FORGING AHEAD

ZELAN BERHAD
27676-V

ANNUAL REPORT 2008

Cover Rationale

Forging Ahead

At Zelan, we are constantly challenging ourselves, to stay ahead of the competition whilst spearheading the organisation to greater heights. By strategising towards global expansion, we are forging ahead towards new levels of excellence in order to create sustainable growth and distinctive value for our stakeholders.

Contents

Mission

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

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

In playing this role, we will strive to:

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

To achieve our mission, we will build on:

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

Financial Calendar

FINANCIAL PERIOD OF FOURTEEN MONTHS TO 31 MARCH 2008

Announcement of Results	
Three Months Ended 30 April 2007	28 June 2007
Three Months Ended 31 July 2007	27 September 2007
Three Months Ended 31 October 2007	17 December 2007
Two Months Ended 31 December 2007	26 February 2008
Three Months Ended 31 March 2008	29 May 2008

* Share Split Exercise on the subdivision of one (1) ordinary share of RM1.00 each into two (2) new ordinary shares of 50 sen each was effected on 18 July 2007 and completed with the listing and quotation of the new ordinary shares on the Main Board of Bursa Malaysia Securities Berhad on 19 July 2007.

* The Company announced the change to its financial year end from 31 January to 31 March on 17 December 2007.

Published Annual Report and Financial Statements	
Notice	1 August 2008
Annual General Meeting	29 August 2008

Dividends	
First Interim & Special	
• Declaration	27 September 2007
• Record Date	26 October 2007
• Payment Date	15 November 2007
Second Interim	
• Recommendation	29 May 2008
• Record Date	16 June 2008
• Payment Date	30 June 2008

At a Glance

Engineering & Construction Business Unit

Property & Development Business Unit

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.

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 Riviera Courtyard Homes, the Hampshire Residences and soon to be launched Lidcol Residences.

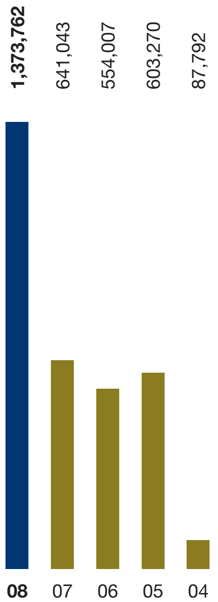
Manufacturing & Trading Business Unit

Independent Power Producers (IPP) and Investments Business Unit

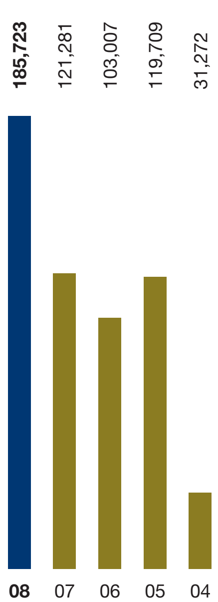
The Unit specialises in the manufacturing and installation of roofing and cladding systems that focuses on specific clients specifications. Mentionable projects taken on are the building envelope systems for the Kuala Lumpur Convention Centre, Changi Airport Terminal 3 in Singapore and the Customs, Immigration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

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.

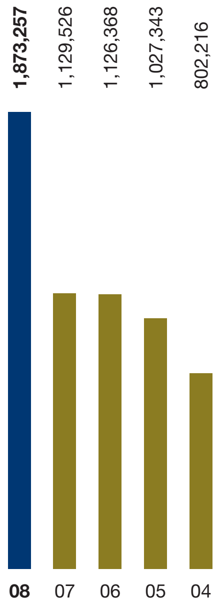
5 Years' Financial Highlights



Revenue
RM'000



Profit Before Taxation
RM'000



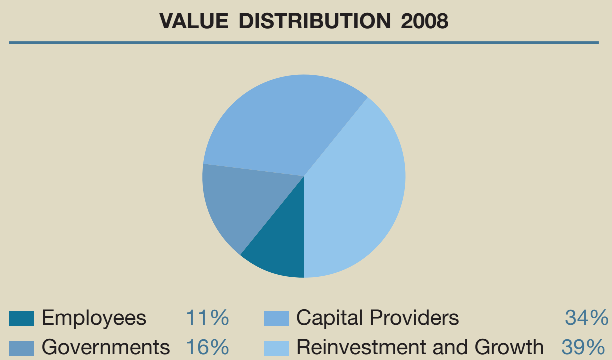
Total Assets
RM'000

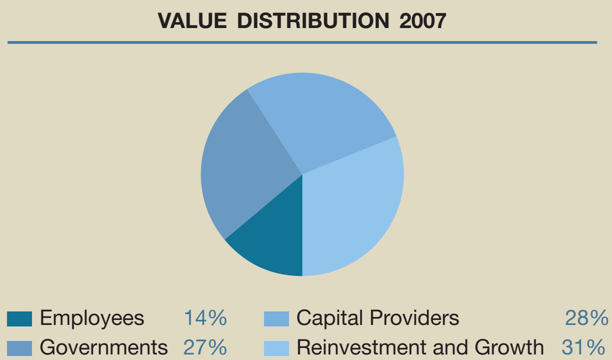
	14-month period ended 31.3.2008 RM'000	Year ended 31.1.2007 RM'000	Year ended 31.1.2006 RM'000	Year ended 31.1.2005 RM'000	Year ended 31.1.2004 RM'000
RESULTS					
Revenue	1,373,762	641,043	554,007	603,270	87,792
Gross profit	192,682	99,150	92,957	81,809	11,579
Operating profit	124,059	67,664	73,916	70,740	17,705
Profit before taxation	185,723	121,281	103,007	119,709	31,272
Profit attributable to shareholders	143,035	80,786	80,160	97,778	26,855
ASSETS					
Total assets	1,873,257	1,129,526	1,126,368	1,027,343	802,216
Cash & cash equivalents	202,266	188,870	278,912	264,590	173,986
LIABILITIES AND SHAREHOLDERS' FUNDS					
Borrowings	45,155	9,506	30,170	19,985	5,487
Shareholders' funds	818,794	715,337	676,198	631,083	544,666
FINANCIAL RATIOS (%)					
Debt to equity	5.5	1.3	4.5	3.2	1.0
Pre-tax return on shareholders' funds	22.7	17.0	15.2	19.0	5.7
SHARE INFORMATION					
Dividends per share (sen)*	14	7.5	7.5	4	2
Net assets per share (sen)*	145	127	120	83	67
Basic earnings per share (sen)*	25	14	14	18	11

** The net assets per share, earnings per share and dividends per share have been calculated based on the weighted average number of ordinary shares which has been adjusted to take into consideration the enlarged share capital due to the share split exercise which was completed on 19 July 2007. The comparative periods' net assets per share, earnings per share and dividends per share have been adjusted accordingly.*

Value Added Statements

	14-month period ended 31.3.2008 RM'000	Year ended 31.1.2007 RM'000
VALUE ADDED		
Revenue	1,373,762	641,043
Purchases of goods and services	(1,221,035)	(550,289)
Value added to the Group	**152,727**	**90,754**
Share of results of associates	13,568	34,514
Share of results of jointly controlled entities	6,680	(44)
Other investments income	41,795	19,859
Total Value Added	**214,770**	**145,083**
Net Profit attributable to equity holders of the Company for the period	143,035	80,786
Add:		
Depreciation and amortisation	3,984	3,369
Finance Cost	379	711
Staff Costs	24,684	19,721
Taxation	34,010	39,342
Minority interest	8,678	1,153
Total Value Added	**214,770**	**145,083**





	14-month period ended 31.3.2008 RM'000	Year ended 31.1.2007 RM'000
VALUE DISTRIBUTED		
Employees		
– Salaries and other staff costs	24,684	19,721
Governments		
– Corporation taxation	34,010	39,342
Capital Providers		
– Dividends	63,085	38,303
– Finance Cost	379	711
– Minority Interests	8,678	1,153
Reinvestment and growth		
– Depreciation and amortisation	3,984	3,369
– Income retained by the Group	79,950	42,483
	214,770	**145,083**

Chairman's Statement

Continuing growth

Dear Shareholders,

On behalf of the Board of Directors of Zelan Berhad, I am pleased to present the Annual Report and Audited Financial Statements for the Financial Period ended 31 March 2008.

OPERATING ENVIRONMENT OVERVIEW

The period under review has been a challenging period for the global economy arising from the problems related to the United States subprime mortgage market and where increase in commodity prices had resulted in significant increases in construction material prices. In the Gulf Region, where a significant portion of our order book is derived, the increase in cost of construction materials is even more pronounced. This is also caused by a shortage of key construction materials.

The Group Management had been able to address these challenges to minimise the impact on operating margins whilst maintaining our project timeline.

The Malaysian economy expanded by 6.3% despite a weaker external environment. In the economies where the Group has exposure like the Gulf Region, Indonesia and India, there was also significant growth rates.

The calendar year 2007 was a year of transition for Zelan, as the Group has completed and handed over its major Malaysian projects and works are in full swing for the projects outside Malaysia in the Kingdom of Saudi Arabia (KSA), United Arab Emirates and Indonesia.

Zelan successfully handed over the A380 MAS Hangar facility to Malaysia Airline System Berhad and the third and final unit of the Tanjung Bin Power Plant project.

Within Malaysia, Zelan successfully handed over the A380 MAS Hangar facility to Malaysia Airline System Berhad and the third and final unit of the Tanjung Bin Power Plant project.

Outside Malaysia, the offshore civil works at the Shuaibah III Power and Water Desalination Plant have also been completed. We take special pride in this regard as this was our maiden project completed overseas under challenging conditions in KSA.

GROUP RESULTS

For the fourteen-month period leading to 31 March 2008, the Zelan Group recorded a consolidated revenue of RM1.37 billion with profit before taxation and profit after taxation and minority interest of RM185.7 million and RM143.0 million respectively.

The Engineering & Construction Unit continues to be the main contributor to the Group, with revenue of RM1.11 billion or 81% of the Group's consolidated revenue and profit before taxation of RM116.1 million or 63% of total profit before taxation of the Group.

The Property & Development Unit increased its contribution to the Group's results with revenue of RM209.2 million or 15% of the Group's consolidated revenue resulting from the success of our Hampshire Residences project which was fully sold during the period under review. Profit before taxation was RM24.5 million or 13% of total profit before taxation of the Group.

DIVIDEND

The Board has declared a first interim dividend of 2.5 sen less income tax at 26% amounting to RM10.420 million and a special dividend of 5 sen per share, tax exempt, amounting to RM28.163 million, in respect of the financial period ended 31 March 2008 which were paid on 15 November 2007.

On 29 May 2008, the Board has further declared the payment of a second interim dividend of 6.5 sen per share, less income tax at 25%, amounting to RM27.459 million in respect of the financial period ended 31 March 2008 which was paid on 30 June 2008.

The total dividend for the financial period ended 31 March 2008 was RM66.042 million. The total gross dividend declared was 14 sen per share.

BUSINESS OUTLOOK

Going forward, the rising prices of construction materials globally will create challenging conditions for the Group. However, we have put in place various mitigating measures as expanded on in the Group CEO's Review of Operations to reduce its impact on the operating margin.

Our current unbilled order book which is well spread out both geographically and by sectors will sustain us for another two (2) years. RM3.9 billion of this outstanding order book is from overseas (Gulf Region – 50%, Indonesia – 41%). 63% of the total outstanding order book is from the power sector whereas 36% is from the building sector.

The primary focus for the year is project execution to ensure timely completion and delivery of existing projects to further enhance the Group's reputation overseas.

With our established overseas presence and the Group's track record in executing major infrastructure contracts, the Group remains optimistic and will secure future projects at the appropriate time. We will be selective on the projects that we bid for and concentrate on projects that meet our risk profiles and are within our core competencies. To overcome the exposure to rising construction material prices, we will attempt to secure contracts among others, on a cost plus basis with fixed project management fees.

We also draw confidence that in the Gulf Region with the national budget surpluses arising from the higher oil revenue, infrastructure projects will continue to be tendered out. With the execution of the Rembang Power Project in Indonesia progressing on schedule, we are well placed to tap on further opportunities in Indonesia.

We are currently evaluating the infrastructure construction sector in Vietnam which, despite the current negative market sentiment, still offers much potential for growth. We had established our branch office in Ho Chi Minh City in April 2008.

In Malaysia, we are following up closely on developments for possible participation in infrastructure construction projects under the 9MP and the various economic corridors.

The Zelan Group is cautiously optimistic of a satisfactory performance for the current financial year. We look forward to the challenges with renewed spirit and confidence that we will be successful in establishing ourselves as a leading international name in our industry.

CORPORATE PROPOSAL

During the period under review, the Group undertook a share split exercise involving the subdivision of every one (1) existing ordinary share of RM1.00 each in the Company into two (2) new ordinary shares of RM0.50 each. The exercise was completed on 19 July 2007. The share split exercise has enabled a wider spread of investors and enhanced the liquidity and marketability of the Company's shares on Bursa Malaysia.

CORPORATE GOVERNANCE

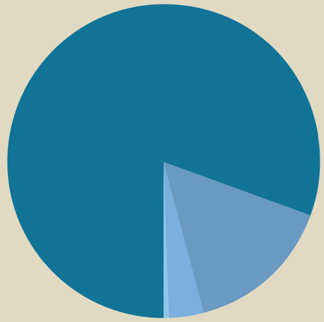
To ensure transparency, accountability and protection of shareholders' interests, the Board places great importance on ensuring that the highest standard of corporate governance is practised throughout the Group. Our statement on Corporate Governance and related reports are on pages 44 to 49.

RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group for the period under review are disclosed in Note 38 to the financial statements.

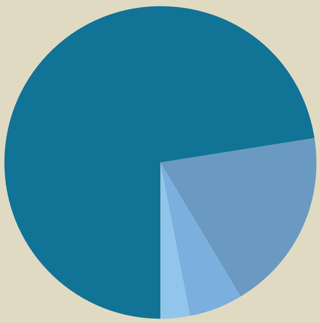
The Engineering & Construction Unit continues to be the main contributor to the Group, with revenue of RM1.11 billion or 81% of the Group's consolidated revenue.

REVENUE (RM'000)



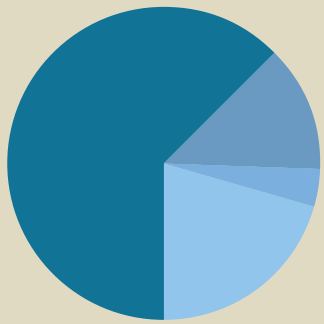
Engineering & Construction	1,109,368
Property & Development	209,150
Manufacturing & Trading	50,143
Investment & Others	5,101

OPERATING PROFIT (RM'000)



Engineering & Construction	95,933
Property & Development	24,509
Manufacturing & Trading	7,479
Investment & Others	(3,862)

PROFIT BEFORE TAX (RM'000)



Engineering & Construction	116,094
Property & Development	24,464
Manufacturing & Trading	7,370
Investment & Others	37,795

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to record our deepest gratitude to Encik Feizal Ali, who has resigned from the Board on 11 April 2008, for his contributions since joining us in 2006.

With regard to the Board, I would like to take this opportunity to welcome our newest addition to the Board of Directors, Commander (Rtd) Mohd Farit bin Ibrahim who joined us on 16 June 2008. Commander (Rtd) Mohd Farit brings to us a wealth of experience, from his tenure both in the military and corporate world. His experience and expertise will be an asset to the Zelan Group going forward.

I also wish to extend a heartfelt thank you to the Board and various Board committees.

On behalf of my colleagues on the Board, I express my sincere appreciation to Senior Management and all Zelan employees for their tireless effort and contribution during the period under review.

Last but not least, the Board once again, wishes to thank its many business associates, partners and shareholders for their vote of confidence and their continued support as we move ahead to an exciting future.

Tan Sri Abdul Halim bin Ali
Chairman

Group Chief Executive Officer's
Review of Operations

1) Sunset at Cooling Water Intake, Shuaibah, Kingdom of Saudi Arabia.

2) Cooling Tower Structure under construction at Chattisgarh Plant, India.

3) Sidra Tower under construction in Dubai, United Arab Emirates.

114%

Revenue

2008 (14 months)	RM1,373 million
2007	RM 641 million

77%

Profit After Tax and Minority Interest

2008 (14 months)	RM143 million
2007	RM 81 million

Despite the many challenges that we faced during the period under review, I am pleased to report that the Group has recorded another year of growth and strong performance.

Our various business units have registered an improved showing during the period under review not just from a financial perspective, but also in terms of successful project completion and positioning.

Equally worthy of mention is the fact that we are progressing well on projects that we are currently executing overseas. We expect project execution to be a key focus for our business units during the coming year.

The period under review has shown that our business units have the capability and strength to excel in their respective markets.

Taking into account the current gloomy economic conditions, both in Malaysia and the international scene, the strength of our balance sheet will put us in a better position to face the challenges ahead.

↑98%

Increase in Revenue

2008 (14 months)	RM1,109.4 million
2007	RM 558.9 million

Engineering & Construction (E&C) Business Unit

The E&C Unit has now on hand an unbilled order book as at 31 March 2008 of RM3.9 billion. At present, our main focus is to consolidate and strengthen our project implementation capabilities for the overseas projects.

Looking first at Malaysia, E&C Unit successfully completed the third and final unit of the Tanjung Bin coal-fired power plant in August 2007 and also handed over the Airbus 380 Hangar located at the Kuala Lumpur International Airport to Malaysian Airline System Berhad in the same period.

1) Library Complex at Al Bukhary Higher Learning Centre, Kedah.

2) Artist Impression of Meena Plaza, Abu Dhabi, United Arab Emirates.

3) Concrete Casting at Sidra Tower, Dubai, United Arab Emirates.

Review of Operations

Our success at Shuaibah has reinforced our reputation in completing projects and delivering quality products. This will enhance our chances in securing more projects that the Unit is pursuing in the Gulf Region.

Our maiden project in the Kingdom of Saudi Arabia was to undertake the marine portion of works for the Shuaibah III Power and Water Desalination Plant. I am proud to report that we have completed our part of the project despite operating under unfamiliar local conditions. Our success at Shuaibah has reinforced our reputation in completing projects and delivering quality products. This will enhance our chances in securing more projects that the Unit is pursuing in the Gulf Region.

Besides the above, I also wish to highlight the progress of other overseas projects that the E&C Unit is currently undertaking.

In Indonesia, work on the 2 x (300-400 MW) coal-fired power plant at Rembang, Java, with a contract value of RM1.9 billion is progressing as planned. An important milestone, the first mechanical erection was successfully completed in March 2008 despite the adverse weather condition experienced at the project site since the beginning of the year.

The Shuqaiq Power Plant project is Zelan's second project in Kingdom of Saudi Arabia and comprises both onshore and offshore works with a contract value of approximately RM900 million. With the experience garnered from Shuaibah, the project team is better placed to execute this job smoothly. The onshore work is progressing well with all the sub-soil foundation works having been completed, and superstructure works are currently in progress.

In Abu Dhabi, United Arab Emirates, E&C Unit is involved in the construction of the 45-storey Sidra Hotel Apartment Tower valued at RM280 million. Execution is progressing smoothly and I am proud to mention that our Management is able to comply with the stringent construction standards imposed by the local authorities.

1 2 3

1) Hampshire Residences nearing completion.

2) Al-Reem Island Project in Abu Dhabi, United Arab Emirates.

3) Boiler Steel Structure Erection at Chattisgarh Plant, India.

Besides the Sidra Tower project, we also managed to secure the award of the RM796 million Meena Plaza project in March 2008. The successful bid was a collaborative effort between Zelan and Al Ambia (M) Sdn. Bhd. on a 70:30 unincorporated joint-venture basis and thus, has boosted E&C Unit's order book contribution.

