoverable		7,096	4,905	4,020	1,800
Deposits, bank and cash balances	29	188,870	278,912	3,192	16,194
		486,362	521,766	22,144	25,068
Non-current assets classified as held for sale	30	526	0	0	0
		486,888	521,766	22,144	25,068
TOTAL ASSETS		1,129,526	1,126,368	625,595	630,172
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company:					
Share capital	31	281,632	281,632	281,632	281,632
Reserves	32	433,705	394,566	332,326	294,316
		715,337	676,198	613,958	575,948
Minority interest		19,527	27,404	0	0
TOTAL EQUITY		734,864	703,602	613,958	575,948

BALANCE SHEETS CONTINUED
AS AT 31 JANUARY 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
NON CURRENT LIABILITIES					
Payables	33	46,827	46,110	0	25,929
Borrowings	34	2,068	12,812	252	10,326
Deferred tax liabilities	35	4,043	4,131	0	0
		52,938	63,053	252	36,255
CURRENT LIABILITIES					
Payables	33	326,778	334,786	9,971	3,218
Borrowings	34	7,438	17,358	74	13,398
Current tax liabilities		7,508	7,569	1,340	1,353
		341,724	359,713	11,385	17,969
TOTAL LIABILITIES		394,662	422,766	11,637	54,224
TOTAL EQUITY AND LIABILITIES		1,129,526	1,126,368	625,595	630,172

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	Note	<---------------- Attributable to equity holders of the Company ---------------->								
		Share capital RM'000	Share premium RM'000	Foreign exchange 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
At 1 February 2006		281,632	124,396	29,454	35,494	3,258	201,964	676,198	27,404	703,602
Movements during the year										
Currency translation difference		0	0	(410)	0	0	0	(410)	(115)	(525)
Transfer of profit of a subsidiary to a statutory reserve		0	0	0	0	475	(475)	0	0	0
Reclassification of a subsidiary to an associate	5	0	0	0	0	0	0	0	(2,704)	(2,704)
Share of minority interest on incorporation of a subsidiary		0	0	0	0	0	0	0	10	10
Acquisition of additional shares in subsidiaries	5	0	0	0	0	0	(2,934)	(2,934)	(5,491)	(8,425)
Net income/(expense) directly recognised in equity		0	0	(410)	0	475	(3,409)	(3,344)	(8,300)	(11,644)
Profit for the financial year		0	0	0	0	0	80,786	80,786	1,153	81,939
Total recognised income/(expense) for the year		0	0	(410)	0	475	77,377	77,442	(7,147)	70,295
Dividends for the year ended:	15									
- 31 January 2007		0	0	0	0	0	(14,082)	(14,082)	0	(14,082)
- 31 January 2006							(24,221)	(24,221)	0	(24,221)
Dividends paid to minority interest		0	0	0	0	0	0	0	(730)	(730)
At 31 January 2007		281,632	124,396	29,044	35,494	3,733	241,038	715,337	19,527	734,864
At 1 February 2005		281,632	124,396	29,463	18,494	3,258	173,840	631,083	27,342	658,425
Movements during the year										
Currency translation differences		0	0	(9)	0	0	0	(9)	(1,131)	(1,140)
Net expense directly recognised in equity		0	0	(9)	0	0	0	(9)	(1,131)	(1,140)
Profit for the financial year		0	0	0	0	0	80,160	80,160	1,658	81,818
Total recognised income/(expense) for the year		0	0	(9)	0	0	80,160	80,151	527	80,678
Dividends for the year ended:	15									
- 31 January 2006		0	0	0	0	0	(14,082)	(14,082)	0	(14,082)
- 31 January 2005		0	0	0	0	0	(20,954)	(20,954)	0	(20,954)
Dividends paid to minority interest		0	0	0	0	0	0	0	(465)	(465)
Issue of bonus shares by a subsidiary out of post-acquisition reserves		0	0	0	17,000	0	(17,000)	0	0	0
At 31 January 2006		281,632	124,396	29,454	35,494	3,258	201,964	676,198	27,404	703,602

* These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves and transfer of profits to a statutory reserve by an overseas subsidiary.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

		<-- Non-distributable -->			<---------- Distributable ---------->			
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Capital reserve* RM'000	General reserve* RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2006:								
- as previously stated		281,632	124,396	(7,857)	18,456	3,258	156,063	575,948
- adoption of FRS 121		0	0	7,857	0	0	(7,857)	0
- as restated		281,632	124,396	0	18,456	3,258	148,206	575,948
Profit for the financial year		0	0	0	0	0	76,313	76,313
Total recognised income for the year		0	0	0	0	0	76,313	76,313
Dividends for the year ended:	15							
- 31 January 2007		0	0	0	0	0	(14,082)	(14,082)
- 31 January 2006		0	0	0	0	0	(24,221)	(24,221)
At 31 January 2007		281,632	124,396	0	18,456	3,258	186,216	613,958
At 1 February 2005:								
- as previously stated		281,632	124,396	(9,968)	18,456	3,258	127,629	545,403
- adoption of FRS 121		0	0	9,968	0	0	(9,968)	0
- as restated		281,632	124,396	0	18,456	3,258	117,661	545,403
Profit for the financial year		0	0	0	0	0	65,581	65,581
Total recognised income for the year		0	0	0	0	0	65,581	65,581
Dividends for the year ended:	15							
- 31 January 2006		0	0	0	0	0	(14,082)	(14,082)
- 31 January 2005		0	0	0	0	0	(20,954)	(20,954)
At 31 January 2006		281,632	124,396	0	18,456	3,258	148,206	575,948

* These reserves relate to net gain from disposals of investment in shares.

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES				
Profit for the year, attributable to equity holders of the Company	80,786	80,160	76,313	65,581
Adjustments for:				
Tax expense	39,342	21,189	21,142	21,900
Finance cost	711	1,172	428	853
Minority interest	1,153	1,658	0	0
Depreciation of:				
- property, plant and equipment	3,089	2,924	322	218
- investment properties	281	0	41	0
Amortisation of goodwill	0	2,667	0	0
(Reversal of allowance)/allowance for decline in market value of quoted investments	(1,704)	2,646	0	0
Allowance for doubtful debts	645	309	2	2
Property, plant and equipment written off	357	1	0	0
Inventories written off	7	58	0	0
Net (gain)/loss on disposal of:				
- property, plant and equipment	(346)	46	0	0
- non-current assets held for sale	(3,111)	0	(2,944)	0
Share of results of:				
- associates	(34,514)	(28,697)	0	0
- jointly controlled entities	44	68	0	0
Profit from Islamic deposits	(2,306)	(2,124)	(733)	(418)
Interest income	(3,266)	(5,088)	(2)	(14)
Net loss/(gain) on unrealised foreign exchange	24	22	146	(2,115)
Allowance for doubtful debts written back	(131)	(282)	0	0
Bad debts recovered	(4)	(20)	0	0
Dividend income	(279)	(628)	(84,150)	(84,391)
Net gain on disposal of:				
- quoted investments	(2,335)	(6,947)	(2,776)	(6,864)
- investment in an associate	(15,820)	0	(15,820)	0
Impairment loss on non-current assets held for sale	19	0	0	0
	62,642	69,134	(8,031)	(5,248)
Changes in working capital:				
Property development costs	(19,500)	(42,917)	0	0
Inventories	(755)	3,284	0	0
Receivables, deposits and prepayments	(46,890)	775	(7,860)	(57)
Payables	(1,950)	44,188	(19,322)	(1,077)
Cash (used in)/generated from operations	(6,453)	74,464	(35,213)	(6,382)
Taxation paid	(41,776)	(23,740)	(13)	0
Net cash flow from operating activities	(48,229)	50,724	(35,226)	(6,382)

CASH FLOW STATEMENTS CONTINUED
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
INVESTING ACTIVITIES					
Investments in associates	5	(2,018)	(17,136)	0	(17,044)
Investments in jointly controlled entities		0	(63)	0	0
Purchase of additional equity interest in subsidiaries	5	(8,425)	0	0	0
Reclassification of a subsidiary to an associate	5	(6,238)	0	0	0
Purchase of property, plant and equipment		(12,537)	(6,136)	(26)	(244)
Proceeds from the disposal of:					
- warrants in an associate	5	16,730	0	16,730	0
- quoted investments		11,010	589	2,776	0
- property, plant and equipment		1,511	477	0	0
- non-current assets held for sale		3,987	0	3,350	0
Dividends received		10,390	7,076	60,788	60,761
Interest received		3,266	5,088	2	14
Profit from Islamic deposits received		2,306	2,124	733	418
Net cash flow from investing activities		19,982	(7,981)	84,353	43,905
FINANCING ACTIVITIES					
Finance cost		(773)	(1,172)	(428)	(853)
Dividends paid to minority interest of a subsidiary		(730)	(465)	0	0
Repayments of borrowings		(27,505)	(9,808)	(23,398)	(6,666)
Dividends paid to shareholders		(38,303)	(35,036)	(38,303)	(35,036)
Proceeds from borrowings		6,000	19,200	0	15,992
Deposits pledged as security		1,048	7,223	0	0
Net cash flow from financing activities		(60,263)	(20,058)	(62,129)	(26,563)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(88,510)	22,685	(13,002)	10,960
Currency translation differences		(484)	(1,140)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		276,910	255,365	16,194	5,234
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	29	187,916	276,910	3,192	16,194

NOTES TO THE FINANCIAL STATEMENTS
- 31 JANUARY 2007

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 19 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 have been no significant changes 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 556 (2006: 469) and 21 (2006: 16) 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 years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and 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 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Standards and interpretations that are effective

The new accounting standards and IC Interpretations ("IC") to existing standards effective for the Company's financial year beginning on or after 1 February 2006 are as follows:

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- IC 112 Consolidation - Special Purpose Entities
- IC 125 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards and interpretations. All standards and interpretations adopted by the Group require retrospective application other than:

(i) FRS 5 - prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and to operations that meet the criteria to be classified as discontinued on/after 1 February 2006.

A summary of the impact of the new accounting standards and interpretations to existing standards on the financial statements of the Group and Company is set out in Note 39.

Standards that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group's financial years beginning on or after 1 February 2007 or later years, but which the Group has not early adopted, are as follows:

(i) FRS 117 Leases (effective for financial years beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial years beginning on 1 February 2007.

(ii) FRS 124 Related Party Disclosures (effective for financial years beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial years beginning on 1 February 2007.

