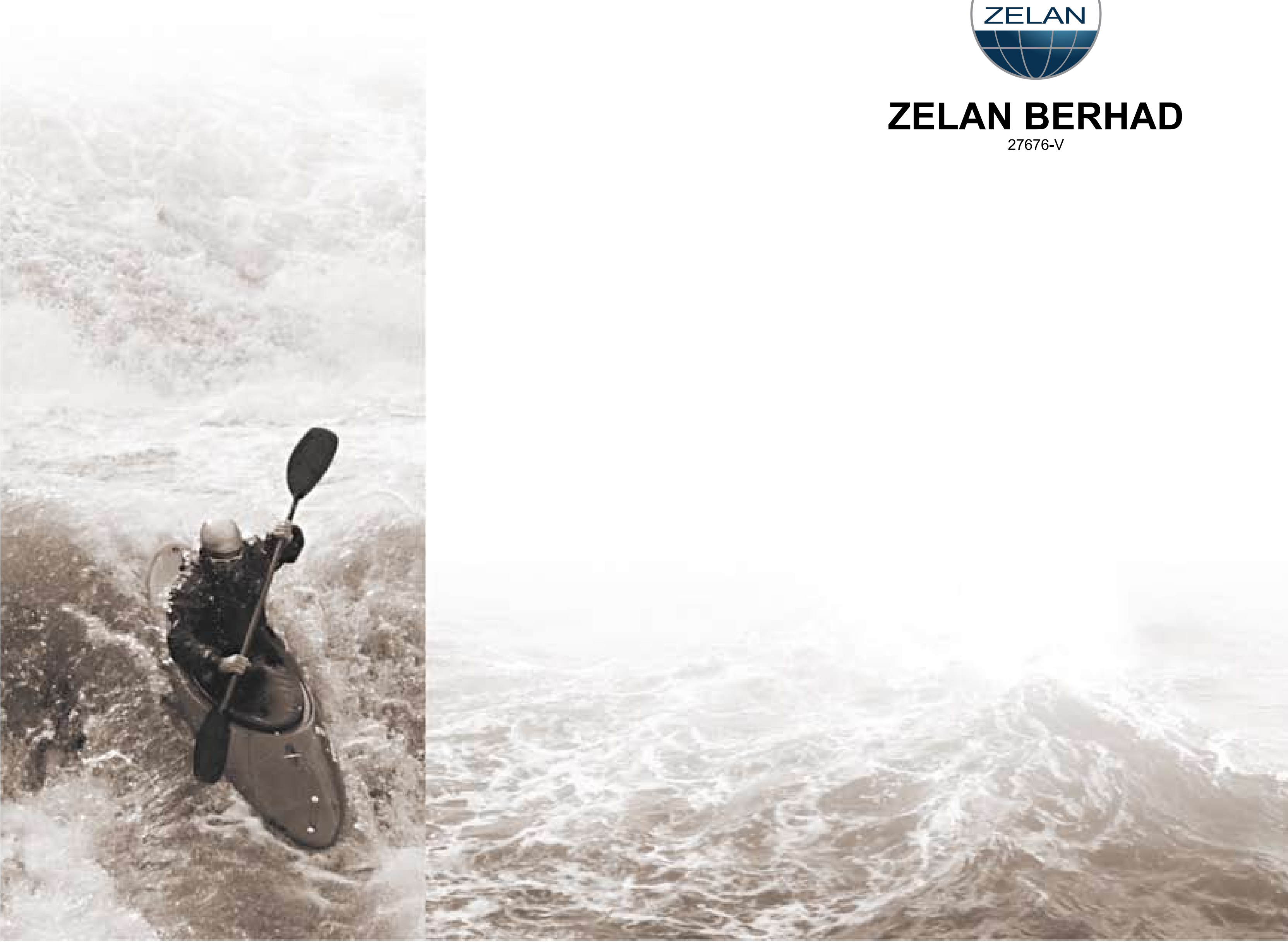
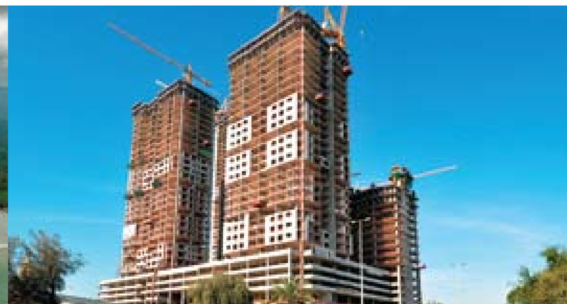
ZELAN BERHAD
27676-V



Enduring Challenges

Annual Report **2011**



CONTENTS

OUR **GOAL**

IS TO BE AT THE FOREFRONT OF INDUSTRIAL TRANSFORMATION BY:

> Offering technologically innovative designs and solutions

> Continuously pursuing the highest levels of work quality and service excellence in our fields of specialisation

IN PLAYING THIS ROLE, WE WILL STRIVE TO:

> Ensure our activities and creations are beneficial to society

> Improve the quality of our environment, and

> Ultimately, deliver value to our shareholders and stakeholders

TO ACHIEVE OUR **MISSION**

WE WILL BUILD ON:

> The strength of our teamwork

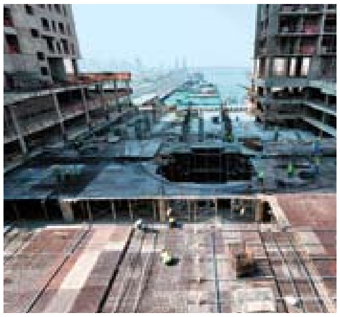
> Our track record and professional reputation