Meena Plaza will comprise the construction of four (4) towers with associated podium levels of which the developer, Meena Holdings LLC, is planning to turn these towers into a hotel and commercial plaza.

Going forward, the increasing escalation of crude oil and prime metal prices as well as fluctuation of world major currencies have resulted in significant increase in prices of construction materials. This rise in prices is even more apparent in the Gulf Region, from which a significant portion of the Unit's order book is derived. Furthermore, the problem is exacerbated by a scarcity of construction materials.

In addressing this situation, E&C Unit has put in place several measures to mitigate the impact on our operating margin and progress of works. These include widening our procurement network globally so that we have a larger pool of suppliers to ensure competitive pricing and steady supply of materials. We will also continue to leverage on our Global Resources Support System for more effective engineering and commercial support.

In addition to these strategies, we will also look into value engineering, introduce better project management measures and execution capabilities as well as leverage on our strong balance sheet to meet these challenges. The recent investment in fixed assets in excess of RM90 million for the financial period under review will help E&C Unit to further lock-in costs, providing insulation from the tight supply situation for plant and equipment in the Gulf Region.

599%

Increase in Revenue

2008 (14 months)	RM209.1 million
2007	RM 29.9 million

Property & Development
Business Unit

Riding on the robust demand of high-end properties by foreign investors, Hampshire Residences achieved 100% sales by the middle of 2007. The emphasis is now on successfully delivering and handing over the completed units to purchasers by December 2008 with great care taken to ensure that the finishing and fittings are to the required standard to reflect Hampshire Residences status as a luxurious upmarket condominium.

1) Show House of Hampshire Residences – Dining and Living.

2) Artist Impression of Pool Facilities at Hampshire Residences.

3) Artist Impression of Main Entrance Lobby to Hampshire Residences.

Review of Operations

1

2

3

1) Artist Impression of Hampshire Residences.

2) Artist Perspective of Lidcol Residences.

3) Show house of Hampshire Residences – Bedroom.

Leveraging on the success of Hampshire Residences, Zelan Development Sdn. Bhd. has entered into a joint-venture arrangement with Masteron Liga Klasik Sdn. Bhd. to jointly develop another high-end condominium located beside Hampshire Residences.

We are confident that this proposed 85 units of luxurious sky garden villas will also receive strong interest from investors both locally and abroad. We are targeting to launch this project in October 2008. The Gross Development Value (GDV) of this project will be around RM200 million.

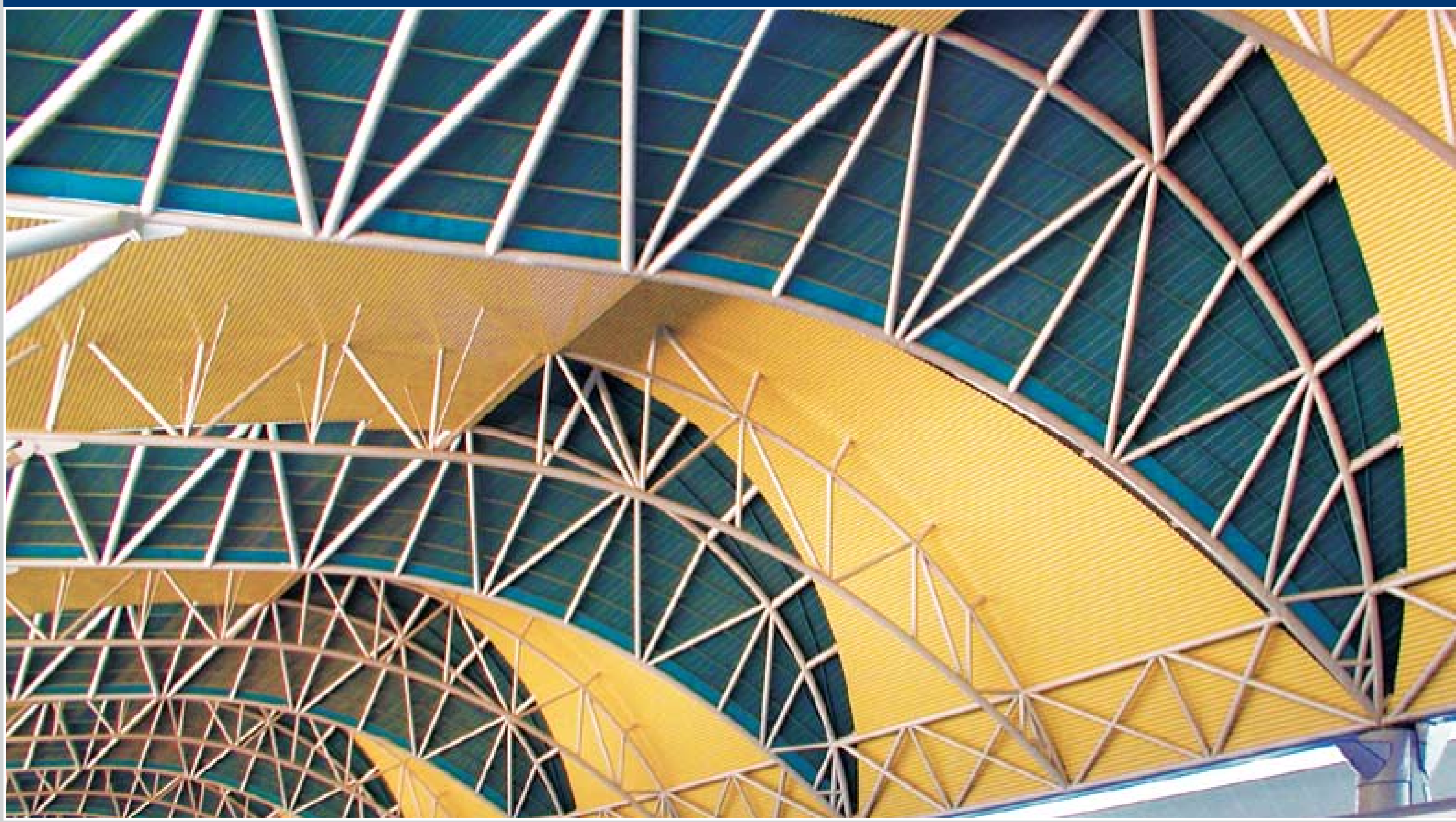
There is still strong demand for upmarket development at choice locations in Kuala Lumpur. We believe that with our branding and network, the property and development unit will continue to secure new projects in the future.

In Bangkok, Thailand, we have entered into a conditional share sale agreement with prospective investors to dispose of our 35% equity interest in Ratcha Ploen Company Limited (which currently holds long-term land lease rights for 2.639 acres of prime commercial land located in the heart of Bangkok's Central Business District) for Thai Baht 205 million (RM18.8 million). The transaction is pending completion.

In tandem with the Group's vision, the Unit is constantly on the lookout for prime development opportunities both within Malaysia and abroad.

Manufacturing & Trading Business Unit

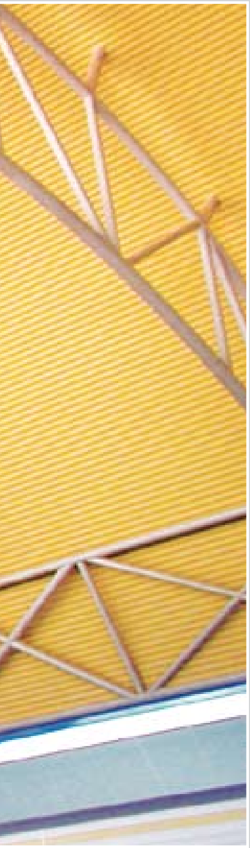
European Profiles (M) Sdn. Bhd. (EPM) and its group of companies have been leaders in the production of metal roofing and cladding systems through the continuous provision of innovative engineering solutions.



1) Internal Roof Cladding at Customs, Immigration & Quarantine Complex, Johor.

2) Outer Roof Cladding at Customs, Immigration & Quarantine Complex, Johor.

3) Roofing & Cladding System at The Lakes, Kuwait.



This has enabled EPM to remain successful in seeking repeat business as well as penetrating into non-traditional markets to win new customers. In particular, EPM's products have become a leading choice by international contractors and equipment suppliers for power generation projects.

At present, EPM's products are being used in jobs involving several power station projects such as Jimah (Lukut), Tuanku Ja'afar (Port Dickson) and Omon (Vietnam).

Other notable projects include the completion and handover of the Asian Institute of Medicine, Science and Technology (AIMST) in Kedah and Kolej Universiti Teknikal Kebangsaan Malaysia (KUTKM) in Melaka for various buildings in these universities.

EPM was also involved in the supply and installation of some of its products in the recently completed A380 Hangar project by Zelan Construction Sdn. Bhd.

Following its joint venture with Krazu-Nusantara of Indonesia, EPM has also successfully produced, supplied and installed various architectural domes and Islamic features produced from glass-fibre reinforced concrete (GRCs) for the Al Bukhary Higher Learning Centre in Alor Star.

Whilst the core business of EPM remains in the power generation business, EPM will continue to lead and grow its presence in construction work for other industry segments such as Education, Health and Industrial/ Commercial complexes.

In the pipeline are orders for power stations in Indonesia and the Middle East, a submarine base in Sabah and six (6) railway stations in Kuala Lumpur. The total production output of EPM for the period under review was 485,000 meters consisting of various profiles and products.

We remain optimistic that as EPM grows its business into new sectors, the Unit will achieve stronger prospects and register a stronger fiscal performance in the coming years.

Independent Power Producers (IPP) & Investments Business Unit

The IPP Unit continues to offer exciting prospects for the Zelan Group. With the rising demand for power generation globally, there is much potential for the Group to venture into this business.

However, taking into account, the present trend of escalating fuel prices, which has led to a higher investment entry cost, Management is adopting a cautious approach in the pursuit of IPP opportunities.

Having said this, the Zelan Group will continue to track IPP prospects within the identified regions. The Group remains optimistic in participating in the ownership of the power generation business when the right opportunity arises to mitigate the cyclical effects of the construction industry.

Corporate Information

BOARD OF DIRECTORS

1. TAN SRI ABDUL HALIM BIN ALI
   Independent, Non-Executive Chairman

2. MR. CHANG SI FOCK @ CHONG SEE FOCK
   Group Chief Executive Officer

3. DATO' ABDULLAH BIN MOHD YUSOF
   Independent, Non-Executive Director

4. DATO' (DR.) MEGAT ABDUL RAHMAN BIN MEGAT AHMAD
   Independent, Non-Executive Director

5. ENCIK HASNI BIN HARUN
   Non-Independent, Non-Executive Director

6. MR. YOONG NIM CHEE
   Non-Independent, Non-Executive Director

7. MR. LAM KAR KEONG
   Non-Independent, Non-Executive Director

8. COMMANDER (RTD) MOHD FARIT BIN IBRAHIM
   Non-Independent, Non-Executive Director

9. MR. KHOO BOO SEONG
   Alternate Director to
   Mr. Chang Si Fock @ Chong See Fock

COMPANY SECRETARIES

1. Suhla Al Asri
   (MAICSA 7025570)
2. Ang Seng Oo
   (MIA1622)

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

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

PRINCIPAL BANKERS

Al-Rajhi Bank
CIMB Bank Berhad
Deutsche Bank Malaysia Berhad
EON Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
Abu Dhabi Commercial Bank, UAE
Standard Chartered Bank, UAE
HSBC Bank Middle East Limited
PT Bank NISP Tbk., Indonesia
PT Bank (OCBC), Indonesia

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2283

UAE OPERATIONS

Zelan Holdings (M) Sdn. Bhd.

– Abu Dhabi Branch
No. 202, ADCB Building
P. O. Box 106813, Abu Dhabi, UAE
Tel : (9712) 621 5667
Fax : (9712) 621 5657

– Dubai Branch
P. O. Box 184577, Dubai, UAE
Tel : (9714) 369 7830
Fax : (9714) 369 7829

SAUDI ARABIAN OPERATIONS

Zelan Construction Arabia Company Limited
Unit 206, 2nd Floor, Al-Nakheel Centre
Madinah Road, Jeddah 21411
Kingdom of Saudi Arabia
Tel : (966) 2667 3595
Fax : (966) 2669 3595

Zelan Arabia Company Limited
2nd Floor, Al Toukhi Building
King Fahd Street, Riyadh 11424
Kingdom of Saudi Arabia
Tel : (966) 1401 3239
Fax : (966) 1401 3297

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) Private Limited
Level 2, Block H&I, Shakti Towers
766-Ana Salai, Chennai
600022 India
Tel : (9144) 4267 8806
Fax : (9144) 4267 8833

Zelan Projects Private Limited
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

THAILAND OPERATIONS

Sahakarn-Zelan (Thailand) Company Limited
No. 1363, Soi Ladprao 94
Ladprao Road, Wangthongland
Bangkok 10310, Thailand
Tel : (662) 559 2711/2712/2713
Fax : (662) 559 2720

Board of Directors

From Left to Right (Front Row):

CHANG SI FOCK @ CHONG SEE FOCK – *Group Chief Executive Officer,* **TAN SRI ABDUL HALIM BIN ALI** – *Independent, Non-Executive Chairman,* **DATO' (DR.) MEGAT ABDUL RAHMAN BIN MEGAT AHMAD** – *Independent, Non-Executive Director*

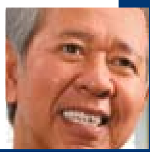
From Left to Right (Back Row):

COMMANDER (RTD) MOHD FARIT BIN IBRAHIM – *Non-Independent, Non-Executive Director,* **KHOO BOO SEONG** – *Alternate Director to Mr. Chang Si Fock @ Chong See Fock and Group Chief Operating Officer,* **YOONG NIM CHEE** – *Non-Independent, Non-Executive Director,* **LAM KAR KEONG** – *Non-Independent, Non-Executive Director,* **ENCIK HASNI BIN HARUN** – *Non-Independent, Non-Executive Director,* **DATO' ABDULLAH BIN MOHD YUSOF** – *Independent, Non-Executive Director*

Board of Directors' Profile

TAN SRI ABDUL HALIM BIN ALI

Independent,
Non-Executive Chairman



Tan Sri Abdul Halim bin Ali, 65, 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 Committees 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, Malaysian Consulate in Medan, Sumatra, Republic of Indonesia and 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 (I), 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, Malakoff Corporation 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 and is not related to any directors of Zelan Berhad and/or major shareholders of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

MR. CHANG SI FOCK @ CHONG SEE FOCK

Group Chief Executive Officer

Mr. Chang Si Fock @ Chong See Fock, 53, was appointed as Executive Director of the Company on 11 December 2003. On 24 May 2005, Mr. Chang was re-designated as Group Chief Executive Officer. He is also 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. (Humes) 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 has no family relationship with and is not related to any directors and/or major shareholders of Zelan Berhad. He is deemed interested in 83,000,000 shares of the Company held via corporations controlled by him.

Board of Directors' Profile

DATO' ABDULLAH BIN MOHD YUSOF

Independent,
Non-Executive Director

Dato' Abdullah bin Mohd Yusof, 69, joined the Board as Independent, Non-Executive Director on 1 August 2002. He is also a member of the Audit, Executive, Nomination and Remuneration Committees.

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

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

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

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

Independent,
Non-Executive Director

Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad, 69, 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.

Dato' (Dr.) Megat Abdul Rahman 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 and served as its President (1981-1983), Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in Australia. He holds an Honorary Doctorate in Business Administration degree from Universiti Kebangsaan Malaysia.

Dato' (Dr.) Megat Abdul Rahman 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 Berhad.

Dato' (Dr.) Megat Abdul Rahman is currently the Chairman of Press Metal Berhad and a Director of UAC Berhad, Boustead Holdings Berhad, BH Insurance (M) Berhad, IJM Corporation Berhad and Mardec Berhad.

Dato' (Dr.) Megat Abdul Rahman does not have any family relationship with and is not related to any directors of Zelan Berhad and/or major shareholders of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

ENCIK HASNI BIN HARUN

Non-Independent,
Non-Executive Director

Encik Hasni bin Harun, 51, was appointed as an Alternate Director to Encik Feizal Ali on 2 March 2007. Following Encik Feizal Ali's resignation as Director on 11 April 2008, Encik Hasni was appointed as Non-Independent Non-Executive Director on the same date. He is also a member of the Executive Committee.

Encik Hasni is currently the Chief Executive Officer of MMC Malaysia. 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, USA and a Bachelor of Accounting (Honours) from University of Malaya.

Encik Hasni held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund from March 1994 to March 2001, and as 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.

Encik Hasni also sits on the Boards of MMC Corporation Berhad, IJM Corporation Berhad, Malakoff Corporation Berhad, Johor Port Berhad, Pelabuhan Tanjung Pelepas Sdn. Bhd. and Gas Malaysia Sdn. Bhd.

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

MR. YOONG NIM CHEE

Non-Independent,
Non-Executive Director

Mr. Yoong Nim Chee, aged 49, joined the Board as Non-Independent, Non-Executive Director on 9 October 2003. He is also a member of the Audit, Executive and Remuneration Committees.

Mr. Yoong has worked in senior positions in the corporate finance department in several merchant banks. He is currently the Director of Corporate Affairs at MMC Corporation Berhad.

Mr. Yoong is a Board member of Malakoff Corporation Berhad, Integrated Rubber Corporation Berhad and Kramat Tin Dredging Berhad.

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

Mr. Yoong has no family relationship with and is not related to any directors and/or major shareholders of Zelan Berhad and does not have any conflict of interest with Zelan Berhad, except by virtue of being a nominee Director of MMC Corporation Berhad, a major shareholder of Zelan Berhad.

MR. LAM KAR KEONG

Non-Independent,
Non-Executive Director

Mr. Lam Kar Keong, 53, was appointed as Non-Independent, Non-Executive Director of the Company on 23 June 2004. He assumed his current post as Managing Director of Zelan Construction Sdn. Bhd. since 1997.

Mr. Lam is a Malaysian citizen, holds a LLB (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 has no family relationship with and is not related to any directors and/or major shareholders of Zelan Berhad. He is deemed interested in 83,000,000 shares of the Company held via corporations controlled by him.

COMMANDER (RTD) MOHD FARIT BIN IBRAHIM

Non-Independent,
Non-Executive Director

Commander (Rtd) Mohd Farit bin Ibrahim, Malaysian, 57, joined the Board as Non-Independent, Non-Executive Director on 16 June 2008. He completed his formal education from the Boys's Wing of the Royal Military College in Sungai Besi, Kuala Lumpur. He proceeded to complete his tertiary education and graduated from several prestigious institutions such as the Britannia Naval College in Darthmouth, England, the Naval War College in Rhode Islands, United States of America, the Fu Hsing Kang College in Taipei, Taiwan and the Singapore Institute of Management. A specialist in the field of maritime activities, he served distinguishably with the Royal Malaysian Navy for 23 years. He retired from the military service in 1990 with the rank of Commander after holding many appointments as Commanding Officer of warships, naval bases and as Director of Naval Intelligence.

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

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

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

MR. KHOO BOO SEONG

Alternate Director to Mr. Chang Si Fock @ Chong See Fock

Mr. Khoo Boo Seong, 58, 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.

Mr. Khoo 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.

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

Mr. Khoo has no family relationship with and is not related to any directors and/or major shareholders of Zelan Berhad and does not have any conflict of interest with Zelan Berhad. He is deemed interested in 500,000 shares of the Company held via Bagan Pesona Sdn. Bhd., a company controlled by him.