(iv) FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new 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 only under strict circumstances. The Group will apply this standard when effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Standards, amendments to published standards and interpretations to existing standards that are not yet effective and not relevant for the Group's operations

(i) FRS 6 Exploration for and Evaluation of Mineral Resources (effective for financial years beginning on or after 1 February 2007).

(ii) Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (effective for financial years beginning on or after 1 February 2007).

(iii) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 July 2007).

(iv) IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (effective for accounting periods beginning on or after 1 July 2007).

(v) IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (effective for accounting periods beginning on or after 1 July 2007).

(vi) IC Interpretation 5 Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds (effective for accounting periods beginning on or after 1 July 2007).

(vii) IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (effective for accounting periods beginning on or after 1 July 2007).

(viii) IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies (effective for accounting periods beginning on or after 1 July 2007).

(ix) IC Interpretation 8 Scope of FRS 2 (effective for accounting periods beginning on or after 1 July 2007).

(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.

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(f) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (Continued)

(i) Subsidiaries (Continued)

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.

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.

(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 (see accounting policy Note 2(g)).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in 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, adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (Continued)

(iv) Joint ventures

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 accounting involves recognising the Group's share of post-acquisition results of jointly controlled entities in the income statement and its share of post-acquisition movements within reserves in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

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 consolidated financial statements.

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.

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

(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(g) on impairment of assets.

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

(d) Investment properties

Investment properties, comprising principally land and 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. Leasehold land is depreciated over the term of the lease. 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.

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) 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(g) on impairment of assets.

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.

Quoted investments (within current assets) are stated at the lower of cost and market value, determined on an aggregate portfolio basis. Market value is calculated by reference to the stock exchange quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying amount of the quoted investments are recognised in the income statement.

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

(f) Intangible assets

<u>Goodwill</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (Continued)

Goodwill (Continued)

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(g) 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.

(g) 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 financial year end.

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.

(h) 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 the inception of the lease 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

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(g) 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 stage 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).

(j) Inventories

Completed properties

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

Other inventories

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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. They are presented as inventories, prepayments or other assets, depending on their nature.

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 customers on construction contracts 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 customers on construction contracts under payables (within current liabilities).

(l) 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.

(m) 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.

(n) 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 an 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.

(o) Share capital

<u>Classification</u>

Ordinary shares are classified as equity.

<u>Share issue costs</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Share capital (Continued)

Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability in the period 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.

(p) 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.

(q) 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.

(r) 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Taxation (Continued)

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.

(s) 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.

(t) 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.

(u) Foreign currencies

<u>Functional and presentation currency</u>

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.

<u>Transactions and balances</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Foreign currencies (Continued)

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.

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.

(v) 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.

Sales 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.

Construction contracts

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Revenue recognition (Continued)

Property development

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

Other income

Other revenues earned by the Group are recognised on the following bases:

Rental income - on the accrual basis
Management charges - on the accrual basis

(w) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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.

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 enterprises 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 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 companies in currencies other than their 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 January 2007, the settlement dates on open forward contracts ranged within 6 months (2006: 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 January 2007					
11.10.06 - 13.04.07	SGD	RM	SGD981	2.3170	2,272
25.01.07 - 30.07.07	USD	RM	USD1,133	3.4628	3,923
At 31 January 2006					
02.08.05 - 02.02.06	SGD	RM	SGD2,154	2.3020	4,959
01.12.05 - 25.05.06	USD	RM	USD685	3.7440	2,566
02.08.05 - 02.02.06	USD	RM	USD300	3.7620	1,128
05.01.06 - 10.07.06	SGD	RM	SGD540	2.2740	1,229

(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 three corporate debtors which represent 74% of the Group's total trade receivables, of which these balances are monitored closely. Majority of these amounts have been collected since the financial year end.

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 this concentration to short term money markets are the economic factors affecting the countries that those deposits have been placed with as disclosed in Note 29. 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.

In addition, certain subsidiaries of the Group have given guarantees to other subsidiaries within the Group for banking facilities. The Directors are of the view that such credit risk is minimal in view of the stability of the subsidiaries' financial position.

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) Estimated impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. 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. The calculations require the use of estimates as set out in Note 18.

(ii) 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, as well as the recoverability of the contracts. In making the judgement, the Group relied on past experience and work of specialists.

As the estimated total contract costs would not vary by more than 10% from management's estimates, the Directors do not believe that the financial statements would require adjustment.

(iii) 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 expenses 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.

5 ACQUISITIONS AND DISPOSALS

Acquisitions

(a) Subsidiaries

On 16 August 2006 and 4 January 2007, the Group acquired additional equity interests of 25% in European Profiles (M) Sdn. Bhd. and additional equity interests of 15% in Zelan Development Sdn. Bhd. respectively from the minority shareholders. As a result, the Group's shareholding in European Profiles (M) Sdn. Bhd. and Zelan Development Sdn. Bhd. increased from 55% to 80% and 85% to 100% respectively (Note 19). The details of the acquisitions are as follows:

	At date of acquisitions RM'000
Purchase consideration, settled in cash	8,425
Group's share of the carrying amount of net assets acquired	(5,491)
Goodwill	2,934

The goodwill arising from the acquisitions above have been deducted from equity. The goodwill is attributable to the strong market position in Malaysia, workforce of the acquired business and the synergies expected to arise.

(b) Associates

On 10 April 2006 and 7 September 2006, the Group subscribed for its proportionate shareholding in Sahakarn Zelan (Thailand) Co. Ltd. and acquired a 40% equity interest in Zelan Arabia Co. Ltd., respectively, for an aggregate amount of RM2,018,000.

In the previous year, the Company subscribed for an aggregate of 18,206,872 warrants and acquired an additional 3,300,000 shares of IJM Corporation Berhad, resulting in an aggregate cash outflow of RM17,044,000. In addition, the Group also acquired a 49% equity interest in Sahakarn Zelan (Thailand) Co. Ltd, a company incorporated in Thailand for RM92,000.

Disposals

(a) Subsidiaries

On 3 November 2006, Essential Amity Sdn. Bhd. became an associate of the Group following the change in the board representation of this company. The analysis of the net assets of Essential Amity Sdn. Bhd. as at the date of the change in the board representation is as follows:

	At date of change in board representation RM'000
Property, plant and equipment	87
Property development costs	2,259
Receivables	2,006
Tax recoverable	172
Cash and bank balances	6,238
Payables	(5,341)
Borrowings	(12)
Net assets	5,409

5 ACQUISITIONS AND DISPOSALS (CONTINUED)

Disposals (Continued)

(a) Subsidiaries (Continued)

	At date of change in board representation RM'000
Net assets	5,409
Less: Minority interest	(2,704)
Amount accounted for as an associate	2,705

The net cash outflow on the reclassification of Essential Amity Sdn. Bhd. from a subsidiary to an associate is as follows:

Cash and cash equivalents of a subsidiary reclassified to an associate	(6,238)

(b) Associates

During the financial year, the Company disposed of 18,206,872 warrants of IJM Corporation Berhad, resulting in an aggregate proceed of RM16,730,000.

6 REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Construction contracts	595,317	533,931	0	0
Property development	29,332	9,738	0	0
Sale of goods	14,878	8,336	0	0
Rental income	1,082	1,032	0	0
Sale of completed properties	0	188	0	0
Management charges	155	154	0	0
Dividend income:				
- other investments	279	628	0	287
- an associate	0	0	14,150	9,104
- a subsidiary	0	0	70,000	75,000
	641,043	554,007	84,150	84,391

7 COST OF SALES

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Construction contract costs	516,544	448,843	0	0
Property development costs	19,993	6,178	0	0
Cost of goods sold	5,198	5,753	0	0
Cost of properties sold	0	137	0	0
Others	158	139	0	0
	541,893	461,050	0	0

8 FINANCE INCOME AND FINANCE COST

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Finance income				
Interest income	3,266	5,088	2	14
Profit from Islamic deposits	2,306	2,124	733	418
	5,572	7,212	735	432
Finance cost				
Arrangement fee for borrowings	0	20	0	20
Interest expense on borrowings	773	1,239	428	833
Less: Amount capitalised into:				
- Property development costs (Note 25)	(24)	(19)	0	0
- Construction contracts (Note 28)	(38)	(68)	0	0
	711	1,172	428	853

9 PROFIT BEFORE TAXATION

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

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Staff costs (Note 10)	15,537	11,032	1,899	1,136
Directors' remuneration (Note 11)	4,184	2,789	2,955	1,977
Depreciation of:				
- property, plant and equipment (Note 16)	3,089	2,924	322	218
- investment properties (Note 17)	281	0	41	0
Allowance for doubtful debts	645	309	2	2
Auditors' remuneration - statutory audit	210	166	56	53
Rental of premises	591	459	17	17
Property, plant and equipment written off	357	1	0	0
Net loss/(gain) on foreign exchange				
- realised	151	23	330	0
- unrealised	24	22	146	(2,115)
Impairment loss on non-current assets held for sale	19	0	0	0
Inventories written off	7	58	0	0

9 PROFIT BEFORE TAXATION (CONTINUED)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Net (gain)/loss on disposal of:				
- property, plant and equipment	(346)	46	0	0
- non-current assets held for sale	(3,111)	0	(2,944)	0
Allowance for doubtful debts written back	(131)	(282)	0	0
Bad debts recovered	(4)	(20)	0	0
Rental income on premises	(456)	(543)	0	0

10 STAFF COSTS

Staff costs, excluding directors' remuneration, are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages, salaries and bonus	25,000	25,727	1,594	947
Defined contribution retirement plan	2,447	2,852	206	104
Other employee benefits	2,404	1,183	99	85
	29,851	29,762	1,899	1,136
Staff costs for the financial year is allocated as follows:				
Income statement (Note 9)	15,537	11,032	1,899	1,136
Property development costs (Note 25)	0	885	0	0
Construction contracts (Note 28)	14,314	17,845	0	0
	29,851	29,762	1,899	1,136

11 DIRECTORS' REMUNERATION

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

Non-executive Directors:
Tan Sri Datuk Dr. Ahmad Tajuddin Bin Ali, Chairman (resigned on 1 April 2007)
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad
Dato' Abdullah Bin Mohd. Yusof
Lam Kar Keong
Yoong Nim Chee
Feizal Ali (appointed on 20 November 2006)
Dato' Mohd. Ariff Bin Mohd. Shafie (retired on 27 July 2006)
Dato' Ismail Bin Shahudin (resigned on 2 October 2006)

Executive Directors:
Chang Si Fock @ Chong See Fock
Khoo Boo Seong (alternate Director to Chang Si Fock @ Chong See Fock)

11 DIRECTORS' REMUNERATION (CONTINUED)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Charged to income statement:				
Non-executive Directors:				
- fees	431	460	431	460
- other emoluments	1,163	738	97	69
Executive Directors:				
- salaries and bonus	2,165	1,377	2,038	1,258
- defined contribution retirement plan	303	146	285	129
- other employee benefits	122	68	104	61
	4,184	2,789	2,955	1,977
Not charged to income statement:				
Executive Directors:				
- estimated monetary value of benefits-in-kind	122	110	104	91
	4,306	2,899	3,059	2,068

Included in other emoluments of the Non-executive Directors are salaries and bonus of RM756,000 (2006: RM423,000) and defined contribution retirement plan of RM119,000 (2006: RM55,000) relating to a Non-executive Director of the Company who is an Executive Director of a subsidiary.