Corporate Structure

ZELAN BERHAD

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

Engineering & Construction

- 100% ZELAN CONSTRUCTION SDN. BHD.
  - 100% ZELAN CONSTRUCTION PRIVATE LIMITED
  - 50% LK ANG-ZELAN CONSORTIUM PRIVATE LIMITED
- 100% ZELAN CONSTRUCTION (INDIA) PRIVATE LIMITED
- 100% ZELAN CONSTRUCTION ARABIA COMPANY LIMITED
- 100% ZELAN MIDDLE EAST LIMITED
- 100% ZELAN CONSOLIDATED (OVERSEAS) SDN. BHD.
- 95% PT ZELAN INDONESIA
- 50% ZELAN EPC (HONG KONG) LIMITED
  - 99% ZELAN PROJECTS PRIVATE LIMITED
- 49% SAHAKARN ZELAN (THAILAND) COMPANY LIMITED
- 40% ZELAN ARABIA COMPANY LIMITED
- ABU DHABI BRANCH
- DUBAI BRANCH
- INDONESIAN BRANCH

Property & Development

- 100% ZELAN CORPORATION SDN. BHD.
  - 100% ZELAN DEVELOPMENT SDN. BHD.
  - 100% LANCAR IMPIAN SDN. BHD.
  - 100% PANDUAN PELANGI SDN. BHD.
  - 100% PADUAN LIMA SEJATI SDN. BHD.
  - 35% RATCHA PLOEN COMPANY LIMITED
- 100% SEJARA BINA SDN. BHD.
  - 50% ESSENTIAL AMITY SDN. BHD.

9.6% IJM CORPORATION BERHAD

Manufacturing & Trading

- 80% EUROPEAN PROFILES (M) SDN. BHD.
  - 50.01% RICHARD LEES STEEL DECKING ASIA SDN. BHD.
  - 71.0% EUROPEAN PROFILES CONTRACTING SDN. BHD.
    - 99.99% EUROPEAN PROFILES CONTRACTING PRIVATE LIMITED
- 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) LIMITED
- 66.67% GOLDEN SOLITAIRE (AUSTRALIA) B.V.*
- 30% TIMAH DERMAWAN SDN. BHD.
- 50% SUASA UNIK SDN. BHD.

** Under Members' Voluntary Liquidation*

Senior Management Team

1. CHANG SI FOCK @
   CHONG SEE FOCK (ALBERT)
   – *Group Chief Executive Officer,*
   – *Group Managing Director,*
     Zelan Holdings (M) Sdn. Bhd.

2. KHOO BOO SEONG
   – *Group Chief Operating Officer*
   – *Head of Business Unit –*
     Manufacturing & Trading
   – *Managing Director,*
     European Profiles (M) Sdn. Bhd.

CORPORATE SERVICES

3. ANG SENG OO
   – *Group Chief Financial Officer /*
     Joint Company Secretary

4. DEVAN KUMAR KRISHNAN
   – *Head of Group Human Resources*

5. STEVEN MUN YUNG KWUN
   – *Head of Group Legal*

6. ANUARIFAEI MUSTAPA
   – *Group General Manager, Finance*

7. SUHLA AL ASRI
   – *Company Secretary*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OPERATIONS

8. TAN CHENG HUAT
   – *Head of Business Unit*
     – *EPC, Engineering & Construction*
       (Bidding and Contracts)
     – *Property & Development*
   – *Managing Director, Zelan Corporation Sdn. Bhd.*

9. LAM KAR KEONG
   – *Head of Business Unit, EPC, Engineering &*
     Construction (Implementation)
   – *Managing Director, Zelan Construction Sdn. Bhd.*

10. CHONG WAN PING (JOSEPH)
    – *Regional Director – Middle East*
    – *Deputy Managing Director,*
      Zelan Construction Sdn. Bhd.

11. TEH KENG MING
    – *Head of Technical, Commercial & Procurement*

12. HUAH BENG AN
    – *Head of EPC Division*

13. NG CHEE WAH
    – *Head of IPP Division*

14. CHEAH SIEW MUN
    – *Chief Operating Officer, Zelan Corporation Sdn. Bhd.*

15. YAP SUI PON
    – *Project Director*

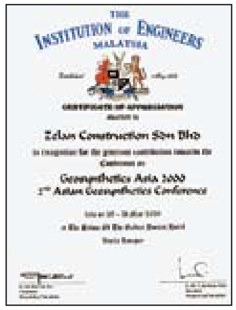
Our Policies

SAFETY AND HEALTH

It is also the policy of the Group to provide, so far as is practicable, a safe and healthy working environment for all our employees; and in the spirit of consultation and cooperation, Management and staff shall together strive to achieve the established goals and objectives of our business policy. More specifically, the Safety and Health Policy of the Group is as follows: • To provide and maintain a safe place and system of work, enhance the safety standards and promote safety awareness at all sites. • To ensure that all staff are informed, instructed, trained and supervised on how to perform their job without risking their own and others' safety. • To motivate and guide all workers to appreciate the 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.

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 the 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.



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 banks on repeat performance

Fuelled by the response to its Hampshire Residences condominium, Zelan Bhd is developing a second upmarket project in the vicinity of the Kuala Lumpur City Centre (KLCC).

This gives the group, which only recently ventured into development from its mainstay of construction and engineering, the

The RM400 million Hampshire Residences is almost completely sold since its official launch late last year.

Konsortium diketuai Zelan raih kontrak RM2 bilion

KONSORTIUM yang diketuai Zelan Bhd meraih kontrak bernilai AS$560 juta (RM2 bilion) bagi pembinaan sebuah loji

Power player at home and beyond

We started to get big jobs in Indonesia and Saudi Arabia when potential clients saw our progress with the RM5.7 billion Tanjung Bin power plant. This project actually put us on the global map as an EPCC specialist

Zelan's strong earnings trend likely to continue: Analysts

ZELAN Bhd is expected to continue reporting strong earnings, backed by a RM4 billion order book of projects in Saudi Arabia, United Arab Emirates, India and Indonesia, analysts said.

order book to expand further as results on bids submitted for another RM3 billion worth of projects are still pending.

In its announcement to Bursa

improved revenue from Hampshire Residences.

The increase in profit is attributed to the higher revenue as well as a gain on disposal of IJM Corp Bhd shares.

Strategic location

Hampshire at

Kuala Lumpur Luxury Residential Report 2007			
Project Name	Developer	Location	Units
Cendana	Tan & Tan Developments Bhd	Jalan Sultan Ismail	144
Idaman Residence	TA Group	Jalan P.Ramlee	248
The Meritz	UNP Group	Jalan Ampang	110
K Residences	Olympia Group	Jalan Ampang	180
Hampshire Residences	Zelan Development	Persiaran Hampshire	388
The Troika	BRDB (Bandar Raya Development Bhd)	Jalan Binjai	180
The Avare	Magna Prima Bhd	Lorong Kuda	78

Zelan making headway overseas

BY JOYCE GOH

Local contractor Zelan Bhd is making headway in establishing itself in the international arena. With expertise gained in the domestic market, analysts reckon that Zelan's overseas prospects are bright.

"Zelan is internationally competitive. It has the cost-competitive advantage of contractors from other countries. Some Malaysian companies are better placed than their Korean or Japanese peers due to their lower cost structures," says the head of research

Power Plant, which is said to be the largest coal-fired power plant in the country.

Still, it is Zelan's overseas ventures that analysts seem upbeat about.

"Currently, Zelan's order book stands at RM4.6 billion, with all its contracts being from overseas. It is also bidding for RM7 billion worth of contracts... it is uncertain whether it will win the bids but the prospects for new contract procurement look positive, mainly because of Zelan's competitive pricing and work track record," says the head of research.

Zelan is already in the United Arab Emirates

Hangar 06, built for MAS, is the world's longest column-free hangar, spanning 231 metres wide and standing more than 10 storeys tall

Zelan clinches RM2b Indonesian power deal

irm to build two nits of coal-fired ower plant in embang, Java

ZELAN

Zelan has a 70 per cent stake in the consortium, while the remaining 30 per cent is taken up by Indonesia's conglomerate PT Priamanaya Djan International. The works are for 33 months.

"This Rembang project is by far the largest single contract ever secured by the group," Khoo said.

Zelan shows its mettle in extreme engineering

We really built to the limit. Nowhere in the world had anyone lifted roofing of such wide span at one go.

شركة الشقيق للمياه والكهرباء تحتفل بمليوني ساعة عمل دون إصابات

2 Million Man-hours

Calendar of Events

APRIL 2007

- Annual Appreciation Dinner with the theme "Hall of Fame" was held at the JW Marriot Hotel, Kuala Lumpur.
- Official Ground Breaking Ceremony of 2x300-400MW Power Plant Project, Rembang, Indonesia.

JUNE 2007

- Signing of USD169 million Syndicated Cross Border Contract Financing Package between Zelan Holdings (M) Sdn. Bhd. and lenders comprising OCBC Bank, Al-Rajhi Bank and Maybank.
- Annual General Meeting and Extraordinary General Meeting of the Company were held at Istana Hotel, Kuala Lumpur.
- Milestone Event – Commercial Operation Date of Unit 3 was officially achieved, marking a completion of the entire project at Tanjung Bin Power Plant.
- Blood Donation organised by Zelan Corporation Sdn. Bhd.

SEPTEMBER 2007

- Breaking of Fast gathering at Traders Hotel, Dubai, United Arab Emirates (UAE) officiated by our Chairman, YBhg. Tan Sri Abdul Halim Ali.
- Handling over of the MAS A380 Hangar to Malaysia Airline System Berhad.

NOVEMBER 2007

- Engineer's Fellowship Dinner at Mum's Place, Petaling Jaya
- Zelan Group Bowling Tournament at The Curve, Petaling Jaya

JANUARY 2008

Chinese New Year's Celebration and Lion Dance Show at Wisma Zelan.

MARCH 2008

Board of Directors' working visit to Shuqaiq Project site, Saudi Arabia and Abu Dhabi Office, UAE.

APRIL 2008

- Award of main construction package for Meena Plaza, mixed use development project in Abu Dhabi, UAE.
- Construction Commencement of Works Ceremony for Meena Plaza, mixed use development project in Abu Dhabi, UAE.

MAY 2008

Podium Casting Milestone achieved at Sidra Tower Project, Dubai, UAE.

JUNE 2008

"Two Million Man-Hours Without Lost Time Accident" milestone achieved at Shuqaiq II IWPP Project, Saudi Arabia.

Corporate Responsibility (CR) Statement

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

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

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

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

- **BUSINESS GOVERNANCE ETHICS**

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

- **CUSTOMER SATISFACTION**

  The Group is unwavering in meeting its standards of excellence by ensuring the delivery of quality in project execution and meeting all customer deliverables as detailed in our contracts.

  We aspire towards full realisation of ISO standards throughout our operations and the application of established quality practices and policies. We are at present accredited with the MS ISO 9001:2000 for Design and Construction Services.

- **HEALTH & SAFETY**

  The safety of our people and communities is imperative to our operations. As a safety first entity, the Group actively and continuously seeks out a safety first mindset in its operations.

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

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

- **INVESTORS RELATIONS**

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

- **OUR PEOPLE**

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

Whist we continuously seek to improve the performance of our people, we also strive to create a balanced workforce whereby social gatherings and recreational activities are encouraged. These include the Annual Dinner, sports tournaments, weekly sports events and the establishment of a staff recreational club.

- **CARING FOR THE COMMUNITIES**

As a socially conscious corporate citizen, the Group has continued to place efforts in its philanthropic endeavours through monetary and resources contributions to the community and various charitable organisations.

This includes the construction of public amenities for local communities around the vicinity of our project sites and the maximisation of usage of local labours and materials to spur economic activities through the implementation of our projects.

- **CARING FOR THE ENVIRONMENT**

The Group believes that sustainability of its business is not only achieved through long-term economic success but also through caring for the environment. To this end, the Group constantly monitors areas of environmental concerns relating to its businesses whereby we are constantly implementing pre-emptive efforts to prevent damage to the environment.

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

We are currently pursuing the ISO14001:2004 accreditation.

Statement on Corporate Governance

The Board of Directors of Zelan Berhad ("Zelan" or the "Company") confirms that throughout the financial period ended 31 March 2008, it has continued to integrate good and effective corporate governance practices in directing and managing the overall business of the Company and its subsidiary companies ("Zelan Group" or the "Group"), in compliance with the Best Practices of the Malaysian Code of Corporate Governance (the "Code").

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

A. BOARD OF DIRECTORS

1. Composition of the Board

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

At the date of this report, the Board has nine (9) members [including one (1) Alternate Director]. A Director, Encik Feizal Ali tendered his resignation on 11 April 2008. Encik Hasni bin Harun was appointed as Non-Independent Non-Executive Director in place of Encik Feizal Ali on the same date. Commander (Rtd) Mohd Farit bin Ibrahim joined the Board as Non-Independent Non-Executive Director on 16 June 2008.

There are three (3) Independent Directors on the Board and this composition complies with the Listing Requirements of Bursa Malaysia Securities ("Bursa Malaysia"), which requires that at least one-third (1/3) of the Board should comprise 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 fulfil their role by exercising independent judgement and objective participation in the Board's deliberation. Dato' Abdullah bin Mohd Yusof is the Senior Independent Non-Executive Director to whom the shareholders may communicate with.

The profile of each Director is set out on pages 30 to 35 of this Annual Report.

2. **Duties and Responsibilities of the Board**

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

(i) Reviewing and providing guidance on the Company's and the Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long 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, laws and regulations.

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

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

3. **Board Meetings**

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

During the financial period ended 31 March 2008, a total of five (5) Board meetings and seven (7) Special Board meetings were held.

The records of attendance of each Director at Board Meetings held during the financial period ended 31 March 2008 are as follows:

Name of Director	No. of meeting(s) attended	Percentage (%)
Tan Sri Abdul Halim bin Ali *(Appointed on 27 April 2007)*	8/9	89
*Mr. Chang Si Fock @ Chong See Fock Mr. Khoo Boo Seong (*Alternate to Mr. Chang Si Fock @ Chong See Fock*)	11/12 1/12	100
Dato' Abdullah bin Mohd Yusof	11/12	92
Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad	12/12	100
*Encik Feizal Ali Encik Hasni bin Harun *(Alternate to Encik Feizal Ali)*	5/12 6/12	92
Mr. Yoong Nim Chee	10/12	83
Mr. Lam Kar Keong	12/12	100

*Note: * – 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 Board meeting, the Board deliberated and considered on matters including the Company's and the Group's financial performance, business review, operating performance to-date against the annual budget and the business strategies.

In addition to that, the Directors and Senior Management will also be notified on the restrictions imposed by Bursa Malaysia on dealing in the securities of the Company during closed period, at least 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 projects awarded and changes in the relevant laws and regulations such as Bursa Malaysia's Listing Requirements, Security Industry Act and accounting policies.

Each Director has full and unrestricted access to Senior Management Team within the Group and is entitled to the advice and services of the Company Secretary. The Directors may, if necessary, obtain independent professional advice relating to the affairs of the Group or in discharging their duties and responsibilities, at the Company's expense. However, no such advice was sought by any of the Directors during the financial period ended 31 March 2008.

5. Committees Established by the Board

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

(a) Audit Committee

The Audit Committee was established on 18 July 1994. The Audit Committee comprises two (2) Independent Non-Executive members and one (1) Non-Independent Non-Executive Director, 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 51 to 53 of the Annual Report. For the financial period ended 31 March 2008, the Audit Committee met six (6) times.

(b) Executive Committee ("EXCO")

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

Tan Sri Abdul Halim bin Ali *(Chairman)*
Mr. Chang Si Fock @ Chong See Fock
Dato' Abdullah bin Mohd Yusof
Encik Hasni bin Harun
Mr. Yoong Nim Chee

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

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 period ended 31 March 2008, the EXCO met four (4) 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 Company's Board, subsidiary and associate companies. 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 period under review, the Nomination Committee met twice.

(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 Dato' Abdullah bin Mohd. Yusof and Mr. Yoong Nim Chee.

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

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

6. Appointment of Director

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

7. Re-election

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

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

8. Training

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

On 1 November 2007, a seminar on Companies Act 2007 (Amendment) – New Direction in Directors' Duties and Liabilities was organised for the Directors and Senior Management of the Group.

A seminar on Implementing Corporate Social Responsibility Initiatives was held for the Directors and Senior Management of the Group on 7 May 2008.

The Board also participated in a site visit to the Company's on-going projects in Kingdom of Saudi Arabia and United Arab Emirates in early March 2008 to enable the Directors to obtain a better perspective of the business and enhance their understanding of the Group's operations.

The Company will, on a continuous basis, evaluate and determine the training needs of its Directors.

B. DIRECTORS' REMUNERATION

1. The Level and Make-up of Remuneration

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

The Non-Executive Directors are paid 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 that they attend.

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

2. Policy and Procedure

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

The 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 period ended 31 March 2008 are as follows:

(In RM'000)

Category	Executive Directors	Non-Executive Directors
Fee	–	543
Salaries and bonus	3,367	–
Benefit-in-kind	74	9
EPF Contribution	471	–
Other emoluments	142	116

The number of Directors of the Company, whose total remuneration fall within the following bands for the financial period ended 31 March 2008, are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM0 to RM50,000	–	2
RM50,001 to RM100,000	–	2
RM100,001 to RM150,000	–	4
RM1,250,000 to RM1,300,000	1	–
RM2,450,001 to RM2,500,000	1	–

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

C. SHAREHOLDERS AND INVESTORS

1. Dialogue between the Company and Investors

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

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

During the financial period ended 31 March 2008, the Company had organised Analysts Briefing either voluntary or upon requests by analysts/institutional fund managers. The Company also participated in several Investors Forums both locally and overseas.

2. Annual General Meeting

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

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

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

2. Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 (the "Act"), to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year. The Directors' Statement in compliance with the requirements under The Act is set out on page 64 of this Annual Report.

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

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

3. Internal Control

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

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

The Group Internal Control Statement is set out on pages 54 to 55 of this Annual Report.

4. Relationship with the Auditors

The relationship of the Audit Committee with the Auditors are disclosed in the Audit Committee Report which can be found on pages 51 to 53 of this Annual Report.

E. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

Zelan Group has complied with the principles of corporate governance and best practices in corporate governance throughout the financial period ended 31 March 2008.

Additional Compliance Information

CONFLICT OF INTEREST

None of the Directors have any family relationship with other Directors or major shareholders of the Company. None of the Directors have any conflict of interest in the Company except for Mr. Chang Si Fock @ Chong See Fock, Mr. Lam Kar Keong and Mr. Khoo Boo Seong.

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. and Eminent Gateway Sdn. Bhd. As at the date of this report, NGSB is a substantial shareholder of the Company.

In addition, Mr. Chang Si Fock @ Chong See Fock and Mr. Lam Kar Keong are deemed interested in 83,000,000 shares of the Company held by corporations which are controlled by them.

Mr. Khoo Boo Seong is deemed interested in 500,000 shares of the Company held by Bagan Pesona Sdn. Bhd., a company controlled by him.

CONVICTIONS FOR OFFENCES

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

UTILISATION OF PROCEEDS

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

SHARE BUY-BACK

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

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

IMPOSITION OF SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEE

During the financial period ended 31 March 2008, a non-audit fee of RM489,868 was paid by the Company to the External Auditors, Messrs. PricewaterhouseCoopers, Malaysia for services rendered in connection with the review of the Company's quarterly results, tax and other technical and accounting advisory works.

PROFIT ESTIMATION, FORECAST OR PROJECTION

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

PROFIT GUARANTEE

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

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies involving Directors' or major shareholders' interests, during the financial period under review.

CONTRACTS RELATING TO LOAN

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

REVALUATION POLICY OF LANDED PROPERTIES

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

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 year.

During the financial period ended 31 March 2008, the Audit Committee held a total of six (6) 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	6/6
Dato' Abdullah bin Mohd Yusof	6/6
Yoong Nim Chee	5/6

The External Auditors attended six (6) meetings during the period under review. In two (2) of the meetings, 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 External Auditors is requested to attend all Audit Committee meetings. Other Board members may attend meetings upon the invitation of the Audit Committee. At least twice a year the Audit Committee shall meet with the External Auditors without any executive of the Group being present. The Auditors, both Internal and External, may request a meeting if they consider necessary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board at the quarterly Board meetings.