12 AUDITORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
PricewaterhouseCoopers Malaysia*				
- Statutory audit	143	122	56	53
- Fees for other services	200	139	200	139
	343	261	256	192
Other member firms of PricewaterhouseCoopers International Limited*				
- Fees for other services	28	23	0	0
Firms other than member firms of PricewaterhouseCoopers International Limited				
- Statutory audit	67	44	0	0

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

13 TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax				
- Malaysian tax	16,182	21,546	21,142	21,900
- Foreign tax	23,248	(2)	0	0
Deferred tax (Note 35)	(88)	(355)	0	0
	39,342	21,189	21,142	21,900
Current tax:				
- Current financial year	18,813	21,151	21,142	21,900
- Under accrual in previous years	20,617	393	0	0
Deferred tax:				
- Origination and reversal of temporary differences	(88)	(355)	0	0
	39,342	21,189	21,142	21,900
The explanation of the relationship between tax expense and profit before tax is as follows:				
Profit before tax	121,281	103,007	97,455	87,481
Tax calculated at the Malaysian tax rate of 27% (2006: 28%)	32,746	28,842	26,313	24,495
Tax effects of:				
- share of results of associates and jointly controlled entities	(10,136)	(9,266)	0	0
- expenses not deductible for tax purposes	2,600	3,539	645	479
- income not subject to tax	(6,970)	(1,922)	(5,816)	(2,513)
- tax concessions and incentives	(212)	(215)	0	0
- different tax rates in other countries	423	175	0	0
- deferred tax not recognised	272	227	0	0
- previously unrecognised tax losses	0	(588)	0	(561)
- others	2	4	0	0
Under accrual in previous years	20,617	393	0	0
Tax expense	39,342	21,189	21,142	21,900

Included in the underaccrual of current tax expense in the previous years of RM20,617,000 is a settlement of tax dispute between the Group and the Australian tax authority during the financial year amounting to RM20,323,000 (Note 38).

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

14 EARNINGS PER SHARE

The calculation of basic earnings per share of the Group is calculated by dividing the profit attributable to the ordinary equity holders of the Company for the financial year of RM80,786,000 (2006: RM80,160,000) by the weighted average number of ordinary shares in issue during the financial year of 281,631,485 (2006: 281,631,485).

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

15 DIVIDENDS IN RESPECT OF ORDINARY SHARES

	2007		2006	
	Gross dividend per share	Amount of dividend, net of tax	Gross dividend per share	Amount of dividend, net of tax
	sen	RM'000	sen	RM'000
Interim dividend paid	5	14,082	5	14,082
Proposed final dividend	10	24,502	10	24,221
Dividend in respect of the financial year	15	38,584	15	38,303
Dividend recognised as distribution to ordinary equity holders of the Company	15	38,303	13	35,036

At the forthcoming Annual General Meeting on 29 June 2007, final gross dividend of 5 sen per share, tax exempt, amounting to RM14.082 million and 5 sen per share, less income tax at 26%, amounting to RM10.420 million in respect of the financial year ended 31 January 2007 (2006: Final gross dividend of 5 sen per share, tax exempt and 5 sen per share, less income tax at 28%) will be proposed for shareholders' approval. These financial statements do not reflect the final proposed dividend. Such dividend, if approved by the shareholders at the forthcoming Annual General Meeting, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2008.

16 PROPERTY, PLANT AND EQUIPMENT

	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
Group										
Net book value										
At 1 February 2006										
- as previously stated	2,674	12,795	1,219	4,163	4,979	3,752	998	1,116	0	31,696
- adoption of FRS 140	(218)	(789)	0	0	0	0	0	0	0	(1,007)
- as restated	2,456	12,006	1,219	4,163	4,979	3,752	998	1,116	0	30,689
Additions	0	0	789	1,034	1,348	9,166	143	646	264	13,390
Disposals	0	0	(43)	(400)	(28)	(679)	0	(15)	0	(1,165)
Write off	0	0	(12)	0	(135)	(132)	0	(78)	0	(357)
Reclassification to non-current assets held for sale (Note 30)	(406)	0	0	0	0	0	0	0	0	(406)
Reclassification of a subsidiary to an associate (Note 5)	0	0	(1)	(44)	(42)	0	0	0	0	(87)
Depreciation charge	0	(181)	(333)	(1,372)	(918)	(954)	(131)	(397)	0	(4,286)
Translation differences	0	0	(58)	0	(7)	0	0	0	0	(65)
At 31 January 2007	2,050	11,825	1,561	3,381	5,197	11,153	1,010	1,272	264	37,713
At 31 January 2007										
Cost	2,050	13,118	2,800	11,751	8,978	21,560	1,696	3,385	264	65,602
Accumulated depreciation	0	(1,293)	(1,239)	(8,370)	(3,781)	(10,407)	(686)	(2,113)	0	(27,889)
Net book value	2,050	11,825	1,561	3,381	5,197	11,153	1,010	1,272	264	37,713

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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	Total RM'000
Group									
Net book value									
At 1 February 2005									
- as previously stated	2,674	10,403	231	5,014	4,429	4,694	1,169	1,250	29,864
- adoption of FRS 140	(218)	(789)	0	0	0	0	0	0	(1,007)
- as restated	2,456	9,614	231	5,014	4,429	4,694	1,169	1,250	28,857
Additions	0	2,623	1,168	1,113	1,392	144	14	475	6,929
Disposals	0	0	(14)	(236)	(65)	0	(33)	(175)	(523)
Write-off	0	0	0	0	(1)	0	0	0	(1)
Depreciation charge	0	(231)	(166)	(1,728)	(776)	(1,086)	(152)	(434)	(4,573)
At 31 January 2006	2,456	12,006	1,219	4,163	4,979	3,752	998	1,116	30,689
At 31 January 2006									
Cost									
- as previously stated	2,674	13,907	2,125	11,161	7,842	13,205	1,553	2,832	55,299
- adoption of FRS 140	(218)	(939)	0	0	0	0	0	0	(1,157)
- as restated	2,456	12,968	2,125	11,161	7,842	13,205	1,553	2,832	54,142
Accumulated depreciation									
- as previously stated	0	(1,112)	(906)	(6,998)	(2,863)	(9,453)	(555)	(1,716)	(23,603)
- adoption of FRS 140	0	150	0	0	0	0	0	0	150
- as restated	0	(962)	(906)	(6,998)	(2,863)	(9,453)	(555)	(1,716)	(23,453)
Net book value									
- as previously stated	2,674	12,795	1,219	4,163	4,979	3,752	998	1,116	31,696
- adoption of FRS 140	(218)	(789)	0	0	0	0	0	0	(1,007)
- as restated	2,456	12,006	1,219	4,163	4,979	3,752	998	1,116	30,689

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company					
Net book value					
At 1 February 2006					
- as previously stated	624	0	814	149	1,587
- adoption of FRS 140	(218)	0	0	0	(218)
- as restated	406	0	814	149	1,369
Additions	0	0	0	26	26
Reclassification to non-current assets held for sale (Note 30)	(406)	0	0	0	(406)
Depreciation charge	0	0	(251)	(71)	(322)
At 31 January 2007	0	0	563	104	667
At 31 January 2007					
Cost	0	40	1,144	378	1,562
Accumulated depreciation	0	(40)	(581)	(274)	(895)
Net book value	0	0	563	104	667
Net book value					
At 1 February 2005					
- as previously stated	624	0	476	71	1,171
- adoption of FRS 140	(218)	0	0	0	(218)
- as restated	406	0	476	71	953
Additions	0	0	508	126	634
Depreciation charge	0	0	(170)	(48)	(218)
At 31 January 2006	406	0	814	149	1,369
At 31 January 2006					
Cost					
- as previously stated	7,660	40	1,144	321	9,165
- adoption of FRS 140	(218)	0	0	0	(218)
- as restated	7,442	40	1,144	321	8,947
Accumulated depreciation	(7,036)	(40)	(330)	(172)	(7,578)
Net book value	406	0	814	149	1,369

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charge for the financial year is allocated as follows:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Income statement (Note 9)	3,089	2,924	322	218
Construction contracts (Note 28)	1,197	1,649	0	0
	4,286	4,573	322	218
Net book values of assets acquired under hire purchase arrangements:				
- Motor vehicles	2,612	2,721	369	390
- Office equipment	54	735	0	0
	2,666	3,456	369	390

	Group	
	2007	2006
	RM'000	RM'000
Net book values of assets pledged as security for term loans (Note 34):		
- Freehold land	2,096	2,096
- Buildings	3,435	3,513
	5,531	5,609

The title of a freehold land of a subsidiary is in the process of being transferred from the developer company to the subsidiary.

Included in property, plant and equipment of the Group is an amount of RM670,000 (2006: RM670,000) relating to the cost of a motor vehicle which is held in trust for a subsidiary by a director of the subsidiary.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM13,390,000 (2006: RM6,929,000), of which RM853,000 (2006: RM793,000) was acquired by means of hire purchase arrangements.

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM26,000 (2006: RM634,000), of which nil (2006: RM390,000) was acquired by means of hire purchase arrangements.

17 INVESTMENT PROPERTIES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cost				
At start of the financial year				
- as previously stated	7,365	7,365	0	0
- adoption of FRS 140	1,157	1,157	218	218
- as restated	8,522	8,522	218	218
Reclassification to non-current assets held for sale (Note 30)	(1,015)	0	0	0
At end of the financial year	7,507	8,522	218	218
Accumulated depreciation				
At start of the financial year				
- as previously stated	0	0	0	0
- adoption of FRS 140	(150)	(150)	0	0
- as restated	(150)	(150)	0	0
Depreciation charge	(281)	0	(41)	0
At end of the financial year	(431)	(150)	(41)	0
Net book value	7,076	8,372	177	218

Investment properties with net book value of RM2,947,000 (2006: RM3,063,000) have been pledged to secure banking facilities of RM25,000,000 granted to a subsidiary (Note 34).

As at 31 January 2007, the fair value of the investment properties was estimated at RM8,960,000 based on valuation by an independent professionally qualified valuer. Valuations were based on current prices in an active market for all properties.

18 INTANGIBLE ASSETS

	Group	
	2007	2006
	RM'000	RM'000
Goodwill		
At 1 February	47,338	50,005
Amortised during the financial year	0	(2,667)
At 31 January	47,338	47,338
At cost	47,338	53,116
Accumulated amortisation	0	(5,778)
Net carrying value	47,338	47,338

18 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill

The carrying amounts of goodwill allocated to the Group's cash-generating units ("CGUs") are as follows:

	Group	
	2007	2006
	RM'000	RM'000
Construction and engineering	44,396	44,396
Manufacturing and trading	2,942	2,942
	47,338	47,338

Recoverable amount 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:

	Construction and engineering	Manufacturing and trading
	%	%
Gross margin [1]	9 - 17	24
Pre-tax discount rate [2]	13	11

1 Budgeted average gross margin
2 Pre-tax discount rate applied to the cash flow projections

The Directors have determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Based on the value in use calculations, the Directors have concluded that no impairment charge is considered necessary in respect of the goodwill of each CGU.

19 INVESTMENTS IN SUBSIDIARIES

	Company	
	2007	2006
	RM'000	RM'000
Unquoted shares outside Malaysia, at cost	18,055	18,055
Less: Accumulated impairment losses	(18,055)	(18,055)
	0	0
Unquoted shares in Malaysia, at cost	140,642	140,642
	140,642	140,642

19 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 2007 %	Group's effective interest 2006 %	Principal activities
Associated Mines (Malaya) Sendirian Berhad	Malaysia	51	51	Members' voluntary liquidation
Tronoh Consolidated (Overseas) Sdn. Bhd. #	Malaysia	100	100	Dormant
Golden Solitaire (Australia) B.V. *	Netherlands	67	67	Dormant
Zelan Holdings (M) Sdn. Bhd. #	Malaysia	100	100	Investment holding, civil engineering and building turnkey contractor
Tronoh Consolidated (Labuan) Ltd. #	Malaysia	100	100	Dormant
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
Sejara Bina Sdn. Bhd. ^	Malaysia	100	100	Investment holding
European Profiles (M) Sdn. Bhd. ^	Malaysia	80	55	Manufacturing of metal roof and wall cladding systems
Zelan Enterprise Sdn. Bhd. #	Malaysia	100	100	Contracting and supplying of building materials and renting of machinery
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	Dormant
Zelan Consolidated (Overseas) Sdn. Bhd. ^	Malaysia	100	100	Dormant
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	-	Civil technical design and construction of civil and building works

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Group's effective interest 2007 %	Group's effective interest 2006 %	Principal activities
Subsidiaries of Zelan Corporation Sdn. Bhd.				
Zelan Development Sdn. Bhd. #	Malaysia	100	85	Property development
Panduan Pelangi Sdn. Bhd. ^	Malaysia	100	100	Building management and maintenance
Lancar Impian Sdn. Bhd. ^	Malaysia	100	-	Management of residential properties
Ratcha Ploen Co. Ltd. ^	Thailand	60	-	Property development
Subsidiary of Sejara Bina Sdn. Bhd.				
Essential Amity Sdn. Bhd. #@	Malaysia	-	50	Turnkey contractor and property development
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. Bhd.				
European Profiles Contracting Sdn. Bhd. ^	Malaysia	56.80	39.05	Design, engineering and contracting of building envelope systems
Richard Lees Steel Decking Asia Sdn. Bhd. ^	Malaysia	40.00	27.51	Design, engineering and contracting of composite floor decking systems
European Profiles Contracting Pte. Ltd. ^	Singapore	56.80	39.05	Design, engineering and contracting of building envelope systems
Subsidiary of Zelan Construction Sdn. Bhd.				
Zelan Construction Pte. Ltd. ^	Singapore	100	100	Building and general contractor

Audited by PricewaterhouseCoopers, Malaysia
^ Audited by a firm other than member firm 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 March
@ During the financial year, Essential Amity Sdn. Bhd. became an associate of a subsidiary of the Company following the change in board representation in this company.

20 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Quoted, at cost				
Shares in Malaysia	461,908	461,908	461,908	461,908
Warrants in Malaysia	0	910	0	910
Unquoted shares in Malaysia, at cost	3,380	3,005	3,005	3,005
Less: Accumulated impairment losses	0	0	(2,948)	(2,948)
	3,380	3,005	57	57
Unquoted shares outside Malaysia, at cost	2,110	92	0	0
	467,398	465,915	461,965	462,875
Group's share of post-acquisition reserves	76,332	49,678	0	0
	543,730	515,593	461,965	462,875
Market value of quoted investments:				
Shares in Malaysia	768,825	422,618	768,825	422,618
Warrants in Malaysia	0	6,554	0	6,554

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

	Group	
	2007 RM'000	2006 RM'000
Revenue	419,352	326,700
Profit after tax (including minority interest)	34,514	28,697
Non-current assets	526,407	387,176
Current assets	685,385	505,539
Current liabilities	(331,900)	(190,271)
Non-current liabilities	(336,162)	(186,851)
Net assets	543,730	515,593

20 INVESTMENTS IN ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 2007 %	Group's effective interest 2006 %	Principal activities
Timah Dermawan Sendirian Berhad ^	Malaysia	30	30	Tin mining
IJM Corporation Berhad ^	Malaysia	17	20	Construction, property development, investment holding, quarrying and oil palm cultivation
Sahakarn Zelan (Thailand) Co. Ltd. *	Thailand	49	49	Investment holding
Zelan Arabia Co. Ltd. *	Saudi Arabia	40	-	Civil technical design and construction of civil and building works
Essential Amity Sdn. Bhd.	Malaysia	50	-	Turnkey contractor and property development

^ Shareholding held directly by the Company
* The accounting year end of this associate is 31 December

Despite the decrease in the Group's shareholding in IJM Corporation Berhad as at 31 January 2007, the Group continues to account for this investment as an associate as the Group is able to exercise significant influence in this company.

21 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group 2007 RM'000	Group 2006 RM'000
Unquoted shares, at cost	85	85
Share of results of jointly controlled entities	58	102
	143	187
The Group's share of income and expenses, assets and liabilities of the jointly controlled entities are as follows:		
Revenue	0	13
Expenses (including tax expense)	(44)	(81)
Loss after tax	(44)	(68)

21 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

	Group 2007 RM'000	Group 2006 RM'000
Current assets	278	276
Current liabilities	(135)	(89)
Net assets	143	187

Details of the jointly control entities are as follows:

Name	Principal activities	Place of incorporation	Proportion of ownership interest 2007 %	Proportion of ownership interest 2006 %
L.K. Ang - Zelan Consortium Pte. Ltd.	Building and general contractor	Singapore	50	50
Zelan EPC (Hong Kong) Limited	Investment holding	Hong Kong	50	50

22 JOINT VENTURES

The Group's share of income and expenses, assets and liabilities of the jointly controlled operations which have been included in the financial statements are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Revenue	22,675	25,027
Expenses (including tax expense)	(21,528)	(16,102)
Profit after tax	1,147	8,925
Non current assets	944	0
Current assets	4,388	1,132
Current liabilities	(4,200)	(831)
Net assets	1,132	301

22 JOINT VENTURES (CONTINUED)

Details of the jointly controlled operations are as follows:

Name	Principal activities	Proportion of ownership interest 2007 %	2006 %
Zelan - Murray Roberts Joint Venture	Civil engineering works	50	50
ZCSB-WEPE Joint Venture	Civil engineering works	51	51
Sumitomo - Zelan Consortium	Construction and completion of power plant	^	^
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.

23 OTHER ASSETS

Other assets balance represents deferred expenses which arose pursuant to an agreement entered into between a subsidiary and a third party in relation to the sale of the development units of one of the subsidiary's projects.

The deferred expenses will be expensed to the income statement based on the percentage of completion of the project.

24 INVENTORIES

	Group 2007 RM'000	2006 RM'000
At cost		
Completed properties for sale	8,968	8,968
Raw materials	5,110	4,360
Finished goods	20	22
	14,098	13,350

The completed properties of the Group have been pledged to secure banking facilities of RM25,000,000 granted to a subsidiary (Note 34).

25 PROPERTY DEVELOPMENT COSTS

	Group	
	2007 RM'000	2006 RM'000
Freehold land, at cost	33,232	33,232
Development expenditure	60,417	23,759
	93,649	56,991
Less: Accumulated costs charged to income statement	(27,551)	(8,158)
	66,098	48,833
At 1 February	48,833	5,916
Cost incurred during the financial year:		
- freehold land	0	29,980
- development costs	36,658	19,898
	85,491	55,794
Costs charged to income statement	(19,393)	(6,961)
At 31 January	66,098	48,833

Included in the development costs incurred during the financial year are the following:

	Group	
	2007 RM'000	2006 RM'000
Staff costs (Note 10)	0	885
Rental of premises	0	40
Interest expense (Note 8):		
- bank overdraft	0	19
- revolving credit	24	0

The borrowing costs were capitalised during the financial year by applying a capitalisation rate of 4.75% (2006: 5.5%) per annum and are included in development costs incurred during the financial year.

26 OTHER INVESTMENTS

	Group	
	2007	2006
	RM'000	RM'000
Shares quoted in Malaysia, at cost	18,650	19,156
Disposed during the financial year	(12,498)	(506)
	6,152	18,650
Less: Accumulated allowance for decline in market value	(4,059)	(9,587)
	2,093	9,063
Market value of shares quoted in Malaysia	2,093	9,063

27 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Trade receivables	109,374	81,851	0	0
Amounts due from contract customers (Note 28)	9,061	11,611	0	0
Accrued billings in respect of property development	2,219	1,249	0	0
Amount due from a jointly controlled entity	174	528	0	0
Amount due from an associate	5,465	0	0	0
Amount due from related companies	12,564	13,125	0	0
	138,857	108,364	0	0
Other receivables, deposits and prepayments	69,795	58,884	690	7,612
Less: Allowance for doubtful debts	(545)	(545)	(545)	(545)
	69,250	58,339	145	7,067
Amount due from subsidiaries	0	0	17,719	2,937
Less: Allowance for doubtful debts	0	0	(2,932)	(2,930)
	0	0	14,787	7
	208,107	166,703	14,932	7,074
The currency exposure profile of receivables is as follows:				
- Ringgit Malaysia	95,900	121,351	14,920	7,070
- Indian Rupee	56,010	26,778	0	0
- Saudi Riyal	39,985	0	0	0
- Euro	12,573	13,125	12	4
- Singapore Dollar	3,042	5,413	0	0
- Indonesian Rupiah	557	4	0	0
- US Dollar	30	32	0	0
- Thai Baht	10	0	0	0
	208,107	166,703	14,932	7,074

27 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Credit terms of trade receivables range from 14 to 60 days.