2.3 Quorum

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

2.4 Secretary

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

2.5 Authority

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

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

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

iii) to conduct investigations on irregularities once reported;

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

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

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

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

2.6 Duties

The duties of the Audit Committee are as follows:

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

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

iii) to discuss the impact of any proposed changes in accounting 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 announcements and annual financial statements before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- major judgemental areas;
- significant adjustments resulting from the audit;
- the going concern assumptions;
- compliance with accounting standards; 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 the Annual Report.

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

xiii) to review all prospective financial information 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 period, the Audit Committee met six (6) 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 Securities Berhad's Listing Requirements.

4. INTERNAL AUDIT FUNCTION AND ACTIVITIES

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

The total Internal Audit fees incurred on services provided by Messrs Ernst & Young during the last financial period was RM194,900.

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

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

A summary of the Internal Audit activities during the financial period 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.

Statement on Internal Control

INTRODUCTION

The Board of Directors (the "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 period. 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 employed a Group Chief Risk Officer and put in place a Risk Management Committee ("RMC") chaired by the Group CEO. RMC includes Group Chief Financial Officer and Group Chief Risk Officer and 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 period 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;
- Monitoring of the three-year Group Strategic plan including detailed budgets by the Board on an annual basis;
- Processes governing the appraisal and the approval of investment expenditure and asset disposal, and processes to monitor and evaluate the continuing performance of the Group's investments;
- Processes governing the identification and evaluation of the risk factors before arriving at a decision to tender and the pricing of the tender for the contract thereon;
- Financial authority limits framework;
- Risk management framework;
- Monitoring of related party transactions; and
- Safety Committee to ensure that all relevant safety measures are in place towards achieving zero (0) Loss Time Injury (LTI).

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

- Scope of works involved;
- Expertise level required;
- Level of monitoring and supervision;
- Management and supporting staff requirement;
- Duration of project;
- Periodical review by an outsourced internal auditor; and
- Where appropriate, companies to 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 the associate companies and attend Board meetings, for which key financial information is reviewed and significant risks are reported to the Board.

AUDIT COMMITTEE

The report by the Audit Committee for the period under review is set out on pages 51 to 53.

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 period 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

The Risk Management Report elaborates on the Group's Risk Management Framework, which embodies the structure and processes to identify, assess, treat and report on risks.

In addition to assessing the major business segments within the Group i.e. Investment Holding, EPC – Engineering & Construction (Implementation), 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.

During the current financial period, the Outsourced Internal Auditors have been engaged to conduct a risk re-assessment and remediation exercise. This ultimately will further improve and strengthen the Group's existing risk management structure and processes. A Group Chief Risk Officer ("GCRO") has also been appointed to facilitate the execution of the Group's Risk Management Framework.

Risk awareness trainings and risk assessment workshops have been conducted at both project and corporate levels during the financial period under review. Directors, Senior Managers and key personnel attended the said training and workshops. Periodical internal trainings will also be conducted for both existing and new management staff by the GCRO/risk co-ordinators to reinforce or introduce risk management principles, awareness and culture throughout the Group.

Management has continued to incorporate risk identification and mitigation actions as one of the key assessments during the project's bidding stage. Risk analysis reports are presented, reviewed and deliberated at the respective Bid Evaluation Committee.

During the current financial period, the key risk factors impacting the Group as it continues to secure project overseas, include changes to both political and economic landscapes and regulatory frameworks that may negatively impact the Group commercially and financially; current rising prices and availability of raw construction materials, in particular steel bars and challenges in the recruitment and retention of both skilled labour and management staff.

APPROACH TO RISK MANAGEMENT MONITORING AND REPORTING

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

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

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

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

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

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

RISK MANAGEMENT STRUCTURE

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

BOARD OF DIRECTORS

↑

RISK MANAGEMENT COMMITTEE

↑

BUSINESS UNIT MANAGEMENT MEETING

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, GCRO and representatives from each Business Unit. Key roles of the RMC are to:

i) Implement Group policies on risk and internal control.

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

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

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

BUSINESS UNIT MANAGEMENT MEETING (BUMM)

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

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

The key roles of BUMM are:

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

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

iii) To meet monthly to review all activities and ensure that any unacceptable risk exposures are identified and managed at an appropriate level and to update the Risk Register for reporting to the RMC.

FINANCIAL STATEMENTS

Directors' Report

For the Fourteen-Month period ended 31 March 2008

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 fourteen-month period ended 31 March 2008.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company was changed from 31 January to 31 March.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Profit for the financial period attributable to:		
– Equity holders of the Company	143,035	47,871
– Minority interest	8,678	—
Profit for the financial period	151,713	47,871

SHARE SPLIT

At an Extraordinary General Meeting held on 29 June 2007, the shareholders of the Company approved the subdivision of the existing ordinary share of RM1.00 each of the Company into two new ordinary shares of RM0.50 each ("Share Split"). The Share Split was effected on 18 July 2007 and was completed with the listing and quotation of the new ordinary shares on the Main Board of Bursa Malaysia Securities Berhad on 19 July 2007.

DIVIDENDS

The dividends paid or declared by the Company since 31 January 2007 were as follows:

	RM'000
In respect of the financial year ended 31 January 2007, as shown in the Directors report of that year, a final gross dividend of 2.5 sen per share, tax exempt, and 2.5 sen per share, less income tax at 26% per ordinary share, paid on 15 August 2007	24,502
In respect of the fourteen-month period ended 31 March 2008, an interim gross dividend of 2.5 sen per share, less income tax at 26%, and a special dividend of 5.0 sen per share, tax exempt, paid on 15 November 2007	38,583
In respect of the fourteen-month period ended 31 March 2008, a second interim gross dividend of 6.5 sen per share, less income tax at 25% payable on 30 June 2008	27,459

The Directors do not recommend the payment of a final dividend for the fourteen-month period ended 31 March 2008.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period 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 Abdul Halim Bin Ali, Chairman	(Appointed on 27 April 2007)
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	
Dato' Abdullah Bin Mohd Yusof	
Chang Si Fock @ Chong See Fock	
Hasni Bin Harun	(Resigned as alternate director to Feizal Ali on 11 April 2008, appointed as Director on 11 April 2008)
Yoong Nim Chee	
Mohd Farit Bin Ibrahim	(Appointed on 16 June 2008)
Lam Kar Keong	
Feizal Ali	(Resigned on 11 April 2008)
Khoo Boo Seong (alternate director to Chang Si Fock @ Chong See Fock)	

DIRECTORS' BENEFITS

During and at the end of the financial period, 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.

DIRECTORS' BENEFITS (CONTINUED)

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 38 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 period in shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each			
	At 01.02.2007	Bought	Sold	At 17.07.2007
The Company				
Chang Si Fock @ Chong See Fock*	74,361,000	—	(29,500,700)	44,860,300^
Lam Kar Keong*	74,361,000	—	(29,500,700)	44,860,300^

	Number of ordinary shares of RM0.50 each			
	At 18.07.2007	Bought	Sold	At 31.03.2008
Chang Si Fock @ Chong See Fock*	89,720,600^	—	(6,720,600)	83,000,000
Lam Kar Keong*	89,720,600^	—	(6,720,600)	83,000,000
Khoo Boo Seong*	—	500,000	—	500,000

	Number of ordinary shares of RM1.00 each			
	At 01.02.2007	Bought	Sold	At 31.03.2008
European Profiles Contracting Sdn. Bhd.				
Direct interest				
Khoo Boo Seong	50,000	—	—	50,000
Indirect interest				
Khoo Boo Seong*	240,000	—	—	240,000

* Indirect interests (shares held by companies in which the Directors have an interest).

^ Adjusted for the Share Split exercise which was completed on 18 July 2007.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Other than as disclosed above, according to the register of Directors' shareholdings, the other Directors in office at the end of the financial period did not hold any interest in shares in the Company and its related corporations during the financial period.

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 period 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 period 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 period 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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the income statements and Note 39 to the financial statements; and

(b) except as disclosed in Note 44 to the financial statements, there has not arisen in the interval between the end of the financial period 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 PERIOD

Significant events during the financial period are as disclosed in Note 39 to the financial statements.

SIGNIFICANT POST BALANCE SHEET EVENT

Significant post balance sheet event is as disclosed in Note 44 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 25 June 2008.

TAN SRI ABDUL HALIM BIN ALI
CHAIRMAN

CHANG SI FOCK @ CHONG SEE FOCK
DIRECTOR

Statement by Directors

Pursuant to Section 169(15) of The Companies Act 1965

We, Tan Sri Abdul Halim Bin Ali and Chang Si Fock @ Chong See Fock, two of the Directors of Zelan Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 66 to 144 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 March 2008 and of the results and cash flows of the Group and Company for the fourteen-month period 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 25 June 2008.

TAN SRI ABDUL HALIM BIN ALI
CHAIRMAN

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, do solemnly and sincerely declare that the financial statements set out on pages 66 to 144 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 25 June 2008.

Before me,

PESURUHJAYA SUMPAH
No. W 317
M.S. NATHAN
MALAYSIA

COMMISSIONER FOR OATHS

WISMA TAN PEH
4TH FLOOR, ROOM NO. 4.07
NO. 86 JALAN MASJID INDIA
50100 KUALA LUMPUR

Report of The Auditors

To the Members of Zelan Berhad
(Incorporated in Malaysia) (Company No. 27676 V)

We have audited the financial statements set out on pages 66 to 144. 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 March 2008 and of the results and cash flows of the Group and Company for the fourteen-month period 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 20 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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S.SANGARAPILLAI
(No. 2085/09/08 (J))
Partner of the firm

Kuala Lumpur
25 June 2008

Income Statements

For the Fourteen-Month period ended 31 March 2008

	Note	Group 14-month period ended 31.03.2008 RM'000	Group Year ended 31.01.2007 RM'000	Company 14-month period ended 31.03.2008 RM'000	Company Year ended 31.01.2007 RM'000
Revenue	6	**1,373,762**	641,043	**13,550**	84,150
Cost of sales	7	**(1,181,080)**	(541,893)	**—**	—
Gross profit		**192,682**	99,150	**13,550**	84,150
Administrative expenses		**(35,101)**	(28,807)	**(11,347)**	(8,569)
Marketing expenses		**(36,152)**	(7,452)	**—**	—
Operating expenses		**(17,145)**	(8,506)	**—**	—
Other operating income					
– net (loss)/gain on disposal of quoted investments		**(37)**	2,335	**—**	2,776
– gain on liquidation of a subsidiary		**31**	—	**100**	—
– gain on partial disposal of a subsidiary		**89**	—	**—**	—
– gain on deemed disposal of investment in an associate		**10,088**	—	**—**	—
– gain on disposal of investment in an associate		**—**	15,820	**—**	15,820
– gain on disposal of available-for-sale investment		**31,624**	—	**42,489**	—
– reversal of allowance for decline in market value of quoted investments		**—**	1,704	**—**	—
– other operating income		**7,225**	7,706	**340**	2,971
Finance income	8	**12,550**	5,572	**2,413**	735
Finance cost	8	**(379)**	(711)	**(49)**	(428)
Share of results of:					
– associates		**13,568**	34,514	**—**	—
– jointly controlled entities		**6,680**	(44)	**—**	—
Profit before taxation	9	**185,723**	121,281	**47,496**	97,455
Tax expense	13	**(34,010)**	(39,342)	**375**	(21,142)
Profit for the financial period/year		**151,713**	81,939	**47,871**	76,313
Attributable to:					
Equity holders of the Company		**143,035**	80,786	**47,871**	76,313
Minority interest		**8,678**	1,153	**—**	—
Profit for the financial period/year		**151,713**	81,939	**47,871**	76,313
Earnings per share attributable to ordinary equity holders of the Company:					
Basic (sen) *	14	**25.39**	14.34		
Diluted (sen) *	14	**25.39**	14.34		

* The earnings per share has been calculated based on the weighted average number of ordinary shares which has been adjusted to take into consideration the enlarged share capital due to the share split exercise which was effected and completed on 18 July 2007 and 19 July 2007, respectively.

Balance Sheets
As at 31 March 2008

		Group		Company	
	Note	31.03.2008 RM'000	31.01.2007 RM'000 (Restated)	31.03.2008 RM'000	31.01.2007 RM'000 (Restated)
NON-CURRENT ASSETS					
Property, plant and equipment	16	**117,133**	37,713	**1,250**	667
Investment properties	17	**5,984**	6,900	**—**	—
Lease prepayments	18	**106**	177	**106**	177
Intangible assets	19	**47,338**	47,338	**—**	—
Investments in subsidiaries	20	**—**	—	**140,525**	140,642
Investments in associates	21	**11,291**	543,730	**57**	461,965
Investments in jointly controlled entities	22	**6,823**	143	**—**	—
Available-for-sale investment	24	**502,240**	—	**502,240**	—
Other assets	25	**—**	6,638	**—**	—
		690,915	642,639	**644,178**	603,451
CURRENT ASSETS					
Inventories	26	**18,635**	14,098	**—**	—
Property development costs	27	**52,827**	66,098	**—**	—
Receivables, deposits and prepayments	28	**800,611**	208,106	**9,562**	14,932
Tax recoverable		**14,784**	7,096	**3,541**	4,020
Other investments	30	**89,795**	2,093	**22,421**	—
Deposits, bank and cash balances	31	**202,266**	188,870	**29,567**	3,192
		1,178,918	486,361	**65,091**	22,144
Non-current assets classified as held for sale	32	**3,424**	526	**—**	—
		1,182,342	486,887	**65,091**	22,144
TOTAL ASSETS		**1,873,257**	1,129,526	**709,269**	625,595

Balance Sheets (Continued)

As at 31 March 2008

		Group		Company	
	Note	31.03.2008 RM'000	31.01.2007 RM'000 (Restated)	31.03.2008 RM'000	31.01.2007 RM'000 (Restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company:					
Share capital	33	**281,632**	281,632	**281,632**	281,632
Reserves	34	**537,162**	433,705	**416,202**	332,326
		818,794	715,337	**697,834**	613,958
Minority interest		**28,926**	19,527	**—**	—
TOTAL EQUITY		**847,720**	734,864	**697,834**	613,958
NON CURRENT LIABILITIES					
Payables	35	**9,531**	46,827	**—**	—
Borrowings	36	**1,598**	2,068	**804**	252
Deferred tax liabilities	37	**3,803**	4,043	**—**	—
		14,932	52,938	**804**	252
CURRENT LIABILITIES					
Payables	35	**952,751**	326,778	**10,377**	9,971
Borrowings	36	**43,557**	7,438	**254**	74
Current tax liabilities		**14,297**	7,508	**—**	1,340
		1,010,605	341,724	**10,631**	11,385
TOTAL LIABILITIES		**1,025,537**	394,662	**11,435**	11,637
TOTAL EQUITY AND LIABILITIES		**1,873,257**	1,129,526	**709,269**	625,595

Consolidated Statement of Changes in Equity

For the Fourteen-Month period ended 31 March 2008

		Attributable to equity holders of the Company									
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 February 2007		281,632	124,396	29,044	–	35,494	3,733	241,038	715,337	19,527	734,864
Movements during the period											
Currency translation differences		–	–	580	–	–	–	–	580	1,317	1,897
Reclassification of an associate to available-for-sale investment		–	–	(1,598)	–	–	–	–	(1,598)	–	(1,598)
Reclassification of a subsidiary to an associate	5(b)	–	–	–	–	–	–	–	–	134	134
Available-for-sale investment:											
– Fair value movement		–	–	–	56,186	–	–	–	56,186	–	56,186
– Disposal		–	–	–	(31,624)	–	–	–	(31,624)	–	(31,624)
Liquidation of a subsidiary	5(a)	–	–	–	–	(37)		–	(37)	(310)	(347)
Net income/(expense) directly recognised in equity		–	–	(1,018)	24,562	(37)	–	–	23,507	1,141	24,648
Profit for the financial period		–	–	–	–	–	–	143,035	143,035	8,678	151,713
Total recognised income/ (expense) for the financial period		–	–	(1,018)	24,562	(37)	–	143,035	166,542	9,819	176,361
Dividends for the financial period/year ended:											
– 31 March 2008	15	–	–	–	–	–	–	(38,583)	(38,583)	–	(38,583)
– 31 January 2007	15	–	–	–	–	–	–	(24,502)	(24,502)	–	(24,502)
Dividends paid to minority interest		–	–	–	–	–	–	–	–	(420)	(420)
At 31 March 2008		281,632	124,396	28,026	24,562	35,457	3,733	320,988	818,794	28,926	847,720

		Attributable to equity holders of the Company								
	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	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 period										
Currency translation differences		–	–	(410)	–	–	–	(410)	(115)	(525)
Transfer of profit of a subsidiary to a statutory reserve		–	–	–	–	475	(475)	–	–	–
Reclassification of a subsidiary to an associate	5(g)	–	–	–	–	–	–	–	(2,704)	(2,704)
Share of minority interest on incorporation of a subsidiary		–	–	–	–	–	–	–	10	10
Acquisitions of additional equity interests in subsidiaries	5(e)	–	–	–	–	–	(2,934)	(2,934)	(5,491)	(8,425)
Net income/(expense) directly recognised in equity		–	–	(410)	–	475	(3,409)	(3,344)	(8,300)	(11,644)
Profit for the financial year		–	–	–	–	–	80,786	80,786	1,153	81,939
Total recognised income/(expense) for the financial year		–	–	(410)	–	475	77,377	77,442	(7,147)	70,295
Dividends for the financial year ended:										
– 31 January 2007	15	–	–	–	–	–	(14,082)	(14,082)	–	(14,082)
– 31 January 2006							(24,221)	(24,221)	–	(24,221)
Dividends paid to minority interest		–	–	–	–	–	–	–	(730)	(730)
At 31 March 2007		281,632	124,396	29,044	35,494	3,733	241,038	715,337	19,527	734,864

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

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

Company Statement of Changes in Equity

For the Fourteen-Month period ended 31 March 2008

			Non-distributable			Distributable		
	Note	Share capital RM'000	Share premium RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2007		**281,632**	**124,396**	**–**	**18,456**	**3,258**	**186,216**	**613,958**
Available-for-sale investment:								
– Fair value movement		**–**	**–**	**141,732**	**–**	**–**	**–**	**141,732**
– Disposal		**–**	**–**	**(42,642)**	**–**	**–**	**–**	**(42,642)**
Net income directly recognised in equity		**–**	**–**	**99,090**	**–**	**–**	**–**	**99,090**
Profit for the financial period		**–**	**–**	**–**	**–**	**–**	**47,871**	**47,871**
Total recognised income for the financial period		**–**	**–**	**99,090**	**–**	**–**	**47,871**	**146,961**
Dividends for the financial period/year ended:								
– 31 March 2008	15	**–**	**–**	**–**	**–**	**–**	**(38,583)**	**(38,583)**
– 31 January 2007	15	**–**	**–**	**–**	**–**	**–**	**(24,502)**	**(24,502)**
At 31 March 2008		**281,632**	**124,396**	**99,090**	**18,456**	**3,258**	**171,002**	**697,834**
At 1 February 2006		281,632	124,396	–	18,456	3,258	148,206	575,948
Profit for the financial year		–	–	–	–	–	76,313	76,313
Dividends for the financial year ended:								
– 31 January 2007	15	–	–	–	–	–	(14,082)	(14,082)
– 31 January 2006		–	–	–	–	–	(24,221)	(24,221)
At 31 January 2007		281,632	124,396	–	18,456	3,258	186,216	613,958