Included in trade receivables of the Group is an amount of nil (2006: RM600,000) which is due from a company in which a director of a subsidiary has an equity interest.

Retention on contracts, included in trade receivables of the Group, amounted to RM12,137,000 (2006: RM14,887,000).

Advances to subcontractors, included in other receivables of the Group, amounted to RM1,755,000 (2006: RM1,458,000).

The amounts due from subsidiaries and related companies are non-trade in nature, unsecured, interest free and have no fixed terms of repayment. The non-trade amount due from subsidiaries is mainly in respect of advances given and management fees receivable.

The amount due from an associate is trade in nature, unsecured, interest free and has no fixed terms of repayment.

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

28 CONSTRUCTION CONTRACTS

	Group	
	2007	2006
	RM'000	RM'000
Aggregate costs incurred to date	3,348,999	2,330,363
Add: Attributable profits	264,760	209,384
	3,613,759	2,539,747
Less: Progress billings	(3,710,985)	(2,746,782)
	(97,226)	(207,035)
Amounts due from contract customers (Note 27)	9,061	11,611
Amounts due to contract customers (Note 33)	(106,287)	(218,646)
	(97,226)	(207,035)
Included in aggregate costs incurred during the financial year are as follows:		
Rental of plant and machinery	1,256	534
Rental of premises	358	443
Depreciation of property, plant and equipment (Note 16)	1,197	1,649
Interest expense on hire purchase (Note 8)	38	68
Staff costs (Note 10)	14,314	17,845

Interest expense was capitalised at rates ranging from 3.4% to 10.9% (2006: 4.7% to 10.9%) per annum during the financial year.

29 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits placed with:				
Licensed banks	69,307	142,449	3,009	12,207
Other licensed financial institutions	67,112	71,944	0	3,395
	136,419	214,393	3,009	15,602
Bank and cash balances	52,451	64,519	183	592
Deposits, bank and cash balances	188,870	278,912	3,192	16,194
Less: Deposits pledged as security	(954)	(2,002)	0	0
	187,916	276,910	3,192	16,194
The currency exposure profile of deposits, bank and cash balances is as follows:				
- Ringgit Malaysia	161,217	270,258	3,192	16,194
- Saudi Riyal	13,364	0	0	0
- Indian Rupee	12,160	6,032	0	0
- Singapore Dollar	732	1,821	0	0
- Arab Emirates Dirham	584	0	0	0
- US Dollar	383	773	0	0
- Thai Baht	386	0	0	0
- Indonesian Rupiah	43	25	0	0
- Euro	1	3	0	0
	188,870	278,912	3,192	16,194

Included in deposits placed with licensed banks of the Group is an amount of RM954,000 (2006: RM2,002,000) which have been pledged to secure banking facilities, including performance guarantee facility, granted to the Group (Note 34).

Included in the cash and bank balances is RM435,000 (2006: RM544,000) 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 Company have an average maturity of 23 days (2006: 27 days). Bank balances are deposits held at call with banks.

29 CASH AND CASH EQUIVALENTS (CONTINUED)

The weighted average interest rates of deposits, bank and cash balances that were effective at the end of the financial year were as follows:

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Deposits placed with:				
- licensed banks	3.25	3.42	3.16	4.03
- other licensed financial institutions	3.0	2.57	0	2.64
Bank balances	0	0	0	0

30 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale comprise buildings, which have been presented as held for sale following the Group's management's decision and firm commitment to sell the buildings. The transactions are expected to be completed by the end of the next financial year.

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year, following the adoption of FRS 5:				
- reclassification from property, plant and equipment (Note 16)	406	0	406	0
- reclassification from investment properties (Note 17)	1,015	0	0	0
Disposal during the financial year	(876)	0	(406)	0
Impairment loss during the financial year	(19)	0	0	0
	526	0	0	0
Represented by:				
Freehold building	146	0	0	0
Leasehold building	380	0	0	0
	526	0	0	0

31 SHARE CAPITAL

	Group and Company	
	2007	2006
	RM'000	RM'000
Authorised:		
400,000,000 ordinary shares of RM1.00 each	400,000	400,000
Issued and fully paid:		
281,631,485 ordinary shares of RM1.00 each	281,632	281,632

32 RESERVES

Subject to agreement with the Inland Revenue Board, the Section 108 tax credits available is sufficient to pay net dividends of approximately RM140,000,000 (2006: RM107,000,000) out of the distributable reserves of the Company as at 31 January 2007. In addition, the Company has tax exempt income available as at 31 January 2007 to frank tax exempt dividends of approximately RM190,000,000 (2006: RM218,000,000).

33 PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade payables	126,428	61,779	0	0
Amounts due to contract customers (Note 28)	106,287	218,646	0	0
Advance received on a contract	1,402	9,293	0	0
Other payables and accruals	88,528	44,509	4,472	3,213
Progress billings in respect of property development	0	335	0	0
Amount due to a subsidiary	0	0	5,466	0
Amount due to a joint venture partner	3,950	69	0	0
Amount due to related companies	166	155	16	5
Amount due to associates	17	0	17	0
	326,778	334,786	9,971	3,218
Non-current:				
Amount due to a subsidiary	0	0	0	25,929
Other payables	46,827	46,110	0	0
	373,605	380,896	9,971	29,147
The currency exposure profile of payables is as follows:				
- Ringgit Malaysia	287,320	343,714	4,505	3,218
- Indian Rupee	61,238	33,028	0	0
- Saudi Riyal	20,991	0	0	0
- Singapore Dollar	3,527	4,106	0	0
- Arab Emirates Dirham	260	0	0	0
- Euro	225	41	5,466	25,929
- Thai Baht	1	0	0	0
- United States Dollar	24	0	0	0
- Indonesian Rupiah	19	7	0	0
	373,605	380,896	9,971	29,147

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

The fair value of the non-current portion of the other payables balance as at 31 January 2007 is RM43,342,000 (2006: RM37,377,000), which is determined by discounting the contractual cash flows using current market interest rate available for similar borrowings.

The advance received from a contract customer is secured by an advance payment bond guaranteed by a subsidiary, and is interest free and repayable by deduction from progress billings certified by the contract customer.

33 PAYABLES (CONTINUED)

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 has no fixed terms of repayment.

34 BORROWINGS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current:				
Term loans - secured	679	13,964	0	13,334
Revolving credit - unsecured	6,000	0	0	0
Bankers' acceptances - unsecured	0	2,300	0	0
Hire purchase liabilities - unsecured	759	1,094	74	64
	7,438	17,358	74	13,398
Non-current:				
Term loans - secured	735	11,412	0	10,000
Hire purchase liabilities - unsecured	1,333	1,400	252	326
	2,068	12,812	252	10,326
Total:				
Term loans - secured	1,414	25,376	0	23,334
Revolving credit - unsecured	6,000	0	0	0
Bankers' acceptances - unsecured	0	2,300	0	0
Hire purchase liabilities - unsecured	2,092	2,494	326	390
	9,506	30,170	326	23,724

(a) Term loans

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Analysis of term loans:				
Payable within one year	679	13,964	0	13,334
Payable between two and five years	735	11,412	0	10,000
	1,414	25,376	0	23,334

The 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
- Letter of negative pledge by a subsidiary
- Blanket Counter Indemnity
- General Security Agreement

The interest rates of the term loans are based on BLR plus a fixed margin and are reset every time there is a change in the BLR. The carrying amounts of the term loans at balance sheet date approximate their fair values.

34 BORROWINGS (CONTINUED)

(b) Revolving credit

The revolving credit facility is secured by a corporate guarantee from a subsidiary.

(c) Bankers' acceptances

The bankers' acceptances are supported by a letter of negative pledge by a subsidiary and a letter of comfort from a related company.

(d) Hire purchase liabilities

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Analysis of hire purchase liabilities:				
Payable within one year	855	1,210	88	80
Payable between two and five years	1,431	1,503	271	359
	2,286	2,713	359	439
Less: Finance charges	(194)	(219)	(33)	(49)
	2,092	2,494	326	390
Present value of hire purchase liabilities:				
Payable within one year	759	1,094	74	64
Payable between two and five years	1,333	1,400	252	326
	2,092	2,494	326	390

Included in the hire purchase liabilities of the Group are amounts of RM1,233,000 (2006: 1,001,000) and RM246,000 (2006: RM354,000) which are secured by corporate guarantee from a subsidiary and guarantees from the directors of a subsidiary, respectively.

(e) Interest rates

Contractual interest rates at balance sheet date (per annum):

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Term loans	7.3	5.2 - 7.2	0	5.2
Revolving credit	4.8	0	0	0
Bankers' acceptances	0	2.3	0	0
Hire purchase liabilities	5.3 - 10.9	4.7 - 10.9	4.9	4.9

34 BORROWINGS (CONTINUED)

(f) Currency exposure profile

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	9,419	30,170	326	23,724
Arab Emirates Dirham	87	0	0	0
	9,506	30,170	326	23,724

35 DEFERRED TAX LIABILITIES

	Group	
	2007	2006
	RM'000	RM'000
Deferred tax liabilities		
- subject to income tax	3,999	4,087
- subject to capital gains tax	44	44
	4,043	4,131
At start of the financial year	4,131	4,486
Credited to income statement (Note 13)	(88)	(355)
At end of the financial year	4,043	4,131
Subject to income tax:		
Deferred tax assets (before offsetting)		
Provisions	(18)	(102)
Offsetting	18	102
Deferred tax assets (after offsetting)	0	0
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	4,017	4,176
- Others	0	13
	4,017	4,189
Offsetting	(18)	(102)
Deferred tax liabilities (after offsetting)	3,999	4,087
Subject to capital gains tax:		
Deferred tax liabilities		
- Property, plant and equipment	44	44

35 DEFERRED TAX LIABILITIES (CONTINUED)

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

	Group	
	2007 RM'000	2006 RM'000
Deductible temporary differences	(212)	(310)
Unabsorbed capital allowances	711	402
Tax losses	1,342	646
	1,841	738

36 RELATED PARTY DISCLOSURES

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Transactions with subsidiaries of MMC Corporation Berhad, a corporate shareholder of the Company:				
Progress billings receivable	(46,968)	(51,963)	0	0
Management fee payable	18	18	18	18
Transactions with other related parties:				
Progress billings receivable from Bukhary Realty Sdn. Bhd., a company related to a corporate shareholder of the Company	(82,548)	(25,316)	0	0
Sub-contractor expenses paid to Essential Realty Management Sdn. Bhd., a company in which certain Directors of the Company have interest	700	700	0	0
Advance payment on land cost to Malimkemas Sdn. Bhd., a company in which a Director has interest	0	392	0	0
Sub-contractor fees receivable from L.K. Ang - Zelan Consortium Pte. Ltd., a joint venture	0	(26)	0	0

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.