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

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

Cash Flow Statements

For the Fourteen-Month period ended 31 March 2008

		Group		Company	
	Note	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (Restated)	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (Restated)
OPERATING ACTIVITIES					
Profit for the financial period/year, attributable to equity holders of the Company		**143,035**	80,786	**47,871**	76,313
Adjustments for:					
Tax expense		**34,010**	39,342	**(375)**	21,142
Finance cost		**379**	711	**49**	428
Finance income		**(12,550)**	(5,572)	**(2,413)**	(735)
Minority interest		**8,678**	1,153	**—**	—
Depreciation of:					
– property, plant and equipment		**3,734**	3,089	**429**	322
– investment properties		**179**	239	**—**	—
Amortisation of lease prepayments		**71**	41	**71**	41
Reversal of allowance for decline in market value of quoted investments		**—**	(1,704)	**—**	—
Allowance for doubtful debts		**702**	645	**2**	2
Property, plant and equipment written off		**460**	357	**—**	—
Inventories written off		**—**	7	**—**	—
Impairment loss on non-current assets held for sale		**28**	19	**—**	—
Net (gain)/loss on disposal of:					
– property, plant and equipment		**(582)**	(346)	**12**	—
– non-current assets held for sale		**(159)**	(3,111)	**—**	(2,944)
– investment properties		**(563)**	—	**—**	—
Share of results of:					
– associates		**(13,568)**	(34,514)	**—**	—
– jointly controlled entities		**(6,680)**	44	**—**	—
Net loss on unrealised foreign exchange		**563**	24	**606**	146
Allowance for doubtful debts written back		**(140)**	(131)	**—**	—
Bad debts recovered		**(38)**	(4)	**—**	—
Dividend income		**(4,117)**	(279)	**(13,550)**	(84,150)
Net (gain)/loss on:					
– deemed disposal of investment in an associate		**(10,088)**	—	**—**	—
– disposal of quoted investments		**37**	(2,335)	**—**	(2,776)
– disposal of investment in an associate		**—**	(15,820)	**—**	(15,820)
– liquidation of a subsidiary		**(31)**	—	**(100)**	—
– partial disposal of a subsidiary		**(89)**	—	**—**	—
– disposal of available-for-sale investment		**(31,624)**	—	**(42,489)**	—
		111,647	62,641	**(9,887)**	(8,031)

	Note	Group		Company	
	Note	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (Restated)	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (Restated)
OPERATING ACTIVITIES (Continued)					
Changes in working capital:					
Property development costs		**20,808**	(19,500)	**–**	–
Inventories		**(11,928)**	(755)	**–**	–
Receivables, deposits and prepayments		**(580,837)**	(46,889)	**5,370**	(7,860)
Payables		**591,970**	(1,950)	**(301)**	(19,322)
Cash generated from/(used in) operations		**131,660**	(6,453)	**(4,818)**	(35,213)
Taxation (paid)/refunded		**(34,079)**	(41,776)	**1,858**	(13)
Net cash flow from operating activities		**97,581**	(48,229)	**(2,960)**	(35,226)
INVESTING ACTIVITIES					
Investments in associates	5	**(357)**	(2,018)	**–**	–
Increase in other investments		**(89,795)**	–	**(22,421)**	–
Purchase of additional equity interests in subsidiaries	5	**–**	(8,425)	**–**	–
Reclassification of a subsidiary to an associate	5	**(223)**	(6,238)	**–**	–
Net cash (outflow)/proceeds from liquidation of a subsidiary	5	**(304)**	–	**316**	–
Purchase of property, plant and equipment		**(95,168)**	(12,537)	**(180)**	(26)
Proceeds from the disposal of:					
– warrants in an associate	5	**–**	16,730	**–**	16,730
– available-for-sale investment		**101,247**	–	**101,247**	–
– quoted investments		**2,056**	11,010	**–**	2,776
– investment properties		**1,300**	–	**–**	–
– property, plant and equipment		**938**	1,511	**120**	–
– non-current assets held for sale		**539**	3,987	**–**	3,350
Dividends received		**11,206**	10,390	**11,206**	60,788
Finance income		**12,550**	5,572	**2,413**	735
Net cash flow from investing activities		**(56,011)**	19,982	**92,701**	84,353

Cash Flow Statements (Continued)

For the Fourteen-Month period ended 31 March 2008

		Group		Company	
	Note	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (Restated)	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (Restated)
FINANCING ACTIVITIES					
Finance cost		**(760)**	(773)	**(49)**	(428)
Dividends paid to minority interest of a subsidiary		**(420)**	(730)	**–**	–
Repayments of borrowings		**(8,134)**	(27,505)	**(232)**	(23,398)
Dividends paid to shareholders		**(63,085)**	(38,303)	**(63,085)**	(38,303)
Proceeds from borrowings		**41,997**	6,000	**–**	–
Deposits pledged as security		**513**	1,048	**–**	–
Net cash flow from financing activities		**(29,889)**	(60,263)	**(63,366)**	(62,129)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**11,681**	(88,510)	**26,375**	(13,002)
Currency translation differences		**2,228**	(484)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD/YEAR		**187,916**	276,910	**3,192**	16,194
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD/YEAR	31	**201,825**	187,916	**29,567**	3,192

1 GENERAL INFORMATION

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

There have been no significant changes in the nature of these activities during the financial period.

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 period/year was 549 (31.01.2007: 556) and 23 (31.01.2007: 21), respectively.

The financial year end of the Company was changed from 31 January to 31 March. Accordingly, comparative amounts for the income statements, changes in equity, cash flows and related notes are not comparable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Certain comparative figures have been adjusted or extended to conform to the current financial period's presentation.

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.

Standards that are applicable to the Group and are effective

Standards that are applicable to the Group and are effective for the Group's financial period ended 31 March 2008 are as follows:

(i) FRS 117 Leases

(ii) FRS 124 Related Party Disclosures

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application.

A summary of the impact of the new accounting standards on the financial statements of the Group and Company is set out in Note 41.

Standards and amendments to published standards that are applicable to the Group but not yet effective and have not been early adopted

The new and revised standards, amendments to published standards and interpretations that are applicable to the Group, but which the Group has not early adopted, are as follows:

(i) 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). This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in.

(ii) FRS 112 Income Taxes (effective for accounting periods beginning on or after 1 July 2007). This revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances.

(iii) Other revised standards (effective for accounting periods beginning on or after 1 July 2007) that have no significant changes compared to the original standards:
- FRS 107 Cash Flow Statements
- FRS 111 Construction Contracts
- FRS 118 Revenue
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Standards and amendments to published standards that are applicable to the Group but not yet effective and have not been early adopted (Continued)

(iv) FRS 134 Interim Financial Reporting. This standard applies if an entity is required or elects to publish an interim financial report in accordance with Financial Reporting Standards.

The adoption of the above Financial Reporting Standards are not expected to have any significant impact for the Group and Company for the financial year ending 31 March 2009.

(v) 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 and Company will apply this standard when effective. The Group and Company have applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and Company.

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

The new standards and interpretations to existing standards that are not yet effective and not relevant for the Group's operations are as follows:

(i) FRS 120 Accounting for Government Grant and Disclosure of Government Assistance (effective for accounting periods beginning on or after 1 July 2007).

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

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

(iv) 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).

(v) 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).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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(h) on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

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

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

(ii) Transactions with minority interests

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (Continued)

(iii) Associates

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

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see accounting policy Note 2(h)).

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 of accounting, adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Group.

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

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

(iv) Joint ventures

Jointly controlled entities

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

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements by the equity method of accounting. Equity method of accounting involves recognising the Group's share of post-acquisition results of 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).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (Continued)

(iv) Joint ventures (Continued)

Jointly controlled operations

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

Transactions between a venturer and a joint venture

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

(c) Property, plant and equipment

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties

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

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

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

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

(e) Lease prepayments

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

The Group had previously classified lease prepayments within its investment properties. On adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as lease prepayments.

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

(f) Investments

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

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 period in which the decline is identified.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments (Continued)

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

(g) Available-For-Sale Investment

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

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

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

(h) Intangible assets

Goodwill

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of assets

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

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

(j) Leases

Finance leases and hire purchase

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

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

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

Operating leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property development activities

Land held for property development

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

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

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

Property development costs

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Completed properties

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

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.

(m) Construction contracts

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

Construction costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for contract work performed to date bear to the estimated total costs for the contract. Costs incurred in the financial period 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 period. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from contract customers under receivables, deposits and prepayments (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contract customers under payables (within current liabilities).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Trade receivables

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

(p) Cash and cash equivalents

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

(q) Share capital

<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.

<u>Dividends to shareholders of the Company</u>

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

(r) Borrowings

<u>Classification</u>

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.

<u>Capitalisation of borrowing cost</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial period 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 period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(t) Taxation

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

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

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

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

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

(u) Provisions

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Contingent liabilities and contingent assets

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

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

(w) Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue recognition

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

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

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.

Investment income

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

Construction contracts

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

Property development

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

Other income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Financial instruments

Description

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

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

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

Financial instruments recognised on the balance sheet

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

Financial instruments not recognised on the balance sheet

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

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

Fair value estimation for disclosure purposes

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

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

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 the Group in currencies other than its functional currency. The Group has a natural hedge to the extent that payments for foreign currency payables will be matched against receivables denominated in the same foreign currency.

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Foreign currency exchange risk (Continued)

As at 31 March 2008, the settlement dates on open forward contracts ranged within 6 months (31.01.2007: 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	Contractual rate	RM'000 equivalent
			'000	RM	
At 31 March 2008					
10.10.07 - 14.04.08	SGD	RM	SGD700	2.3080	1,616
05.02.08 - 05.08.08	USD	RM	USD93	3.2250	300
05.02.08 - 04.08.08	USD	RM	USD54	3.4240	185
02.11.07 - 06.05.08	USD	RM	USD850	3.3150	2,818
22.02.08 - 26.08.08	USD	RM	USD3,000	3.2165	9,650
22.02.08 - 26.08.08	SGD	RM	SGD1,500	2.2960	3,444
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

The net unrecognised losses as at 31 March 2008 on open contracts which hedge anticipated future foreign currency sales amounted to RM160,000 (31.01.2007: net unrecognised gains of RM5,000). These net exchange gains and losses are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

(iii) Liquidity risk

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

(iv) Credit risk

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

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (Continued)

As at the balance sheet date, the Group has no significant concentration of credit risk other than four corporate debtors which represent 81% of the Group's total trade receivables, of which these balances are monitored closely. Majority of these amounts have been collected since the end of the financial period.

At the balance sheet date, the Group does not have any major concentration of credit risk related to any financial instruments. The majority of the financial assets are deposits receivable and short-term money market instruments that are not concentrated to any particular group but widely dispersed across various licensed financial institutions. The only credit risk attributable to the short term money market instruments are the economic factors affecting the countries that those deposits have been placed as disclosed in Note 31. 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 19.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Construction and property development 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.

Based on the Directors' best knowledge of current events and actions, and information presently available to the Directors, the Directors do not believe that the financial statements would result in any adjustment as the estimated total contract costs would not vary materially from management's estimates.

(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 DISPOSALS/LIQUIDATION AND ACQUISITIONS

<u>During the financial period ended 31 March 2008:</u>

(a) Liquidation of a subsidiary

On 8 June 2007, Associated Mines (Malaya) Sendirian Berhad, a subsidiary of which the Company has 51% equity interest, has been dissolved by way of members' voluntary winding-up. As a result, the Company recorded a gain on liquidation of RM100,000 for the financial period ended 31 March 2008.

The analysis of the net assets of Associated Mines (Malaya) Sendirian Berhad as at the date of liquidation is as follows:

	At date of liquidation RM'000
Current assets (excluding cash and bank balances)	14
Cash and bank balances	620
Current liabilities	(2)
Net assets	632
Less: Minority interest	(310)
Less: Reversal of post acquisition reserves	(37)
	285
Less: Net proceeds received upon liquidation	(316)
Gain on liquidation	(31)

5 DISPOSALS/LIQUIDATION AND ACQUISITIONS (CONTINUED)

During the financial period ended 31 March 2008: (Continued)

(a) Liquidation of a subsidiary (Continued)

The analysis of the net assets of Associated Mines (Malaya) Sendirian Berhad as at the date of liquidation is as follows: (Continued)

	At date of liquidation RM'000
The net cash flow on the liquidation of Associated Mines (Malaya) Sendirian Berhad is as follows:	
Proceeds from liquidation - cash consideration	316
Cash and cash equivalents of subsidiary liquidated	(620)
Net cash outflow on liquidation	(304)

(b) Partial disposal of a subsidiary

On 28 November 2007, Zelan Corporation Sdn. Bhd., a wholly-owned subsidiary of Zelan Holdings (M) Sdn. Bhd., disposed of 25% of its equity interest in Ratcha Ploen Co. Ltd., resulting in a revised equity interest of 35%. Refer to Note 20 for further details.

The analysis of the net liabilities of Ratcha Ploen Co. Ltd. as at the date of disposal/reclassification is as follows:

	At date of disposal/ reclassification RM'000
Current assets (excluding cash and bank balances)	2,709
Cash and bank balances	229
Current liabilities	(3,291)
Net liabilities	(353)
Less: Minority interest	134
Net liabilities	(219)
Amount accounted for as an associate	124
	(95)
Less: Net disposal proceeds	(6)
Gain on partial disposal	(89)
The net cash outflow on the reclassification of Ratcha Ploen Co. Ltd. from a subsidiary to an associate is as follows:	
Net disposal proceeds	6
Cash and cash equivalents of a subsidiary reclassified to an associate	(229)
Net cash outflow on disposal/reclassification	(223)

5 DISPOSALS/LIQUIDATION AND ACQUISITIONS (CONTINUED)

During the financial period ended 31 March 2008: (Continued)

(c) Disposal of an associate

On 2 April 2007, the Group's shareholding in IJM Corporation Berhad ("IJM") was diluted to 11.4% due to the issuance of 258,881,538 new shares in IJM in relation to the acquisition of Road Builders (M) Holding Berhad by IJM. As a result, IJM ceased to be an associate of the Group.

FRS 128 "Investments in Associates" requires the carrying amount of the investment to be measured in accordance with FRS 139 "Financial Statements: Recognition and Measurement" on the date the investment ceases to be an associate.

Accordingly, the Group adopted a new accounting policy with regards to the measurement of its investment in IJM whereby the remaining investment in IJM has been classified as an "available-for-sale investment" on the consolidated balance sheet and is measured at fair value with gains or losses recognised as a separate component of equity. When the investment, or a portion thereof, is derecognised or determined to be impaired, the related cumulative gains or losses previously recognised in equity will be included in the consolidated income statement. (Refer to Note 24).

The analysis of the Group's share of IJM's net assets as at the date of deemed dilution is as follows:

	At date of deemed dilution RM'000
Group's share of IJM's net assets:	
– Immediately before the dilution	538,812
– Immediately after the dilution	547,302
Change in net assets	8,490
Reversal of post-acquisition reserves	1,598
Gain on deemed disposal	10,088

(d) Subscription for additional shares in an associate

On 22 June 2007, the Group subscribed for its proportionate shareholding in Sahakarn Zelan (Thailand) Co. Ltd. for an aggregate amount of RM357,000.

5 DISPOSALS/LIQUIDATION AND ACQUISITIONS (CONTINUED)

During the financial year ended 31 January 2007:

(e) Acquisitions of additional equity interests in 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. 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.

(f) Acquisitions of additional equity interests in 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.

(g) Reclassification of a subsidiary to an associate

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
Current assets (excluding cash and bank balances)	4,437
Cash and bank balances	6,238
Current liabilities	(5,353)
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)

5 DISPOSALS/LIQUIDATION AND ACQUISITIONS (CONTINUED)

During the financial year ended 31 January 2007: (Continued)

(h) Disposal of warrants of an associate

During the financial year ended 31 January 2007, the Company disposed of 18,206,872 warrants of IJM, resulting in an aggregate proceeds of RM16,730,000.

6 REVENUE

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Construction contracts	**1,148,828**	595,317	—	—
Property development	**203,403**	29,332	—	—
Sale of goods	**11,024**	14,878	—	—
Rental income	**1,127**	1,082	—	—
Sale of completed properties	**5,019**	—	—	—
Management charges	**230**	155	—	—
Membership fees	**14**	—	—	—
Dividend income:				
- other investments	**4,117**	279	**4,117**	—
- an associate	—	—	**9,433**	14,150
- a subsidiary	—	—	—	70,000
	1,373,762	641,043	**13,550**	84,150

7 COST OF SALES

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Construction contract costs	**1,035,545**	516,544	—	—
Property development costs	**131,926**	19,993	—	—
Cost of goods sold	**9,109**	5,198	—	—
Cost of properties sold	**4,300**	—	—	—
Others	**200**	158	—	—
	1,181,080	541,893	—	—

8 FINANCE INCOME AND FINANCE COST

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Finance income				
Interest income	**9,829**	3,266	**937**	2
Profit from Islamic deposits	**1,387**	2,306	**1,055**	733
Investment income	**1,334**	—	**421**	—
	12,550	5,572	**2,413**	735
Finance cost				
Interest expense on borrowings	**760**	773	**49**	428
Less: Amount capitalised into:				
- Property development costs (Note 27)	**(146)**	(24)	**—**	—
- Construction contracts (Note 29)	**(235)**	(38)	**—**	—
	379	711	**49**	428

9 PROFIT BEFORE TAXATION

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

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (restated)	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000 (restated)
Staff costs (Note 10)	**18,402**	15,537	**3,320**	1,899
Directors' remuneration (Note 11)	**6,282**	4,184	**4,395**	2,955
Depreciation of:				
- property, plant and equipment (Note 16)	**3,734**	3,089	**429**	322
- investment properties (Note 17)	**179**	239	**—**	—
Amortisation of lease prepayments (Note 18)	**71**	41	**71**	41
Allowance for doubtful debts	**702**	645	**2**	2
Auditors' remuneration – statutory audit	**470**	210	**64**	56
Rental of premises	**767**	591	**20**	17
Property, plant and equipment written off	**460**	357	**—**	—
Net loss on foreign exchange				
- realised	**38**	151	**—**	330
- unrealised	**563**	24	**606**	146
Impairment loss on non-current assets held for sale	**28**	19	**—**	—
Inventories written off	**—**	7	**—**	—
Net (gain)/loss on disposal of:				
- property, plant and equipment	**(582)**	(346)	**12**	—
- non-current assets held for sale	**(159)**	(3,111)	**—**	(2,944)
- investment properties	**(563)**	—	**—**	—
Allowance for doubtful debts written back	**(140)**	(131)	**—**	—
Bad debts recovered	**(38)**	(4)	**—**	—
Rental income on premises	**(568)**	(456)	**—**	—

10 STAFF COSTS

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

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Wages, salaries and bonus	**75,902**	25,000	**2,763**	1,594
Defined contribution retirement plan	**3,435**	2,447	**360**	206
Other employee benefits	**15,846**	2,404	**197**	99
	95,183	29,851	**3,320**	1,899
Staff costs for the financial/period year is allocated as follows:				
Income statement (Note 9)	**18,402**	15,537	**3,320**	1,899
Construction contracts (Note 29)	**76,781**	14,314	**—**	—
	95,183	29,851	**3,320**	1,899

11 DIRECTORS' REMUNERATION

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

Non-executive Directors:

Tan Sri Abdul Halim bin Ali, Chairman (Appointed on 27 April 2007)
Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad
Dato' Abdullah bin Mohd Yusof
Hasni bin Harun (Resigned as alternate director to Feizal Ali on 11 April 2008, appointed as Director on 11 April 2008)
Yoong Nim Chee
Lam Kar Keong
Feizal Ali (Resigned on 11 April 2008)

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 received/receivable by Directors of the Company during the financial period/year was as follows:

	Group		Company	
	14-month period ended 31.03.2008 RM'000	**Year ended 31.01.2007 RM'000**	**14-month period ended 31.03.2008 RM'000**	**Year ended 31.01.2007 RM'000**
Charged to income statement:				
Non-executive Directors:				
- fees	**543**	431	**543**	431
- other emoluments	**1,707**	1,163	**116**	97
Executive Directors:				
- salaries and bonus	**3,367**	2,165	**3,153**	2,038
- defined contribution retirement plan	**471**	303	**441**	285
- other employee benefits	**194**	122	**142**	104
	6,282	4,184	**4,395**	2,955
Not charged to income statement:				
Executive Directors:				
- estimated monetary value of benefits-in-kind	**74**	122	**74**	104
	6,356	4,306	**4,469**	3,059

Included in other emoluments of the Non-executive Directors are salaries and bonus of RM1,255,000 (2007: RM756,000) and defined contribution retirement plan of RM175,700 (2007: RM119,000) relating to a Non-executive Director of the Company who is an Executive Director of a subsidiary.

12 AUDITORS' REMUNERATION

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
PricewaterhouseCoopers Malaysia*				
- Statutory audit	**275**	143	**64**	56
- Fees for other services	**490**	200	**441**	200
	765	343	**505**	256
Other member firms of PricewaterhouseCoopers International Limited*				
- Statutory audit	**105**	–	**–**	–
- Fees for other services	**12**	28	**–**	–
	117	28	**–**	–
Firms other than member firms of PricewaterhouseCoopers International Limited				
- Statutory audit	**90**	67	**–**	–

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

13 TAX EXPENSE

	Group		Company	
	14-month period ended 31.03.2008 RM'000	**Year ended 31.01.2007 RM'000**	**14-month period ended 31.03.2008 RM'000**	**Year ended 31.01.2007 RM'000**
Current tax				
- Malaysian tax	**18,422**	16,182	**(375)**	21,142
- Foreign tax	**15,828**	23,248	**—**	—
Deferred tax (Note 37)	**(240)**	(88)	**—**	—
	34,010	39,342	**(375)**	21,142
Current tax:				
- Current financial year	**35,136**	18,813	**531**	21,142
- (Over)/under accrual in previous financial years	**(886)**	20,617	**(906)**	—
Deferred tax:				
- Origination and reversal of temporary differences	**(240)**	(88)	**—**	—
	34,010	39,342	**(375)**	21,142
The explanation of the relationship between tax expense and profit before taxation is as follows:				
Profit before taxation	**185,723**	121,281	**47,496**	97,455
Tax calculated at the Malaysian tax rate of 26% (31.01.2007: 27%)	**48,288**	32,746	**12,349**	26,313
Tax effects of:				
- share of results of associates and jointly controlled entities	**(1,662)**	(10,136)	**—**	—
- expenses not deductible for tax purposes	**1,514**	2,600	**1,115**	645
- income not subject to tax	**(15,529)**	(6,970)	**(12,933)**	(5,816)
- tax concessions and incentives	**(97)**	(212)	**—**	—
- different tax rates in other countries	**2,798**	423	**—**	—
- temporary differences not recognised	**(16)**	272	**—**	—
- previously unrecognised tax losses	**(430)**	—	**—**	—
- others	**30**	2	**—**	—
(Over)/under accrual in previous financial years	**(886)**	20,617	**(906)**	—
Tax expense	**34,010**	39,342	**(375)**	21,142

13 TAX EXPENSE (CONTINUED)

Included in the under accrual of current tax expense in the previous financial year of RM20,617,000 was a settlement of tax dispute between the Group and the Australian tax authority amounting to RM20,323,000.

A tax investigation in respect of financial years ended 31 January 1998 to 31 January 2004 had been carried out on Zelan Holdings (M) Sdn. Bhd. ("ZHSB") and Zelan Construction Sdn. Bhd. ("ZCSB") by the Inland Revenue Board ("IRB") on 13 January 2005. On 24 January 2008, ZHSB and ZCSB received correspondences from the tax authorities confirming that the tax investigation had been concluded and there was no further additional liability to be incurred by the Group.

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (31.01.2007: 27%) on the estimated chargeable profit for the year of assessment 2008. The Malaysian statutory tax rate will reduce to 25% for the year of assessment 2009. The computation of deferred tax as at 31 March 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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 period/year of RM143,035,000 (31.01.2007: RM80,786,000) by the weighted average number of ordinary shares in issue during the financial period/year of 563,262,970 (31.01.2007: 563,262,970).

The earnings per share has been calculated based on the weighted average number of ordinary shares which has been adjusted to take into consideration the enlarged share capital due to the share split exercise which was effected and completed on 18 July 2007 and 19 July 2007, respectively.

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

	14-month period ended 31.03.2008		Year ended 31.01.2007	
	Gross dividend per share sen	Amount of dividend, net of tax RM'000	Gross dividend per share* sen	Amount of dividend, net of tax RM'000
Interim dividend paid:				
- tax exempt	—	—	2.5	14,082
- net of tax at 26%	**2.5**	**10,420**	—	—
Special dividend:				
- tax exempt	**5.0**	**28,163**	—	—
Second interim dividend:				
- net of tax at 25%	**6.5**	**27,459**	—	—
Proposed final dividend:				
- tax exempt	—	—	2.5	14,082
- net of tax at 26%	—	—	2.5	10,420
Dividends in respect of the financial period/year	**14.0**	**66,042**	7.5	38,584
Dividends recognised as distribution to ordinary equity holders of the Company during the financial period/year	**12.5**	**63,085**	7.5	38,303

* The comparative figures have been adjusted to reflect the subdivision of the existing ordinary shares of RM1.00 each into 2 ordinary shares of RM0.50 each following a share split exercise which was effected and completed on 18 July 2007 and 19 July 2007, respectively.

On 29 May 2008, the Company declared a second interim dividend of 6.5 sen per ordinary share of RM0.50 each, less income tax at 25%, in respect of the fourteen-month period ended 31 March 2008. The second interim dividend will be paid on 30 June 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 2007	**2,050**	**11,825**	**1,561**	**3,381**	**5,197**	**11,153**	**1,010**	**1,272**	**264**	**37,713**
Additions	**–**	**–**	**940**	**6,857**	**4,491**	**78,858**	**208**	**5,600**	**–**	**96,954**
Disposals	**–**	**–**	**(41)**	**(295)**	**(19)**	**–**	**(1)**	**–**	**–**	**(356)**
Write off	**–**	**–**	**(10)**	**–**	**(148)**	**(299)**	**(1)**	**(2)**	**–**	**(460)**
Depreciation charge	**–**	**(270)**	**(412)**	**(1,854)**	**(2,333)**	**(10,233)**	**(162)**	**(1,110)**	**–**	**(16,374)**
Translation differences	**–**	**–**	**–**	**–**	**–**	**(344)**	**–**	**–**	**–**	**(344)**
At 31 March 2008	**2,050**	**11,555**	**2,038**	**8,089**	**7,188**	**79,135**	**1,054**	**5,760**	**264**	**117,133**
At 31 March 2008										
Cost	**2,050**	**13,118**	**3,483**	**16,031**	**12,868**	**100,070**	**1,761**	**8,975**	**264**	**158,620**
Accumulated depreciation	**–**	**(1,563)**	**(1,445)**	**(7,942)**	**(5,680)**	**(20,935)**	**(707)**	**(3,215)**	**–**	**(41,487)**
Net book value	**2,050**	**11,555**	**2,038**	**8,089**	**7,188**	**79,135**	**1,054**	**5,760**	**264**	**117,133**
Net book value										
At 1 February 2006	2,456	12,006	1,219	4,163	4,979	3,752	998	1,116	–	30,689
Additions	–	–	789	1,034	1,348	9,166	143	646	264	13,390
Disposals	–	–	(43)	(400)	(28)	(679)	–	(15)	–	(1,165)
Write off	–	–	(12)	–	(135)	(132)	–	(78)	–	(357)
Reclassification to non-current assets classified as held for sale (Note 32)	(406)	–	–	–	–	–	–	–	–	(406)
Reclassification of a subsidiary to an associate (Note 5)	–	–	(1)	(44)	(42)	–	–	–	–	(87)
Depreciation charge	–	(181)	(333)	(1,372)	(918)	(954)	(131)	(397)	–	(4,286)
Translation differences	–	–	(58)	–	(7)	–	–	–	–	(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	–	(1,293)	(1,239)	(8,370)	(3,781)	(10,407)	(686)	(2,113)	–	(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	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company					
Net book value					
At 1 February 2007	–	–	563	104	667
Additions	–	–	1,077	67	1,144
Disposals	–	–	(132)	–	(132)
Depreciation charge	–	–	(353)	(76)	(429)
At 31 March 2008	–	–	1,155	95	1,250
At 31 March 2008					
Cost	–	40	1,898	414	2,352
Accumulated depreciation	–	(40)	(743)	(319)	(1,102)
Net book value	–	–	1,155	95	1,250
Net book value					
At 1 February 2006	406	–	814	149	1,369
Additions	–	–	–	26	26
Reclassification to non-current assets held for sale (Note 32)	(406)	–	–	–	(406)
Depreciation charge	–	–	(251)	(71)	(322)
At 31 January 2007	–	–	563	104	667
At 31 January 2007					
Cost	–	40	1,144	378	1,562
Accumulated depreciation	–	(40)	(581)	(274)	(895)
Net book value	–	–	563	104	667

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charge for the financial period/year is allocated as follows:

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Income statement (Note 9)	3,734	3,089	429	322
Construction contracts (Note 29)	12,640	1,197	—	—
	16,374	4,286	429	322
Net book values of assets acquired under hire purchase arrangements:				
- Motor vehicles	3,141	2,612	1,144	369
- Office equipment	24	54	—	—
	3,165	2,666	1,144	369

	Group	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Net book values of assets pledged as security for term loans (Note 36):		
- Freehold land	**2,050**	2,050
- Buildings	**3,344**	3,435
	5,394	5,485

Included in property, plant and equipment of the Group in the previous financial year was an amount of RM670,000 relating to the cost of a motor vehicle which was held in trust for a subsidiary by a director of the subsidiary.

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of RM96,954,000 (31.01.2007: RM13,390,000), of which RM1,786,000 (31.01.2007: RM853,000) was acquired by means of hire purchase arrangements.

During the financial period, the Company acquired property, plant and equipment with an aggregate cost of RM1,144,000 of which RM964,000 was acquired by means of hire purchase arrangements.

17 INVESTMENT PROPERTIES

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000 (restated)**	**31.03.2008 RM'000**	**31.01.2007 RM'000 (restated)**
<u>Cost</u>				
At start of the financial period/year				
- as previously stated	**7,507**	8,522	**218**	218
- adoption of FRS 117	**(218)**	(218)	**(218)**	(218)
- as restated	**7,289**	8,304	**–**	–
Disposal	**(939)**	–	**–**	–
Reclassification to non-current assets classified as held for sale (Note 32)	**–**	(1,015)	**–**	–
At end of the financial period/year	**6,350**	7,289	**–**	–
<u>Accumulated depreciation</u>				
At start of the financial period/year				
- as previously stated	**(430)**	(150)	**(41)**	–
- adoption of FRS 117	**41**	–	**41**	–
- as restated	**(389)**	(150)	**–**	–
Depreciation charge	**(179)**	(239)	**–**	–
Disposal	**202**	–	**–**	–
At end of the financial period/year	**(366)**	(389)	**–**	–
Net book value	**5,984**	6,900	**–**	–

In the previous financial year, investment properties with net book value of RM2,947,000 have been pledged to secure banking facilities of RM25,000,000 granted to a subsidiary (Note 36).

As at 31 March 2008, the fair value of the investment properties was estimated at RM9,200,000 (31.01.2007: 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 LEASE PREPAYMENTS

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000**	**31.03.2008 RM'000**	**31.01.2007 RM'000**
Movement during the period/year				
Opening net book value – restated	**177**	218	**177**	218
Amortisation charge for the financial period/year	**(71)**	(41)	**(71)**	(41)
Closing net book value	**106**	177	**106**	177
At 31 March/January				
Cost	**218**	218	**218**	218
Accumulated amortisation	**(112)**	(41)	**(112)**	(41)
Net book value	**106**	177	**106**	177

19 INTANGIBLE ASSETS

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Goodwill		
At beginning and end of financial period/year	**47,338**	47,338

Impairment test for goodwill

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

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Construction and engineering	**44,396**	44,396
Manufacturing and trading	**2,942**	2,942
	47,338	47,338

19 INTANGIBLE ASSETS (CONTINUED)

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:

	31.03.2008		31.01.2007	
	Construction and engineering %	Manufacturing and trading %	Construction and engineering %	Manufacturing and trading %
Gross margin [1]	**8 – 15**	**26**	9 – 17	24
Pre-tax discount rate [2]	**23**	**13**	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.

20 INVESTMENTS IN SUBSIDIARIES

	Company	
	31.03.2008 RM'000	31.01.2007 RM'000
Unquoted shares outside Malaysia, at cost	**18,055**	18,055
Less: Accumulated impairment losses	**(18,055)**	(18,055)
	–	–
Unquoted shares in Malaysia, at cost	**140,525**	140,642
	140,525	140,642

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation	Group's effective interest		Principal activities
		31.03.2008 %	31.01.2007 %	
Associated Mines (Malaya) Sendirian Berhad **	Malaysia	–	51	Dormant
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
<u>Subsidiaries of Zelan Holdings (M) Sdn. Bhd.</u>				
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**	80	Manufacturing of metal roof and wall cladding systems
Zelan Enterprise Sdn. Bhd. #	Malaysia	**100**	100	Contracting and supplying of building materials
Zelan Construction Sdn. Bhd. #	Malaysia	**100**	100	Piling and civil engineering contractor
P T Zelan Indonesia ^	Indonesia	**95**	95	Civil technical design and construction of civil and building works
Zelan Middle East Ltd. #	Malaysia	**100**	100	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**	100	Civil technical design and construction of civil and building works

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		31.03.2008 %	31.01.2007 %	
Subsidiaries of Zelan Corporation Sdn. Bhd.				
Zelan Development Sdn. Bhd. #	Malaysia	**100**	100	Property development
Panduan Pelangi Sdn. Bhd. ^	Malaysia	**100**	100	Building management and maintenance
Lancar Impian Sdn. Bhd. ^	Malaysia	**100**	100	Management of residential properties
Ratcha Ploen Co. Ltd. ^@	Thailand	**–**	60	Property development
Paduan Lima Sejati Sdn. Bhd. ^	Malaysia	**100**	–	Management and operation of a fitness centre
Subsidiaries of Zelan Enterprise Sdn. Bhd.				
Vispa Sdn. Bhd. ^	Malaysia	**100**	100	Dormant
Eminent Hectares Sdn. Bhd. ^	Malaysia	**99.98**	99.98	Investment holding
Subsidiaries of European Profiles (M) Sdn. Bhd.				
European Profiles Contracting Sdn. Bhd. ^	Malaysia	**56.80**	56.80	Design, engineering and contracting of building envelope systems
Richard Lees Steel Decking Asia Sdn. Bhd. ^	Malaysia	**40**	40	Design, engineering and contracting of composite floor decking systems
Subsidiary of European Profiles Contracting Sdn. Bhd.				
European Profiles Contracting Pte. Ltd. ^	Singapore	**56.80**	56.80	Design, engineering and contracting of building envelope systems
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 firms of PricewaterhouseCoopers International Limited.
* Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.
^^ The accounting year end of this subsidiary is 31 December.
** The company was liquidated during the financial period ended 31 March 2008.
@ During the financial period, Ratcha Ploen Co. Ltd. became an associate of a subsidiary of the Group following the partial disposal of 25% of the Group's equity interest in this company. The Group's investment in Ratcha Ploen Co. Ltd. has been reclassified to "Non-current assets classified as held for sale" as at 31 March 2008 following the Group's firm commitment to dispose of this investment (Note 32).

21 INVESTMENTS IN ASSOCIATES

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000**	**31.03.2008 RM'000**	**31.01.2007 RM'000**
Quoted, at cost				
Shares in Malaysia	**—**	461,908	**—**	461,908
Unquoted shares in Malaysia, at cost	**3,380**	3,380	**3,005**	3,005
Less: Accumulated impairment losses	**—**	—	**(2,948)**	(2,948)
	3,380	3,380	**57**	57
Unquoted shares outside Malaysia, at cost	**2,467**	2,110	**—**	—
	5,847	467,398	**57**	461,965
Group's share of post-acquisition reserves	**5,444**	76,332	**—**	—
	11,291	543,730	**57**	461,965
Market value of quoted investments:				
Shares in Malaysia	**—**	768,825	**—**	768,825

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

	Group	
	14-month period ended 31.03.2008 RM'000	**Year ended 31.01.2007 RM'000**
Revenue	**250,932**	419,352
Profit after taxation (including minority interest)	**13,568**	34,514
Non-current assets	**2,172**	526,407
Current assets	**70,439**	685,385
Current liabilities	**(61,320)**	(331,900)
Non-current liabilities	**—**	(336,162)
Net assets	**11,291**	543,730

21 INVESTMENTS IN ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest		Principal activities
		31.03.2008 %	31.01.2007 %	
Timah Dermawan Berhad ^ *	Malaysia	**30**	30	Winding down of dredging Sendirian operations
IJM Corporation Berhad ^	Malaysia	**–**	17	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**	40	Civil technical design and construction of civil and building works
Essential Amity Sdn. Bhd.	Malaysia	**50**	50	Turnkey contractor and property development

^ Shareholding held directly by the Company.

* The accounting year end of this associate is 31 December.

22 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	31.03.2008 RM'000	31.01.2007 RM'000
Unquoted shares, at cost	**85**	85
Share of results of jointly controlled entities	**6,738**	58
	6,823	143

22 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

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

	Group	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Revenue	444,593	—
Expenses (including tax expense)	(437,913)	(44)
Profit/(loss) after taxation	6,680	(44)

	Group	
	31.03.2008 RM'000	31.01.2007 RM'000
Non-current assets	217	—
Current assets	166,358	278
	166,575	278
Current liabilities	(159,729)	(135)
Non-current liabilities	(23)	—
Net assets	6,823	143

Details of the jointly controlled entities are as follows:

Name	Principal activities	Place of incorporation	Group's effective interest	
			31.03.2008 %	31.01.2007 %
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
Zelan Projects Private Limited*	Engineering, procurement and construction contractor	India	49.95	49.95

* Subsidiary of Zelan EPC (Hong Kong) Limited

23 JOINT VENTURES

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

	Group	
	14-month period ended 31.03.2008 RM'000	**Year ended 31.01.2007 RM'000**
Revenue	**5,448**	22,675
Expenses (including tax expense)	**(5,206)**	(21,528)
Profit after taxation	**242**	1,147

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Non-current assets	**862**	944
Current assets	**1,080**	4,388
Current liabilities	**(1,004)**	(4,200)
Net assets	**938**	1,132

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

23 JOINT VENTURES (CONTINUED)

Details of the jointly controlled operations are as follows:

		Proportion of ownership interest	
Name of company	**Principal activities**	**31.03.2008 %**	**31.01.2007 %**
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.

24 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000**	**31.03.2008 RM'000**	**31.01.2007 RM'000**
Initial recognition, at cost (Note 5(c))	**547,302**	—	**461,908**	—
Disposal during the financial period	**(69,624)**	—	**(58,758)**	—
Increase in fair value	**24,562**	—	**99,090**	—
At end of the financial period/year	**502,240**	—	**502,240**	—

As disclosed in Note 5(c), the Group ceased to have significant influence over an associate, IJM Corporation Berhad. The carrying amount of the investment in the associate is regarded as its cost on initial measurement as an available-for-sale investment. After the initial measurement, the Group measures the available-for-sale investment at its fair value and movements in fair value are recorded in the "Fair value reserve" in equity.

The available-for-sale investment is denominated in Ringgit Malaysia.