37 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) During the financial year, the Company sold 18,206,872 warrants of IJM Corporation Berhad for a cash consideration of RM16,730,795.

(ii) During the financial year, the Company sold 1,957,013 shares of IJM Plantation Berhad for a cash consideration of RM2,775,475.

(iii) On 14 June 2006, Zelan Holdings (M) Sdn. Bhd., a wholly-owned subsidiary the Company, and Bagan Pesona Sdn Bhd ("BPSB") executed a Share Sale Agreement ("SSA") for the purchase of 875,000 ordinary shares of European Profiles (M) Sdn. Bhd. ("EPMSB") for a cash consideration of RM7,525,000 from Bagan Pesona Sdn. Bhd. Following the acquisition, the Group's equity interest in EPMSB increased from 55% to 80%. The sale was concluded on 16 August 2006.

(iv) Zelan Holdings (M) Sdn. Bhd., had on 24 August 2006, accepted a Letter of Award through its associate company, Zelan Arabia Co. Ltd, for the civil offshore works for the Shuaibah 3 IWPP Desalination Plant, Kingdom of Saudi Arabia amounting to USD24,684,240.

(v) Zelan Holdings (M) Sdn. Bhd., in consortium with IJM Corporation Berhad, Sunway Construction Sdn. Bhd. and LFE Engineering Sdn. Bhd. (collectively known as the "IJMC Led Consortium") executed a Letter of Award for a contract with Tamouh Investments LLC on 9 September 2006 for the award of the design, execution and completion of Zone C, Phase 1, Plot 1, which consist of five (5) towers, together with associated podium and seven (7) villas in Abu Dhabi, United Arab Emirates (the "Project"). Each party shall have equal interest in the IJMC Led Consortium. The contract sum for the above Letter of Award for the Project is AED1,330,000,000.

(vi) On 7 December 2006 , the Dubai branch of Zelan Holdings (M) Sdn. Bhd. had, through a Letter of Acceptance issued by His Excellency Ali Bin Khalfan Al Mutawa Al Dhahry, been awarded the main contract works for the construction of Sidra Tower 3G+B+45 Floor Developments (Offices and Services Apartments) on Plot No.B-001-011, Dubai Internet City, Dubai, United Arab Emirates (the "Project"). The lump sum fixed contract price for the Project is AED318,570,000.

38 CONTINGENT LIABILITIES

(a) The Australian tax authority had issued a notice of assessment dated 23 May 2003 and subsequently amended its assessment on 7 February 2006 to Golden Solitaire (Australia) B.V. ("GSA"), an overseas subsidiary of the Company, indicating that GSA is subject to a capital gains tax of AUD86,230,151, an additional tax for late lodgment of AUD200 and an interest of AUD119,052,083 (as at the date of the amended notice of assessment) in respect of disposal of shares in 1998. In addition, the Australian tax authority had also issued a notice of assessment dated 24 June 2003 and subsequently amended its assessment on 12 January 2006 to the Company for a capital gains tax of AUD443,623 and a total interest of AUD606,234 (as at the date of the amended notice of assessment) in respect of disposal of shares in the same company in 1998. Notices of objection have been filed and the Australian tax authority has issued decisions on the objections disallowing the primary grounds of objection. Both the Company and GSA have, on 12 January 2006 and 25 January 2006 respectively, through its solicitors lodged an application to the Federal Court of Australia to appeal to the Federal Court against the disallowance of GSA's and the Company's Notice of Objections. The issue arises as a result of the Australian tax authority's interpretation of a tax treaty and/or a change in foreign tax legislation around the time of disposals.

On 30 November 2006, the Company and GSA had entered into a Deed of Confidentiality and Settlement ("The Deed") with the Australian tax authority to settle disputes relating to alleged Australian income tax liabilities of the companies (the "Disputes"). The Deed represents a full and final settlement of the Disputes between the companies and the tax authority. The Company's and GSA's contribution to the settlement sum was approximately AUD7,131,000 (equivalent to RM20,323,000). Accordingly, the full and final settlement amount has been paid and is reflected in the financial statements for the current financial year.

38 CONTINGENT LIABILITIES (CONTINUED)

(b) The Company had been served with a writ of summons in respect of a claim for specific performance on the sale of shares in which the Company is one of the shareholder, following the non-completion of the sale and purchase agreement (“Agreement”) for a purchase consideration of RM4.3 million.

On 6 March 2007, following the hearing by the High Court, the Court dismissed the claim with costs. The plaintiff has subsequently filed a notice of appeal.

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.

(c) In the ordinary course of business, the Group has given guarantees amounting to RM393 million (2006: RM305 million) to third parties in respect of subcontractors’ performance.

39 CHANGES IN ACCOUNTING POLICIES

The list of new accounting standards, amendments to published standards and interpretations on existing standards that are effective for the Company’s accounting period beginning on or after 1 February 2006 is set out in Note 2(a).

The following describes the impact of new standards, amendments and interpretations on the financial statements of the Group and Company.

(a) Irrelevant or immaterial effect on financial statements

The adoption of FRS 1, 102, 108, 110, 116, 127, 128, 131, 132, 133 and the ICs did not have a material impact on the financial statements of the Group and Company.

(b) Reclassification of prior year comparatives

Set out below are changes in accounting policies that resulted in reclassification of prior year comparatives but did not affect the recognition and measurement of the Group and Company’s net assets:

(i) FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interest is now presented within equity, separately from parent shareholders’ equity. Profit or loss in the consolidated income statement as well as total income and expenses for the financial year recognised directly in equity are now allocated between minority interest and equity holders of the parent.

(ii) Under FRS 101, the Group’s share of results of associates and jointly controlled entities are now shown net of tax.

(c) FRS 3 “Business Combinations”, FRS 136 “Impairment of Assets” and FRS 138 “Intangible Assets”

Goodwill

The adoption of FRS 3, FRS 136 and 138 resulted in a change in the accounting policy for goodwill prospectively from 1 February 2006.

Until 31 January 2006, goodwill was amortised on a straight line basis over a period of 20 years and assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of FRS 3, the Group ceased amortisation of goodwill from 1 February 2006. Accumulated amortisation as at 1 February 2006 of RM5,778,000 has been eliminated with a corresponding decrease in the cost of goodwill. Accordingly, the net carrying amount of goodwill as at 1 February 2006 of RM47,338,000 ceased to be amortised thereafter. From the financial year ended 31 January 2007 onwards, goodwill is stated at cost less accumulated impairment, and is tested annually for impairment, as well as when there are indications of impairment.

As this standard is applied prospectively, there is no impact of this change in accounting policy on prior year consolidated financial statements. The effects on the current year consolidated financial statements are set out in Note 39(i) and (j). There were no effects on the financial statements of the Company.

39 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) FRS 5 "Non-current assets held for sale"

The adoption of FRS 5 has resulted in a change in accounting policy for non-current assets held for sale.

The definition of non-current assets held for sale under FRS 5 has resulted in identification of assets of the Group that meets the definition of non-current assets held for sale. These assets are now classified into a separate asset category on the balance sheet. Previously, non-current assets held for sale were included within property, plant and equipment. The effect of this standard on the Group's financial statements for the current financial year is set out in Note 39(j). There were no effects on the financial statements of the Company.

(e) FRS 121 "The Effects of Changes in Foreign Exchange Rates"

Prior to 1 February 2006, exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, regardless of the currency of the monetary item, were recognised in equity in the Company's separate financial statements. Under the revised FRS 121, such exchange differences are now recognised in the income statement. This change in accounting policy has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 39(g) and (h). The effects on the Company's financial statements for the current financial year are set out in Note 39(i) and (j). There were no effects on the consolidated financial statements.

(f) FRS 140 "Investment Property"

The adoption of FRS 140 has resulted in a change in accounting policy for investment properties.

The definition of investment properties under FRS 140 has resulted in identification of additional assets of the Group and the Company that meet the definition of investment properties. These properties are now classified into a separate asset category on the balance sheet. Previously, investment properties were included within property, plant and equipment. In addition, the investment properties are now stated and measured in accordance with the requirements of FRS 116. Previously, the investment properties were stated at cost less accumulated loss. The effect of this standard on the Group's and Company's financial statements for current and previous financial years is set out in Note 39(h), (i) and (j).

(g) Restatement of the income statement for the financial year ended 31 January 2006

	As previously reported	FRS 121 Note 39(e)	As restated
	RM'000	RM'000	RM'000
Company			
Other operating income	41	2,111	2,152

(h) Restatement of the balance sheet as at 31 January 2006

	As previously reported	FRS 121 Note 39(e)	FRS 140 Note 39(f)	As restated
	RM'000	RM'000	RM'000	RM'000
Group				
Property, plant and equipment	31,696	0	(1,007)	30,689
Investment properties	7,365	0	1,007	8,372
Company				
Property, plant and equipment	1,587	0	(218)	1,369
Investment properties	0	0	218	218
Foreign exchange reserves	9,968	(9,968)	0	0
Retained earnings	158,174	(9,968)	0	148,206

39 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) Effect of changes in accounting policies on the income statement for the financial year ended 31 January 2007

	FRS 3 Note 39(c) RM'000	FRS 121 Note 39(e) RM'000	FRS 140 Note 39(f) RM'000	Total RM'000
Group				
Other operating expenses	(2,667)	0	281	(2,386)
Company				
Other operating expenses	0	146	41	187

(j) Effect of changes in accounting policies on the balance sheet as at 31 January 2007

	FRS 3 Note 39(c) RM'000	FRS 5 Note 39(d) RM'000	FRS 121 Note 39(e) RM'000	FRS 140 Note 39(f) RM'000	Total RM'000
Group					
Property, plant and equipment	0	(406)	0	0	(406)
Investment properties	0	(1,015)	0	(281)	(1,296)
Non-current assets held for sale	0	526*	0	0	526
Goodwill	2,667	0	0	0	2,667
Retained earnings	2,667	0	0	(281)	2,386

* The effect on the non-current assets held for sale has included the disposal of certain assets and an impairment loss of RM876,000 and RM19,000 respectively.