25 OTHER ASSETS

Other assets balance represented 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. This amount was reclassified to current assets during the financial period as the deferred expenses will be realised within the next 12 months.

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

26 INVENTORIES

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Completed properties for sale	**12,444**	8,968
Raw materials	**6,020**	5,110
Finished goods	**171**	20
	18,635	14,098

In the previous financial year, the completed properties of the Group have been pledged to secure banking facilities of RM25,000,000 granted to a subsidiary (Note 36).

The raw materials and finished goods of the Group have been pledged to secure banking facilities of RM616,000 (31.01.2007: RM1,413,000) granted to a subsidiary (Note 36).

27 PROPERTY DEVELOPMENT COSTS

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Freehold land, at cost	**66,720**	33,232
Development expenditure	**106,705**	60,417
	173,425	93,649
Less: Accumulated costs charged to income statement	**(120,598)**	(27,551)
	52,827	66,098

27 PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
At start of the financial period/year	**66,098**	48,833
Cost incurred during the financial period/year:		
- freehold land	**36,720**	—
- development costs	**78,437**	36,658
	181,255	85,491
Costs charged to income statement	**(122,446)**	(19,393)
Transferred to inventories	**(5,982)**	—
At end of the financial period/year	**52,827**	66,098

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

	Group	
	14-month period ended 31.03.2008 RM'000	**Year ended 31.01.2007 RM'000**
Interest expense (Note 8):		
- revolving credit	**146**	24

Borrowing costs included in development costs incurred during the financial period were capitalised by applying a capitalisation rate ranging from 4.75% to 5.5% (31.01.2007: 4.75%) per annum.

28 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Trade receivables	**195,405**	109,374	**–**	–
Amounts due from contract customers (Note 29)	**358,846**	9,061	**–**	–
Advances to subcontractors	**165,588**	38,692	**–**	–
Accrued billings in respect of property development	**–**	2,219	**–**	–
Amount due from a jointly controlled entity	**194**	174	**–**	–
Amount due from an associate	**2,927**	5,465	**–**	–
Amounts due from related companies	**13,983**	12,564	**–**	–
	736,943	177,549	**–**	–
Other receivables, deposits and prepayments	**63,727**	31,102	**169**	690
Less: Allowance for doubtful debts	**(59)**	(545)	**(59)**	(545)
	63,668	30,557	**110**	145
Amounts due from subsidiaries	**–**	–	**12,384**	17,719
Less: Allowance for doubtful debts	**–**	–	**(2,932)**	(2,932)
	–	–	**9,452**	14,787
	800,611	208,106	**9,562**	14,932
The currency exposure profile of receivables is as follows:				
- Ringgit Malaysia	**98,738**	95,900	**9,562**	14,932
- Indian Rupee	**49,857**	56,010	**–**	–
- Saudi Riyal	**69,111**	39,985	**–**	–
- Euro	**13,975**	12,573	**–**	–
- Singapore Dollar	**4,765**	3,042	**–**	–
- Indonesian Rupiah	**122,918**	557	**–**	–
- US Dollar	**397,704**	30	**–**	–
- Arab Emirates Dirham	**43,543**	–	**–**	–
- Thai Baht	**–**	9	**–**	–
	800,611	208,106	**9,562**	14,932

Credit terms of trade receivables range from 14 to 60 days (31.01.2007: 14 days to 60 days).

28 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Retention on contracts, included in trade receivables of the Group, amounted to RM43,698,000 (31.01.2007: RM12,137,000).

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.

29 CONSTRUCTION CONTRACTS

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Aggregate costs incurred to date	**4,617,887**	3,348,999
Add: Attributable profits	**389,324**	264,760
	5,007,211	3,613,759
Less: Progress billings	**(4,673,923)**	(3,710,985)
	333,288	(97,226)
Amounts due from contract customers (Note 28)	**358,846**	9,061
Amounts due to contract customers (Note 35)	**(25,558)**	(106,287)
	333,288	(97,226)

29 CONSTRUCTION CONTRACTS (CONTINUED)

	Group	
	14-month period ended 31.03.2008	Year ended 31.01.2007
Included in aggregate costs incurred during the financial period/year are as follows:		
Rental of plant and machinery	**14,600**	1,256
Rental of premises	**173**	358
Depreciation of property, plant and equipment (Note 16)	**12,640**	1,197
Interest expense on hire purchase (Note 8)	**44**	38
Interest expense on term loan (Note 8)	**191**	—
Staff costs (Note 10)	**76,781**	14,314

Borrowing costs included in construction contract costs incurred during the financial period were capitalised by applying a capitalisation rate ranging from 1.75% to 5.25% (31.01.2007: 3.4% to 10.9%) per annum.

30 OTHER INVESTMENTS

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Other investments, at cost	**89,795**	—	**22,421**	—
Shares quoted in Malaysia, at cost	**3,902**	18,650	**—**	—
Disposed during the financial period/year	**(3,902)**	(12,498)	**—**	—
	—	6,152	**—**	—
Less: Accumulated allowance for decline in market value	**—**	(4,059)	**—**	—
	—	2,093	**—**	—
Total	**89,795**	2,093	**22,421**	—
Market value	**89,994**	2,093	**22,482**	—

31 CASH AND CASH EQUIVALENTS

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Deposits placed with:				
Licensed banks	**69,182**	69,307	**13,310**	3,009
Other licensed financial institutions	**15,462**	67,112	**15,460**	—
	84,644	136,419	**28,770**	3,009
Bank and cash balances	**117,622**	52,451	**797**	183
Deposits, bank and cash balances	**202,266**	188,870	**29,567**	3,192
Less: Deposits pledged as security	**(441)**	(954)	**—**	—
	201,825	187,916	**29,567**	3,192
The currency exposure profile of deposits, bank and cash balances is as follows:				
- Ringgit Malaysia	**92,189**	161,217	**29,567**	3,192
- Saudi Riyal	**5,938**	13,364	**—**	—
- Indian Rupee	**22,748**	12,160	**—**	—
- Singapore Dollar	**850**	732	**—**	—
- Arab Emirates Dirham	**593**	584	**—**	—
- US Dollar	**8,104**	383	**—**	—
- Thai Baht	**—**	386	**—**	—
- Indonesian Rupiah	**71,842**	43	**—**	—
- Euro	**2**	1	**—**	—
	202,266	188,870	**29,567**	3,192

Included in deposits placed with licensed banks of the Group is an amount of RM441,000 (31.01.2007: RM954,000) which have been pledged to secure banking facilities, including performance guarantee facility, granted to the Group (Note 36).

Included in the cash and bank balances is RM2,622,000 (31.01.2007: RM435,000) 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 28 days (31.01.2007: 23 days). Bank balances are deposits held at call with banks.

31 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 period were as follows:

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Deposits placed with:				
- licensed banks	**4.76**	3.25	**3.5**	3.16
- other licensed financial institutions	**3.1**	3.00	**3.1**	—
Bank balances	**2.44**	—	**2.41**	—

32 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale comprise buildings and investment in an associate, Ratcha Ploen Co. Ltd. including an advance due from the associate. These assets which have been presented as held for sale following the Group's management's decision and firm commitment to dispose of these assets. The transactions are expected to be completed by the end of the next financial year.

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
At beginning of the financial period/year:				
- reclassification from property, plant and equipment (Note 16)	**165**	406	**—**	406
- reclassification from investment properties (Note 17)	**380**	1,015	**—**	—
	545	1,421	**—**	406
Investment in an associate, including an advance due from the associate	**3,306**	—	**—**	—
Disposal during the financial period/year	**(380)**	(876)	**—**	(406)
	3,471	545	**—**	—
Accumulated impairment losses	**(47)**	(19)	**—**	—
At end of the financial period/year	**3,424**	526	**—**	—
Represented by:				
Freehold building	**118**	146	**—**	—
Leasehold building	**—**	380	**—**	—
Investment in an associate, including an advance due from the associate	**3,306**	—	**—**	—
	3,424	526	**—**	—

32 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

On 4 March 2008, the Group entered into a conditional sale and purchase agreement to dispose of its interest in Ratcha Ploen Co. Ltd ("RPC"), an associate. The investment in associate comprise of unquoted shares held in RPC and an advance due from RPC. See Note 44 for further details.

33 SHARE CAPITAL

At an Extraordinary General Meeting held on 29 June 2007, the shareholders of the Company approved the subdivision of the existing ordinary share of RM1.00 each of the Company into two new ordinary shares of RM0.50 each ("Share Split"). The Share Split was effected on 18 July 2007 and was completed with the listing and quotation of the new ordinary shares on the Main Board of Bursa Malaysia Securities Berhad on 19 July 2007.

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

	Company			
	No. of ordinary shares		Amount	
	2008* '000	2007^ '000	2008 RM'000	2007 RM'000
Authorised:				
At beginning of the financial period/year	**400,000**	400,000	**400,000**	400,000
Increase pursuant to share split exercise	**400,000**	–	**–**	–
At end of the financial period/year	**800,000**	400,000	**400,000**	400,000
Issued and fully paid:				
At beginning of the financial period/year	**281,632**	281,632	**281,632**	281,632
Increase pursuant to share split exercise	**281,632**	–	**–**	–
At end of the financial period/year	**563,264**	281,632	**281,632**	281,632

* Ordinary shares of RM0.50 each
^ Ordinary shares of RM1.00 each

34 RESERVES

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

Companies with Section 108 credits as at 31 March 2008 may continue to pay franked dividend until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007.

34 RESERVES (CONTINUED)

Subject to agreement with the Inland Revenue Board, the Section 108 tax credits available is sufficient to pay net dividends of approximately RM150,000,000 (31.01.2007: RM162,000,000) out of the distributable reserves of the Company as at 31 March 2008. In addition, the Company has tax exempt income available as at 31 March 2008 to frank tax exempt dividends of approximately RM153,000,000 (31.01.2007: RM190,000,000).

35 PAYABLES

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Current:				
Trade payables	**174,864**	126,428	**—**	—
Amounts due to contract customers (Note 29)	**25,558**	106,287	**—**	—
Advances received on contracts	**315,066**	49,517	**—**	—
Other payables and accruals	**388,429**	40,413	**4,365**	4,472
Progress billings in respect of property development	**45,702**	—	**—**	—
Amounts due to subsidiaries	**—**	—	**5,953**	5,466
Amount due to a joint venture partner	**2,638**	3,950	**—**	—
Amounts due to related companies	**224**	166	**57**	16
Amounts due to associates	**270**	17	**2**	17
	952,751	326,778	**10,377**	9,971
Non-current:				
Other payables	**9,531**	46,827	**—**	—
	962,282	373,605	**10,377**	9,971
The currency exposure profile of payables is as follows:				
- Ringgit Malaysia	**268,674**	287,320	**4,521**	4,505
- Indian Rupee	**53,147**	61,238	**—**	—
- Saudi Riyal	**45,878**	20,991	**—**	—
- Singapore Dollar	**6,109**	3,527	**—**	—
- Arab Emirates Dirham	**39,017**	260	**—**	—
- Euro	**137**	225	**5,856**	5,466
- Thai Baht	**—**	1	**—**	—
- United States Dollar	**386,240**	24	**—**	—
- Indonesian Rupiah	**163,080**	19	**—**	—
	962,282	373,605	**10,377**	9,971

35 PAYABLES (CONTINUED)

Credit terms of trade payables granted to the Group vary from no credit to 60 days (31.01.2007: no credit to 60 days).

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

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

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

Included in other payables (non-current) is an amount of RM9,500,000 in respect of land cost payable to the land owner upon the Group collecting a certain percentage of the Group's sales proceeds from the sale of a certain development project or by 28 September 2010, whichever is earlier.

The fair value of the non-current portion of the other payables balance as at 31 March 2008 is RM8,459,000 (31.01.2007: RM43,342,000), which is determined by discounting the contractual cash flows using current market interest rate available for similar borrowings.

36 BORROWINGS

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Current:				
Term loans – secured	15,193	679	—	—
Term loans – unsecured	25,423	—	—	—
Revolving credit – unsecured	—	6,000	—	—
Overdraft facility – unsecured	1,998	—	—	—
Hire purchase liabilities – secured	943	759	254	74
	43,557	7,438	254	74
Non-current:				
Term loans – secured	—	735	—	—
Hire purchase liabilities – secured	1,598	1,333	804	252
	1,598	2,068	804	252
Total:				
Term loans – secured	15,193	1,414	—	—
Term loans – unsecured	25,423	—	—	—
Revolving credit – unsecured	—	6,000	—	—
Overdraft facility – unsecured	1,998	—	—	—
Hire purchase liabilities – secured	2,541	2,092	1,058	326
	45,155	9,506	1,058	326

36 BORROWINGS (CONTINUED)

(a) Term loans

	Group		Company	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Analysis of term loans:				
Payable within one year	**40,616**	679	**–**	–
Payable between two and five years	**–**	735	**–**	–
	40,616	1,414	**–**	–

The secured term loans of the Group are secured by:

- Facility Agreement cum Assignment as principal instrument incorporating first party registered charge over the land and buildings of certain subsidiaries and debenture over all fixed and floating assets of a subsidiary
- Letter of negative pledge by a subsidiary
- Blanket Counter Indemnity
- General Security Agreement

The interest rates of the term loans are based on base lending rate ("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.

(b) Revolving credit

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

(c) Overdraft facility

The bank overdraft facility is an unsecured facility obtained by a subsidiary.

36 BORROWINGS (CONTINUED)

(d) Hire purchase liabilities

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000**	**31.03.2008 RM'000**	**31.01.2007 RM'000**
Analysis of hire purchase liabilities:				
Payable within one year	**1,052**	855	**296**	88
Payable between two and five years	**1,699**	1,431	**857**	271
	2,751	2,286	**1,153**	359
Less: Finance charges	**(210)**	(194)	**(95)**	(33)
	2,541	2,092	**1,058**	326
Present value of hire purchase liabilities:				
Payable within one year	**943**	759	**254**	74
Payable between two and five years	**1,598**	1,333	**804**	252
	2,541	2,092	**1,058**	326

Included in the hire purchase liabilities of the Group are amounts of RM1,161,541 (31.01.2007: RM1,233,000) and RM82,503 (2007: RM246,000) 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 the balance sheet date (per annum) are as follows:

	Group		Company	
	31.03.2008 %	**31.01.2007 %**	**31.03.2008 %**	**31.01.2007 %**
Term loans	**2.0 - 8.0**	7.3	**—**	—
Revolving credit	**—**	4.8	**—**	—
Overdraft facility	**6.5**	—	**—**	—
Hire purchase liabilities	**1.75 - 4.51**	5.3 - 10.9	**2.20 - 2.52**	4.9

36 BORROWINGS (CONTINUED)

(f) Currency exposure profile

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000**	**31.03.2008 RM'000**	**31.01.2007 RM'000**
Ringgit Malaysia	**14,713**	9,419	**1,058**	326
Arab Emirates Dirham	**5,019**	87	**—**	—
Saudi Riyal	**25,423**	—	**—**	—
	45,155	9,506	**1,058**	326

37 DEFERRED TAX LIABILITIES

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Deferred tax liabilities		
– subject to income tax	**3,803**	3,999
– subject to capital gains tax	**—**	44
	3,803	4,043
At start of the financial period/year	**4,043**	4,131
Credited to income statement (Note 13)	**(240)**	(88)
At end of the financial period/year	**3,803**	4,043

37 DEFERRED TAX LIABILITIES (CONTINUED)

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Subject to income tax:		
Deferred tax assets (before offsetting)		
– Provisions	**(59)**	(18)
Offsetting	**59**	18
Deferred tax assets (after offsetting)	**–**	–
Deferred tax liabilities (before offsetting)		
– Property, plant and equipment	**3,862**	4,017
Offsetting	**(59)**	(18)
Deferred tax liabilities (after offsetting)	**3,803**	3,999
Subject to capital gains tax:		
Deferred tax liabilities		
– Property, plant and equipment	**–**	44

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	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Deductible temporary differences	**45**	(212)
Unabsorbed capital allowances	**643**	711
Tax losses	**234**	1,342
	922	1,841

38 SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Transactions with subsidiaries of MMC Corporation Berhad, a corporate shareholder of the Company:				
Progress billings receivable	**–**	(46,968)	**–**	–
Management fee payable	**–**	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	**(89,380)**	(82,548)	**–**	–
Sub-contractor expenses paid to Essential Realty Management Sdn. Bhd., a company in which certain Directors of the Company have interest	**–**	700	**–**	–
Progress billings receivable from ZCSB-WEPE, a jointly controlled operation	**3,093**	25,768		
Transactions with key management personnel				
Sale of a motor vehicle	**120**	–	**120**	–
Progress billings on sale of properties	**3,367**	–	**–**	–

The outstanding balances arising from the above related party transactions have been disclosed in Note 28 and Note 35 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.

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Key management compensation

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

	Group		Company	
	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000	14-month period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
Salaries and bonus	**10,740**	6,269	**4,699**	2,853
Defined contribution retirement plan	**1,424**	864	**667**	400
	12,164	7,133	**5,366**	3,253
Estimated monetary value of benefits-in-kind	**267**	225	**122**	101
	12,431	7,358	**5,488**	3,354

39 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) The Group recorded a gain on deemed disposal of the investment in an associate of RM10,088,000 following the dilution on the Group's shareholding in IJM Corporation Berhad ("IJM") to 11.4% due to the issuance of 258,881,538 new shares in IJM in relation to the acquisition of Road Builders (M) Holdings Berhad by IJM on 2 April 2007. Effective from that date, IJM is no longer considered as an associate of the Group.

(ii) On 11 May 2007, the Company sold 12,000,000 shares of IJM (recorded as an available-for-sale investment) for a cash consideration of RM101,247,000. As a result, the Group and Company recorded a gain on disposal of RM31,624,000 and RM42,489,000, respectively.

(iii) At an Extraordinary General Meeting held on 29 June 2007, the shareholders of the Company approved the subdivision of the existing ordinary share of RM1.00 each of the Company into two new ordinary shares of RM0.50 each. The Share Split was effected on 18 July 2007 and was completed with the listing and quotation of the new ordinary shares on the Main Board of Bursa Malaysia Securities Berhad on 19 July 2007.

(iv) On 27 September 2007, the Company announced that its wholly-owned subsidiary company, Zelan Holdings (M) Sdn. Berhad ("ZHSB") via an unincorporated integrated joint venture with Al Ambia Sdn. Berhad on a 70:30 basis ("Zelan-Al Ambia JV") had received a Letter of Intent from Tamouh Investments LLC ("TI") stating TI's intention to award the main construction package for Meena Plaza, a mixed use development project located in the Emirate of Abu Dhabi, United Arab Emirates to Zelan-Al Ambia JV.

The project was awarded to the Consortium at the combination bid proposal price of AED925,300,000 (equivalent to approximately RM885,000,000).

40 CONTINGENT LIABILITIES

(a) 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.

(b) In the ordinary course of business, the Group has given guarantees amounting to RM606,158,000 (31.01.2007: RM393,000,000) to third parties in respect of subcontractors' performance.

41 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 2007 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.

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 results of operations and net assets:

FRS 117 Leases

The adoption of the revised FRS 117 has resulted in a retrospective application of the change to the accounting policy relating to the classification of leasehold land. The up-front payment made for the leasehold land represents lease prepayments and is amortised on a straight-line basis over the lease term.

Upon adoption of the revised FRS 117 at 1 February 2007, the carrying amount of leasehold land is retained as the surrogate carrying amount of lease prepayments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as lease prepayments has been accounted for retrospectively and the prior year comparative has been reclassified accordingly.

FRS 124 Related Party Disclosures

FRS 124 only affects disclosures of relationship and transactions with related parties. Certain comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of FRS 124 which have been applied retrospectively.

41 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) Restatement of the income statements for the financial year ended 31 January 2007:

	As previously reported RM'000	Effect of adoption of FRS 117 RM'000	As restated RM'000
Group			
Depreciation of investment properties	280	(41)	239
Amortisation of lease prepayments	—	41	41
Company			
Depreciation of investment properties	41	(41)	—
Amortisation of lease prepayments	—	41	41

(ii) Restatement of the balance sheets as at 31 January 2007:

	As previously reported RM'000	Effect of adoption of FRS 117 RM'000	As restated RM'000
Group			
Net book values:			
– Investment properties	7,077	(177)	6,900
– Lease prepayments	—	177	177
Company			
Net book values:			
– Investment properties	177	(177)	—
– Lease prepayments	—	177	177

41 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(iii) Effect of changes in accounting policies on the income statements for the financial period ended 31 March 2008 and balance sheets as at 31 March 2008

	Effect of adoption of FRS 117 RM'000
Group	
Income statement	
Amortisation of lease prepayments	71
Balance sheet	
Lease prepayments	106
Company	
Income statement	
Other operating expenses	71
Balance sheet	
Lease prepayments	106

42 COMMITMENTS

(a) Capital commitments

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

	Group		Company	
	31.03.2008 RM'000	**31.01.2007 RM'000**	**31.03.2008 RM'000**	**31.01.2007 RM'000**
Property, plant and equipment:				
Authorised but not contracted	**9,864**	6,383	**660**	503
Authorised and contracted	**–**	710	**–**	710
	9,864	7,093	**660**	1,213

42 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

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

	Group	
	31.03.2008 RM'000	**31.01.2007 RM'000**
Less than one year	**71**	7

43 SEGMENTAL INFORMATION

The Group is organised into five main business segments as follows:

(a) Engineering and construction

(b) Manufacturing and trading

(c) Property and development

(d) Investment

(e) Others

Other operations of the Group mainly comprise maintenance services and others, all of which are not of a sufficient size to be reported separately.

Inter-segment revenue comprise construction of buildings for property development segment and purchase of raw materials for the engineering and construction segment as well as dividend income for the investment segment. The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

43 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
14-month period ended 31 March 2008							
Revenue							
External sales	1,109,368	50,143	209,150	4,878	223	–	1,373,762
Inter-segment sales	359,331	17,736	–	17,543	–	(394,610)	–
Total revenue	1,468,699	67,879	209,150	22,421	223	(394,610)	1,373,762
Results							
Segment results	90,603	7,122	21,836	5,094	(67)	(12,996)	111,592
Finance income	6,977	226	2,914	2,433	–	–	12,550
Finance cost	(87)	(109)	(134)	(49)	–	–	(379)
Gain on deemed disposal of investment in an associate	–	–	–	10,088	–	–	10,088
Gain on disposal of available-for-sale investment	–	–	–	31,624	–	–	31,624
Share of results of associates	13,568	–	–	–	–	–	13,568
Share of results of jointly controlled entities	6,680	–	–	–	–	–	6,680
Profit before taxation	117,741	7,239	24,616	49,190	(67)	(12,996)	185,723
Tax expense							(34,010)
Profit for the financial period							151,713

43 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
Year ended 31 January 2007							
Revenue							
External sales	558,889	50,972	29,949	1,080	153	—	641,043
Inter-segment sales	417,995	30,768	—	85,170	—	(533,933)	—
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
Finance income	4,554	265	—	753	—	—	5,572
Finance cost	4	(159)	(73)	(483)	—	—	(711)
Other operating income	—	—	—	18,155	—	—	18,155
Share of results of associates	34,514	—	—	—	—	—	34,514
Share of results of jointly controlled entities	(44)	—	—	—	—	—	(44)
Profit before taxation	102,028	7,591	(1,520)	170,722	(14)	(157,526)	121,281
Tax expense							(39,342)
Profit for the financial year							81,939

43 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 March 2008							
Assets							
Segment assets	947,957	46,166	199,937	575,247	61	70,991	1,840,359
Investments in associates	11,291	–	–	–	–	–	11,291
Investments in jointly controlled entities	6,823	–	–	–	–	–	6,823
	966,071	46,166	199,937	575,247	61	70,991	1,858,473
Unallocated corporate assets							14,784
Total assets							1,873,257
Liabilities							
Segment liabilities	831,752	16,427	147,793	5,700	3	5,762	1,007,437
Unallocated corporate liabilities							18,100
Total liabilities							1,025,537
Other information							
Capital expenditure	95,121	545	144	1,143	1	–	96,954
Depreciation and amortisation	14,869	797	357	598	3	–	16,624
Impairment losses	28	–	–	–	–	–	28

43 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	—	—	—	—	—	543,730
Investments in jointly controlled entities	143	—	—	—	—	—	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	—	13,390
Depreciation and amortisation	3,142	734	365	323	2	—	4,566
Impairment losses	19	—	—	—	—	—	19

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.

43 SEGMENTAL INFORMATION (CONTINUED)

(b) Secondary reporting format – geographical segment

	Total revenue from external customers		Capital expenditure		Segment assets	
	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000	31.03.2008 RM'000	31.01.2007 RM'000
Malaysia	**814,878**	566,336	**5,278**	4,269	**1,360,667**	1,002,462
Singapore	**9,337**	12,719	**—**	—	**527**	374
Netherlands	**—**	—	**—**	—	**13,977**	12,563
India	**166,427**	41,174	**285**	128	**79,616**	68,218
Saudi Arabia	**259,711**	20,814	**85,735**	8,971	**211,031**	45,788
Indonesia	**123,409**	—	**5,656**	22	**207,439**	121
	1,373,762	641,043	**96,954**	13,390	**1,873,257**	1,129,526

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

44 SIGNIFICANT POST BALANCE SHEET EVENT

Zelan Corporation Sdn. Bhd. ("Zelan Corporation"), an indirect wholly-owned subsidiary of the Company, had on 4 March 2008, entered into a conditional sale and purchase agreement together with TRC Construction Public Company Limited and Maneeya Realty Co. Ltd for the disposal of 810,000 shares of Baht 100 each, representing 100% equity interest in RPC to Real Gold (Labuan) Ltd. for a total purchase consideration of Baht 585,900,000 (approximately RM53,700,000), to be satisfied by cash. Zelan Corporation holds 283,500 ordinary shares of Baht 100 each, representing 35% equity interest in RPC. Zelan Corporation will receive a portion of the total purchase consideration in proportion to its 35% equity interest in RPC amounting to Baht 205,065,000 (equivalent of RM18,800,000). Following the disposal, the Group will cease to hold any shares in RPC. The disposal is expected to be completed by the second quarter of 2008, subject to certain conditions precedent being met.

The Group will recognise an estimated net gain of approximately RM14,000,000 after offsetting its cost of investment in RPC, an amount due from RPC and incidental costs, in the financial year ending 31 March 2009, as a result of the above transaction.

45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 June 2008.

List of Properties Held

As at 31 March 2008

Location	Tenure	Area	Description/ Existing Use	Year of Expiry	Net Book Value (RM'000)	Age of Building (Years)	Year of Acquisition
PROPERTIES							
23rd & 24th Floor, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	28,244 sq. ft.	Office use	2090	7,760	8	1995
Lot 51, Rawang Integrated Industrial Park 48000 Rawang, Selangor	Freehold	54,048 sq. ft.	Office cum factory for own use	–	5,845	14	2001
LEASE PREPAYMENTS							
Lot No. 13303 Batang Padang Daerah Batang Padang	Leasehold	48.16 hectares	Mining Land	2009	106	–	2004
INVESTMENT PROPERTIES							
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	3,105	8	1995
Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	50,176 sq. ft.	Car park	2090	2,879	8	2005
ASSETS HELD FOR SALE							
3-D Ruby Tower, OG Heights Jalan Awan Cina 58200 Kuala Lumpur	Freehold	970 sq. ft.	Condominium subsequently sold on 2 May 2008	–	118	16	1991

Disclosure of Recurrent Related Party Transactions

As at 30 June 2008

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 29 June 2007 RM'000	Incurred from 29 June 2007 to 30 June 2008 RM'000
MMC Corporation Berhad and its subsidiaries, collectively	Seaport Terminal (Johore) Sdn. Bhd. (STSB) Indra Cita Sdn. Bhd. (ICSB) Tan Sri Syed Mokhtar Shah bin Syed Nor (TSSM)	Construction contracts, project management and property development	1,500,000	Nil
Bukhary Realty Sdn. Bhd. (BRSB)	STSB, ICSB and TSSM	Construction contracts, project management and property development	200,000	64,150
Tradewinds Corporation Berhad (TCB)	Perspective Lane (M) Sdn. Bhd., Restu Jernih Sdn. Bhd., MMC Corporation Berhad, STSB, ICSB and TSSM	Rental of office premises to TCB and its subsidiaries	360	357
European Profiles Contracting Sdn. Bhd. Group	Mr. Khoo Boo Seong and Bagan Pesona Sdn. Bhd.	Manufacturing and/or trading of roofing wall and composite floor decking and related products design, engineering, contracting, trading and project management of building envelope system, composite floor decking and associated works	120,000	22,169

Shareholders' Information

As at 4 July 2008

Class of Securities	:	Ordinary Shares of 50 sen each
Authorised Share Capital	:	RM400,000,000
Issued and Paid-up Capital	:	RM281,631,485
Voting Rights	:	One (1) vote for every ordinary share
No. of Shareholders	:	4,602

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	115	2.50	2,835	0.00
100 – 1,000	881	19.15	743,119	0.13
1,001 – 10,000	2,474	53.76	10,620,168	1.89
10,001 – 100,000	944	20.51	28,750,724	5.10
100,001 to less than 5% of issued shares	186	4.04	302,092,738	53.63
5% and above of issued shares	2	0.04	221,053,386	39.25
Total	**4,602**	**100.00**	**563,262,970**	**100.00**

ANALYSIS OF SHAREHOLDINGS

As at 4 July 2008

Type of Ownership	Shareholders	%	Shareholdings	%
1. GOVERNMENT AGENCY	3	0.07	89,486	0.02
2. BUMIPUTRA:				
(a) Individuals	163	3.54	1,416,146	0.25
(b) Companies	31	0.67	59,359,323	10.54
(c) Nominees Company	473	10.28	83,892,655	14.89
3. NON-BUMIPUTRA:				
(a) Individuals	3,293	71.56	32,431,548	5.76
(b) Companies	60	1.30	48,298,780	8.57
(c) Nominees Company	357	7.76	242,862,764	43.12
MALAYSIAN TOTAL	**4,380**	**95.18**	**468,350,702**	**83.15**
4. FOREIGN:				
(a) Individuals	89	1.93	1,701,702	0.30
(b) Companies	4	0.09	178,108	0.03
(c) Nominees Company	129	2.80	93,032,458	16.52
FOREIGN TOTAL	**222**	**4.82**	**94,912,268**	**16.85**
GRAND TOTAL	**4,602**	**100.00**	**563,262,970**	**100.00**

SUBSTANTIAL SHAREHOLDERS OF ZELAN BERHAD

As at 4 July 2008

	Direct		Indirect	
Name of Shareholders	**No. of Shares Held**	**% Held**	**No. of Shares Held**	**% Held**
MMC Corporation Berhad	221,053,386	39.25	—	—
Noble Gem Sdn. Bhd. ("NGSB")	35,968,200	6.39	—	—
Employees Provident Fund Board	34,961,100	6.21	—	—
Novazi Sdn. Bhd. ("NSB")	25,781,200	4.58	—	—
Eminent Gateway Sdn. Bhd. ("EGSB")	21,250,600	3.77	—	—
Mr. Chang Si Fock @ Chong See Fock (1)	—	—	83,000,000	14.74
Mr. Lam Kar Keong (2)	—	—	83,000,000	14.74
Mr. Tan Chang Huat (3)	—	—	83,000,000	14.74

Notes

(1) *Deemed interested by virtue of his substantial shareholding of 40% in NGSB, 40% in NSB and 40% in EGSB*

(2) *Deemed interested by virtue of his substantial shareholding of 30% in NGSB, 30% in NSB and 30% in EGSB*

(3) *Deemed interested by virtue of his substantial shareholding of 30% in NGSB, 30% in NSB and 30% in EGSB*

THIRTY LARGEST SHAREHOLDERS

As at 4 July 2008

No.	Names	Shareholdings	%
1.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *Pledged Securities Account for MMC Corporation Berhad*	180,000,000	31.96
2.	MMC CORPORATION BERHAD	41,053,386	7.29
3.	NOBLE GEM SDN. BHD.	25,279,400	4.49
4.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Pledged Securities Account for Novazi Sdn. Bhd. (KLM)*	23,380,000	4.15
5.	HSBC NOMINEES (ASING) SDN. BHD. *Exempt AN for the Hong Kong and Shanghai Banking Corporation Limited*	22,588,600	4.01
6.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *CMS Asset Management Sdn. Bhd. for Employees Provident Fund*	22,500,000	3.99
7.	HSBC NOMINEES (ASING) SDN. BHD. BNY Brussels for JF Asean Fund	18,045,000	3.20
8.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Pledged Securities Account for Eminent Gateway Sdn. Bhd. (KLM)*	17,700,000	3.14
9.	NOBLE GEM SDN. BHD.	10,688,800	1.90
10.	HSBC NOMINEES (ASING) SDN. BHD. *BNY Brussels for Mirae Asset Asia Pacific Infra Sector Equity Investment Trust 1*	9,910,400	1.76

THIRTY LARGEST SHAREHOLDERS (CONTINUED)
As at 4 July 2008

No.	Names	Shareholdings	%
11.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *Exempt AN for Prudential Fund Management Berhad*	8,203,600	1.46
12.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. *Kumpulan Wang Bersama*	8,000,000	1.42
13.	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT Fund IBLJ for William Blair International Growth (Fund)	6,454,500	1.15
14.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) Trustee Bhd. for CMS Premier Fund*	6,200,000	1.10
15.	EMPLOYEES PROVIDENT FUND BOARD	6,151,300	1.09
16.	VALUECAP SDN. BHD.	6,018,800	1.07
17.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *CMS Dresdner Asset Management Sdn. Bhd. for* *Tenaga Nasional Berhad Retirement Benefit Trust Fund (RB-TNB-CMS)*	5,574,600	0.99
18.	SBB NOMINEES (TEMPATAN) SDN. BHD. *Employees Provident Fund Board*	5,364,100	0.95
19.	HSBC NOMINEES (ASING) SDN. BHD. *Exempt AN for J.P. Morgan Bank Luxembourg S.A.*	4,155,000	0.74
20.	HSBC NOMINEES (ASING) SDN. BHD. *BBH and Co Boston for JF Asean Growth Open Mother Fund (JTSBMATB)*	3,600,000	0.64
21.	EMINENT GATEWAY SDN. BHD.	3,550,600	0.63
22.	HON SOOK WEI	3,429,900	0.61
23.	HSBC NOMINEES (ASING) SDN. BHD. *Exempt AN for JP Morgan Chase Bank, National Association (U.K.)*	3,300,000	0.59
24.	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) Trustee Bhd for CMS Malaysian Global Inc Fund (6277-401)*	3,097,800	0.55
25.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *ING Insurance Berhad*	3,017,500	0.54
26.	HSBC NOMINEES (ASING) SDN. BHD. *Exempt AN for Morgan Stanley & Co. Incorporated*	2,755,000	0.49
27.	NOVAZI SDN. BHD.	2,401,200	0.43
28.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. *Public Islamic Dividend Fund*	1,940,000	0.34
29.	CITIGROUP NOMINEES (ASING) SDN. BHD. *CBNY for DFA Emerging Markets Fund*	1,937,000	0.34
30.	CARTABAN NOMINEES (ASING) SDN. BHD. *SSBT Fund IBLN for William Blair Institutional International Growth Fund*	1,760,500	0.31
	TOTAL	**458,056,986**	**81.33**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Second (32nd) Annual General Meeting ("AGM") of members of Zelan Berhad will be held at Nirwana Ballroom 2, Lower Lobby, Crowne Plaza Mutiara Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 29 August 2008 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 fourteen-month period ended 31 March 2008 and the Auditors' Report thereon be and are hereby received and adopted. **Resolution 1**

2. 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) YBhg. Dato' Abdullah bin Mohd Yusof **Resolution 2**
   (b) YBhg. Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad **Resolution 3**

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

   (a) Encik Hasni bin Harun **Resolution 4**
   (b) Commander (Rtd) Mohd Farit bin Ibrahim **Resolution 5**

4. To approve an increase in the Directors' fees for fourteen-month period ended 31 March 2008, to take effect from 1 February 2007 and for each complete year of service thereafter, until otherwise determined by the Company in general meeting, as follows: **Resolution 6**

   - The Chairman be paid Director's fee of RM75,000.00 per annum
   - Each of the Non-Executive Director of the Company, shall be paid Director's fees of RM40,000.00 per annum.

5. THAT the Director's fees for fourteen-month ended 31 March 2008 amounting to RM543,679.80 (FYE 2007: 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 and allot 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 may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10.0%) of the issued and paid-up share capital of the Company at the time of issue AND THAT the Board, is also empowered to obtain the approval of Bursa Malaysia Securities Berhad and any other relevant approvals as may be necessary for the listing of and quotation for the additional shares so issued.

BY ORDER OF THE BOARD

SUHLA AL ASRI (MAICSA 7025570)
ANG SENG OO (MIA NO: 1622)
Company Secretaries

Kuala Lumpur
1 August 2008

NOTES:

1. A member of the Company who is entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing the proxy must be deposited with the Share Registrar, Symphony Share Registrars Sdn. Berhad, 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 time fixed for holding the Annual General Meeting.

3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the Annual General Meeting should they subsequently wish to do so.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS:-

Resolution No. 9

If passed, will give authority to the Board, from the date of the above Annual General Meeting, to allot and issue ordinary shares in the Company up to and not exceeding in total ten per cent (10.0%) of the issued and paid-up 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. Directors seeking re-election pursuant to Article 77 of the Articles of Association (retirement by rotation).

    - YBhg. Dato' Abdullah bin Mohd Yusof
    - YBhg. Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad

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

    - Encik Hasni bin Harun
    - Commander (Rtd) Mohd Farit bin Ibrahim

    The profiles of the above Directors are set out on pages 30 to 35 of this Annual Report.

Proxy Form

ZELAN BERHAD
27676-V

No. of Shares Held	

I/We, ____

of ____

being member/members of ZELAN BERHAD hereby appoint ____

____

of ____

or failing him, the **Chairman of the Meeting** as my/our proxy to vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company to be held on **Friday, 29 August 2008** at **10:00 a.m.** and at any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting.

Subject to any voting instructions given below, the proxy will exercise his/her discretion as to how he/she votes and whether or not he/she abstains from voting on the resolution, by whomsoever proposed (including, without limitation, any resolution to amend the resolution or to adjourn the meeting).

RESOLUTION	ORDINARY BUSINESS	FOR	AGAINST
1	Adoption of Directors' Report and Financial Statements		
	Re-election of Directors		
2	(a) YBhg. Dato' Abdullah bin Mohd Yusof		
3	(b) YBhg. Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad		
4	(c) Encik Hasni bin Harun		
5	(d) Commander (Rtd) Mohd Farit bin Ibrahim		
6	Increase in Directors' Fees		
7	Directors' Fees		
8	Re-appointment of Auditors		
	SPECIAL BUSINESS		
9	Authority to Allot Shares		

Please indicate with a check mark ("✓") in the appropriate box on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy	(a)	%
Second Proxy	(b)	%
		100%

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. Each shareholder can appoint not more than two (2) proxies.
2. In the case of a corporation, this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. This instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A corporation may by resolution of its Directors or the governing body, if it is a member of the Company authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.
4. In the case of joint holders, the signature of any of them will suffice.

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STAMP

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

Fold Here

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