	FRS 3 Note 39(c) RM'000	FRS 5 Note 39(d) RM'000	FRS 121 Note 39(e) RM'000	FRS 140 Note 39(f) RM'000	Total RM'000
Company					
Property, plant and equipment	0	(406)	0	0	0
Investment properties	0	0	0	(41)	(41)
Non-current assets held for sale	0	0**	0	0	0
Foreign exchange reserves	0	0	146	0	146
Retained earnings	0	0	(146)	(41)	(187)

** The effect on the non-current assets held for sale is nil following the disposal of certain assets during the financial year.

40 COMMITMENTS

(a) Capital commitments

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment:				
Authorised but not contracted	6,383	5,091	503	1,013
Authorised and contracted	710	0	710	0
	7,093	5,091	1,213	1,013

(b) Operating lease commitments

The Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2007	2006
	RM'000	RM'000
Less than one year	6,867	16,670

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. 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

	Engineering and construction RM'000	Manufacturing and trading RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Eliminations RM'000	Group RM'000
31 January 2007							
Revenue							
External sales	558,889	50,972	29,949	1,080	153	0	641,043
Inter-segment sales	417,995	30,768	0	85,170	0	(533,933)	0
Total revenue	976,884	81,740	29,949	86,250	153	(533,933)	641,043
Results							
Segment results	63,000	7,485	(1,447)	152,297	(14)	(157,526)	63,795
Interest income	2,981	265	0	20	0	0	3,266
Profit from Islamic deposits	1,573	0	0	733	0	0	2,306
Finance cost	4	(159)	(73)	(483)	0	0	(711)
Other operating income	0	0	0	18,155	0	0	18,155
Share of results of associates	34,514	0	0	0	0	0	34,514
Share of results of jointly controlled entities	(44)	0	0	0	0	0	(44)
Profit before tax	102,028	7,591	(1,520)	170,722	(14)	(157,526)	121,281
Tax expense							(39,342)
Profit for the financial year							81,939

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	Group RM'000
31 January 2006							
Revenue							
External sales	501,922	40,781	10,502	648	154	0	554,007
Inter-segment sales	504,900	51,314	0	84,104	0	(640,318)	0
Total revenue	1,006,822	92,095	10,502	84,752	154	(640,318)	554,007
Results							
Segment results	126,440	7,766	(374)	78,830	7	(145,965)	66,704
Interest income	5,523	44	191	13	0	(683)	5,088
Profit from Islamic deposits	1,706	0	0	418	0	0	2,124
Finance cost	(60)	(222)	(37)	(853)	0	0	(1,172)
Other operating income	83	0	0	6,864	0	0	6,947
Other operating expenses	(2,646)	0	0	(2,667)	0	0	(5,313)
Share of results of associates	28,531	0	0	166	0	0	28,697
Share of results of jointly controlled entities	(68)	0	0	0	0	0	(68)
Profit before taxation	159,509	7,588	(220)	82,771	7	(146,648)	103,007
Tax expense							(21,189)
Profit for the financial year							81,818

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	Group RM'000
31 January 2007							
Assets							
Segment assets	360,880	46,529	101,065	22,290	171	47,622	578,557
Investments in associates	543,730	0	0	0	0	0	543,730
Investments in jointly controlled entities	143	0	0	0	0	0	143
	904,753	46,529	101,065	22,290	171	47,622	1,122,430
Unallocated corporate assets							7,096
Total assets							1,129,526
Liabilities							
Segment liabilities	299,497	17,560	62,156	5,137	30	(1,269)	383,111
Unallocated corporate liabilities							11,551
Total liabilities							394,662
Other information							
Capital expenditure	11,828	890	646	25	1	0	13,390
Depreciation and amortisation	2,862	734	365	323	2	0	4,286
Impairment losses	19	0	0	0	0	0	19

41 SEGMENTAL INFORMATION (CONTINUED)

(a) Primary reporting format - business segments (continued)

	Engineering and construction	Manufacturing and trading	Property and development	Investment	Others	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 January 2006							
Assets							
Segment assets	334,618	41,202	95,407	45,413	25	89,018	605,683
Investments in associates	514,992	0	0	601	0	0	515,593
Investments in jointly controlled entities	187	0	0	0	0	0	187
	849,797	41,202	95,407	46,014	25	89,018	1,121,463
Unallocated corporate assets							4,905
Total assets							1,126,368
Liabilities							
Segment liabilities	311,655	17,872	51,649	27,052	100	2,738	411,066
Unallocated corporate liabilities							11,700
Total liabilities							422,766
Other information							
Capital expenditure	4,733	494	1,068	634	0	0	6,929
Depreciation and amortisation	2,886	1,110	356	2,885	3	0	7,240

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	
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	566,336	553,980	4,269	6,762	1,002,462	1,079,942
Singapore	12,719	27	0	0	374	52
Netherlands	0	0	0	0	12,563	13,128
India	41,174	0	128	165	68,218	32,968
Saudi Arabia	20,814	0	8,971	0	45,788	0
Indonesia	0	0	22	2	121	278
	641,043	554,007	13,390	6,929	1,129,526	1,126,368

The Group's business activities outside Malaysia are mainly in respect of engineering and construction activities.

42 SUBSEQUENT EVENTS

(a) On 1 February 2007, Zelan Arabia Co. Ltd., an associate of the Company, had been awarded the (i) lump sum design and build - offshore works (Intake Box Culverts, Discharge Channel & Fuel Oil Supply Facilities) and onshore ash disposal facility on a full turnkey basis and (ii) certain procurement and construction activities in respect of bill of quantities items - onshore works for a combined power generation and water desalination plant and associated facilities at Shuqaiq, the Kingdom of Saudi Arabia by Mitsubishi Heavy Industries Limited.

The awarded value for the project is an aggregate of (i) USD69,907,429 and (ii) SAR743,488,615 (equivalent to an aggregate amount of approximately RM938,585,000).

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

(c) On 21 February 2007, an unincorporated consortium consisting of the Company (15%), its subsidiary, Zelan Holdings (M) Sdn. Bhd. (55%) and PT Priamanaya Djan International, Indonesia (30%) (collectively known as the "Consortium") had been awarded the design, engineering, procurement, commissioning and construction of a 2x300-400MW (coal-fired) power plant to be located at Rembang, Central Java Province, Indonesia by PT PLN Persero, Kantor Pusat.

The project was awarded to the Consortium at the combination bid proposal price of USD338.8 million and IDR2,473,680 million (equivalent to approximately RM2.1 billion).

(d) On 2 April 2007, the Group's shareholding in IJM Corporation Berhad was diluted to 11.4% due to the issuance of 258,889,538 new shares in this company. Effective from that date, IJM Corporation Berhad is no longer an associate of the Group.

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 April 2007.

LIST OF PROPERTIES HELD
AS AT 31 JANUARY 2007

Location	Tenure	Area	Description/ Existing Use	Year of Expiry	Net Book Value (RM'OOO)	Age of Building (Years)	Year of Acquisition
PROPERTIES							
23rd & 24th Floor, Wisma Zelan No. 1 Jalan Tasik Permaisun 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	28,244 sq. ft.	Office use	2090	7,817	7	1995
Lot 51 Rawang Integrated Industrial Park 48000 Rawang, Selangor	Freehold	54,048 sq. ft.	Office cum factory for own use	-	6,058	12	2001
INVESTMENT PROPERTIES							
Lot No. 13303, Batang Padang Daerah Batang Padang	Leasehold	48.16 hectares	Mining land	2009	176	-	2004
No. 5 & 6 Jalan Tanjung SD 13/2 Bandar Sri Damansara 52000 Kuala Lumpur	Freehold	10,208 sq. ft.	Shoplot vacant	-	750	11	1993
21st Floor, Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	21,788 sq. ft.	Office rented to third party	2090	3,202	7	1995
Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	50,176 sq. ft.	Car park	2090	2,946	7	2005
ASSETS HELD FOR SALE							
3-D Ruby Tower, OG Heights Jalan Awan Cina 58200 Kuala Lumpur	Freehold	970 sq. ft.	Condominium vacant	-	146	15	1991
No. 161, Jalan 8/1 Bandar Baru Bangi Seksyen 8 43650 Bangi, Selangor	Leasehold	3,024 sq. ft.	Shoplot rented to third party	2101	380	4	2001

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS
AS AT 22 MAY 2007

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 EGM held on 27 July 2006 RM'000	Transacted from 27 July 2006 to 22 May 2007 RM'000
MMC Corporation Berhad and its subsidiaries, collectively (MMC Group)	Malakoff Berhad and its subsidiaries, collectively (Malakoff Group), 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.	1,300,000	Nil
Malakoff Group	MMC Group, STSB, ICSB and TSSM	Construction contracts, project management, project development and general trading.	200,000	Nil
European Profiles (M) 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.	150,000	22,243
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 for a period of 2 years, commencing from 22 May 2006 with a one year option to renew and rental is payable on a monthly basis.	360	289

			Shareholders' mandate obtained at the EGM held on 5 December 2006 RM'000	Transacted from 5 December 2006 to 22 May 2007
Bukhary Realty Sdn Bhd (BRSB)	STSB, ICSB and TSSM	Construction contracts, project management and property development.	200,000	BRSB awarded a contract of RM122,987,342.00 to Zelan Group

SHAREHOLDERS' INFORMATION
AS AT 23 MAY 2007

Class of Securities	:	**Ordinary Shares of RM1.00 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. of Shareholders	:	**1,801**

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	169	9.38	4,627	0.00
100 - 1,000	358	19.88	261,449	0.09
1,000 - 10,000	742	41.20	3,113,806	1.11
10,001 - 100,000	382	21.21	10,721,139	3.81
100,001 to less than 5%	147	8.16	146,530,464	52.03
5% and above	3	0.17	121,000,000	42.96
TOTAL	**1,801**	**100.00**	**281,631,485**	**100.00**

BUMIPUTRA SHAREHOLDINGS
AS AT 23 MAY 2007

Type of Ownership	Shareholders	%	Shareholdings	%
1) GOVERNMENT AGENCY	2	0.11	38,893	0.01
2) BUMIPUTRA:				
a) Individuals	40	2.22	231,023	0.08
b) Companies	19	1.06	7,791,943	2.77
c) Nominees Company	113	6.27	46,662,478	16.57
3) NON-BUMIPUTRA:				
a) Individuals	1,197	66.46	7,610,844	2.70
b) Companies	52	2.89	12,654,107	4.49
c) Nominees Company	145	8.05	126,854,252	45.04
MALAYSIAN TOTAL	**1,568**	**87.06**	**201,843,540**	**71.66**
4) FOREIGN:				
a) Individuals	70	3.89	803,562	0.29
b) Companies	5	0.28	89,504	0.03
c) Nominees Company	158	8.77	78,894,879	28.02
FOREIGN TOTAL	**233**	**12.94**	**79,787,945**	**28.34**
GRAND TOTAL	**1,801**	**100.00**	**281,631,485**	**100.00**

SUBSTANTIAL SHAREHOLDERS OF ZELAN BERHAD AS AT 23 MAY 2007

Name of Shareholders	Direct No. of Shares Held	Direct % Held	Indirect No. of Shares Held	Indirect % Held
MMC Corporation Berhad	110,526,693	39.25	-	-
Noble Gem Sdn Bhd ("NGSB")	21,344,400	7.58	-	-
Novazi Sdn Bhd ("NSB")	12,890,600	4.58	-	-
Eminent Gateway Sdn Bhd ("EGSB")	10,625,300	3.77	-	-
Chang Si Fock @ Chong See Fock (1)	-	-	44,860,300	15.93
Tan Cheng Huat (2)	-	-	44,860,300	15.93
Lam Kar Keong (3)	-	-	44,860,300	15.93

Notes:-
(1) Deemed interests by virtue of his substantial shareholding of 40% in NGSB, 40% in NSB and 40% in EGSB.
(2) Deemed interest by virtue of his substantial shareholding of 30% in NGSB, 30% in NSB and 30% in EGSB.
(3) Deemed interest by virtue of his substantial shareholding of 30% in NGSB, 30% in NSB and 30% in EGSB.

THIRTY LARGEST SHAREHOLDERS AS AT 23 MAY 2007

No.	Names	Shareholdings	%
1	HSBC NOMINEES (TEMPATAN) SDN BHD A/C MMC CORPORATION BERHAD (301-281895-089)	90,000,000	31.96
2	UOBM NOMINEES (TEMPATAN) SDN BHD A/C MMC CORPORATION BERHAD	16,000,000	5.68
3	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD A/C FOR NOBLE GEM SDN BHD (KLM)	15,000,000	5.33
4	HSBC NOMINEES (ASING) SDN BHD FOR HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	13,821,200	4.91
5	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD A/C FOR NOVAZI SDN BHD (KLM)	11,690,000	4.15
6	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD A/C FOR EMINENT GATEWAY SDN BHD (KLM)	8,850,000	3.14
7	HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR JF ASEAN FUND	8,100,000	2.88
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CMS DRESDNER ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND	5,943,000	2.11
9	NOBLE GEM SDN BHD	5,344,400	1.90
10	MMC CORPORATION BERHAD	4,526,693	1.61
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT FOR PRUDENTIAL ASSURANCE MALAYSIA BERHAD	4,270,300	1.52
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K)	3,648,100	1.30

SHAREHOLDERS' INFORMATION CONTINUED
AS AT 23 MAY 2007

THIRTY LARGEST SHAREHOLDERS AS AT 23 MAY 2007 (CONTINUED)

No.	Names	Shareholdings	%
13	CITIGROUP NOMINEES (ASING) SDN BHD GOLDMAN SACHS INTERNATIONAL	3,143,900	1.12
14	HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR MELCHIOR GREATER CHINA OPPORTUNITIES FUND	3,057,000	1.09
15	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC	2,928,200	1.04
16	HSBC NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	2,395,600	0.85
17	CARTABAN NOMINEES (ASING) SDN BHD CREDIT SUISSE SECURITIES (EUROPE) LIMITED FOR BENNELONG ASIA PACIFIC MULTI STRATEGY EQUITY MASTER FUND LTD.	2,254,700	0.80
18	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR JF ASEAN GROWTH OPEN MOTHER FUND (JTSBMATB)	2,240,400	0.80
19	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JP MORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A)	2,120,900	0.75
20	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND RNQU FOR DUBAI INVESTMENT GROUP LIMITED	2,110,000	0.75
21	AMMB NOMINEES (TEMPATAN) SDN BHD CMS DRESDNER ASSET MANAGEMENT SDN BHD FOR TENAGA NATIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (CMS-TNB)	2,068,000	0.73
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CMS PREMIER FUND (4959)	2,050,000	0.73
23	HSBC NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS MALAYSIA	1,980,600	0.70
24	EMINENT GATEWAY SDN BHD	1,775,300	0.63
25	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,596,500	0.57
26	CITIGROUP NOMINEES (ASING) SDN BHD CB LDN FOR AEGON CUSTODY B.V.	1,426,900	0.51
27	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR MELLON BANK (MELLON)	1,390,700	0.49
28	NOVAZI SDN BHD	1,200,600	0.43
29	RHB NOMINEES (TEMPATAN) SDN BHD A/C FOR SONG KEE LING	1,199,000	0.43
30	HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR CF CANLIFE FAR EAST UNIT TRUST	1,168,000	0.41

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty First Annual General Meeting (AGM) of members of Zelan Berhad (formerly known as Tronoh Consolidated Malaysia Berhad) will be held at Mahkota 3, Istana Hotel, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 29 June 2007 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following as ordinary resolutions:

ORDINARY BUSINESS

1. "THAT the Directors' Report and Financial Statements for the year ended 31 January 2007 and the Auditors' Report thereon be and are hereby received and adopted." **Resolution 1**

2. "THAT a final dividend of 10 sen per share comprising of 5 sen tax exempt, and 5 sen per share less income tax at 26% for the year ended 31 January 2007 be and is hereby approved and declared payable on 31 July 2007 to the members of the Company registered at the close of business on 10 July 2007." **Resolution 2**

3. "THAT the following Directors, who retire in accordance with Article 77 of the Company's Articles of Association, be and are hereby re-elected Directors of the Company".

   (a) Mr. Chang Si Fock @ Chong See Fock **Resolution 3**
   (b) Mr. Lam Kar Keong **Resolution 4**

4. "THAT the following Directors, who retire in accordance with Article 84 of the Company's Articles of Association, be and are hereby re-elected Directors of the Company"

   (a) Tan Sri Abdul Halim Bin Ali **Resolution 5**
   (b) Encik Feizal Ali **Resolution 6**

5. "THAT the Directors' fees for the year ended 31 January 2007 amounting to RM430,613.70 be and is hereby approved." **Resolution 7**

6. "THAT PricewaterHouseCoopers, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board." **Resolution 8**

SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following as an Ordinary Resolution: **Resolution 9**

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 shares of the Company at any time until the conclusion of the next Annual General Meeting of the Company upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) if the issued and paid-up share capital of the Company at the time of issue AND THAT the Board of Directors be, is also, empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and any other relevant approvals as may be necessary."

CLOSURE OF BOOKS

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

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

(a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 10 July 2007 in respect of shares which are exempted from mandatory deposit;

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

BY ORDER OF THE BOARD

ANG SENG OO
Company Secretary

Kuala Lumpur
7 June 2007

NOTES:

1. This proxy form must be deposited at the Registrar's Office at Level 26 Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the meeting.

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 authorized 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.

5. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.

Explanatory Notes to the Special Business:-

Resolution No. 9

If passed, will give authority to the Board of Directors of the Company, from the date of the above Annual General Meeting, to issue and allot ordinary shares in the Company up to and not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company at the time of issue, for such purposes as the Directors consider would be in the Company's best interest. 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. This authority, unless revoked or verified at a general meeting will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Director seeking re-election pursuant to Article 77 of the Articles of Association (retirement by rotation)

- Mr. Chang Si Fock @ Chong See Fock
- Mr. Lam Kar Keong

The profiles of the above Directors are set out on pages 27 to 29 of this Annual Report.

2. Directors seeking re-election pursuant to Article 84 of the Articles of Association (retirement by appointment)

- Tan Sri Abdul Halim Bin Ali
- Encik Feizal Ali

The profiles of the above Directors are set out on pages 27 to 28 of this Annual Report.

3. Details of General Meetings held in the financial year ended 31 January 2007

(i) Thirtieth Annual General Meeting held on Thursday, 27 July 2006 at 11.00 a.m. at the Nirwana Ballroom 1, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

(ii) Extraordinary General Meeting held on Thursday, 27 July 2006 at 12.00 p.m. at the Nirwana Ballroom 1, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

(iii) Extraordinary General meeting held on Tuesday, 5 December 2006 at 10.00 a.m. at the Banquet Hall, Level 3, The Ritz-Carlton Hotel, No. 168, Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

NOTES
(FOR SHAREHOLDERS' USE)

ZELAN BERHAD 27676-V

FORMERLY KNOWN AS TRONOH CONSOLIDATED MALAYSIA BERHAD

PROXY FORM

I/We, ____

____

of ____

being member/members of ZELAN BERHAD (formerly known as Tronoh Consolidated Malaysia Berhad) hereby appoint

____

____

____________________ of ____

or failing him, the Chairman of the meeting as my/our proxy to vote for me/use on my/our behalf at the Annual General Meeting of the Company to be held on 29 June 2007 and at any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting.

RESOLUTION	ORDINARY BUSINESS	FOR	AGAINST
1	Adoption of Directors' Report and Financial Statements		
2	Declaration of Dividend		
	Re-election of Directors		
3	(a) Mr. Chang Si Fock @ Chong See Fock		
4	(b) Mr. Lam Kar Keong		
5	(c) Tan Sri Abdul Halim Bin Ali		
6	(d) Encik Feizal Ali		
7	Directors' Fees		
8	Re-appointment of Auditors		
	SPECIAL BUSINESS		
9	Authority to Allot Shares		

Number of Shares Held	

Date: ____________________ Signature: ____________________

NOTES:

1. This proxy form must be deposited at the Registrar's Office at Level 26 Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty eight (48) hours before the meeting.

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 authorized 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 authorize such person as it thinks fit to act as its representative and a person so authorized 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.

5. Unless voting instructions as indicated in the spaces provided above, the proxy may vote as he/she thinks fit.

Fold Here

STAMP

TO: THE REGISTRAR
ZELAN BERHAD (27676-V)
(formerly known as Tronoh Consolidated Malaysia Berhad)
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia

Fold Here

www.zelan.com