AT A
GLANCE

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

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


Arab Emirates
di Arabia
India
Malaysia
Indonesia




FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31 MARCH 2011

ANNOUNCEMENT OF RESULTS

17 AUGUST 2010
First Quarter Ended 30 June 2010

19 NOVEMBER 2010
Second Quarter Ended 30 September 2010

16 FEBRUARY 2011
Third Quarter Ended 31 December 2010

27 MAY 2011
Fourth Quarter Ended 31 March 2011

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

5 SEPTEMBER 2011
Dispatch of Annual Report and Notice of AGM

27
SEPTEMBER 2011

ANNUAL GENERAL MEETING

5 YEARS' FINANCIAL HIGHLIGHTS

	Year ended 31.03.2011 RM'000	Year ended 31.03.2010 RM'000	Year ended 31.03.2009 RM'000	14 months period ended 31.03.2008 RM'000	Year ended 31.01.2007 RM'000
RESULTS					
Revenue*	**41,417**	1,019,987	2,008,224	1,373,762	641,043
Gross Profit*	**(238,497)**	(190,656)	(60,747)	192,682	99,150
Operating profit/(loss)*	**(295,914)**	(253,413)	(131,019)	124,059	67,664
Profit/(loss) before taxation*	**(258,080)**	(270,373)	(121,643)	185,723	121,281
Profit/(loss) attributable to shareholders*	**(257,428)**	(274,917)	(137,227)	143,035	80,786
ASSETS					
Gross assets	**1,069,680**	1,407,396	1,427,041	1,873,257	1,129,526
Cash & Cash Equivalents	**18,601**	46,495	102,882	202,266	188,870
LIABILITIES AND SHAREHOLDERS FUNDS					
Borrowings	**201,561**	273,941	139,879	45,155	9,506
Shareholders funds	**269,471**	441,029	475,179	818,794	715,337
FINANCIAL RATIOS (%)					
Debt to equity	**74.8**	62.1	29.4	5.5	1.3
Pre-tax return on shareholders' funds	**(95.8)**	(61.3)	(25.6)	22.7	17.0
SHARE INFORMATION					
Dividends per share	**—**	—	5	14	8
Net assets**/ Net tangible assets per share (sen)	**0.48**	0.78	0.84	145**	127**
Basic earnings per share (sen)	**(46)**	(49)	(24)	25	14

* *The results for the financial year ended 31 March 2011, 31 March 2010 and 31 March 2009 comprise results from continuing and discontinued operations.*

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

EXECUTIVE CHAIRMAN'S STATEMENT & REVIEW OF OPERATIONS

Dear Shareholders,

On behalf of the Board of Directors of Zelan Berhad ("Zelan" or the "Group"), I hereby present the Annual Report and Audited Financial Statements for the Financial Year ended 31 March 2011.

OPERATING ENVIRONMENT OVERVIEW

The year 2010 saw a continuation in global economic recovery, which had begun in the second half of 2009, following a mild rebound of the economy of the United States (US) and a sharp recovery in Asian economies. Nevertheless, the global economy remained highly uncertain, weighed down by the US and European debt crisis and volatile commodity prices. As for Malaysia, after the downturn in 2009, the economy experienced a strong resumption of growth in 2010 with an expansion of approximately 7.2%.

Despite the improvement in the global and Malaysian economy, the year under review continued to be a difficult and challenging period for the Group as it experienced tight financial constraint due to significant drop in revenue resulting in a weak cash flow situation. To address the issue, the Group has obtained a mandate from the shareholders to dispose up to 30,000,000 IJM Corporation Berhad (IJM Corp) shares, representing approximately 2.22% of the issued and paid-up share capital of IJM Corp as at 10 August 2010 for cash. I would like to report that the proceeds from the disposal of IJM Corp shares have been utilised as repayment of borrowings and working capital of the Group.

As most of the overseas projects undertaken by the Group have experienced cost overrun mainly due to material price escalation and difficult operating environment, the Board continued to take the necessary steps to ensure the Company's survival by emphasising on completing the projects and minimising losses. The Board is determined to ensure that shareholders' value is restored and towards this end, many drastic measures, such as reducing operation costs, have been approved and taken in order to radically improve the way Zelan does business.

At Zelan, we are all about rising to challenges in difficult times. We will focus more on our growing domestic market rather than overseas. Our ability to recover and overcoming obstacles, shows our strength in character amidst adversity.

GROUP RESULTS

For the financial year ended 31 March 2011, the Zelan Group recorded a net consolidated revenue of RM41.4 million, after provision for gross liquidated ascertained damages (LAD) of RM97.1 million, compared to RM1,019.9 million achieved last year, a decrease of RM978.5 million, which is 96% year on year decrease. The Group recorded a loss before tax and loss after tax and minority interest of RM258.1 million and RM257.4 million respectively. This was mainly due to the impact of cost overruns of the projects amounting to RM220.3 million and the net provision for LAD made in respect of the Rembang Project in Indonesia as stated above.

ENGINEERING & CONSTRUCTION BUSINESS UNIT ("ECU")

The Engineering and Construction Business Unit has recorded revenue of RM19.5 million, after provision for gross LAD of RM97.1 million, which is a significant drop of 98% compared to the preceding year. As a result, ECU recorded a loss before tax of RM302.7 million.

For the financial year ending 31 March 2011, ECU's main priority remained to ensure timely completion of projects as per the agreed milestones and to implement measures to stem further losses arising from project delays and cost overruns.

Revenue (RM)

41.4

million

Total Assets (RM)

1,069.68

million

In the UAE, the Meena Plaza had been temporarily suspended due to substantial outstanding payments from the owner of the project. However, in June 2011, the Group entered into a supplementary agreement with the owner of Meena Plaza with terms which include revision of the contract sum due to compensation amount for the loss and expense claim during project suspension and changes in the scope of work, agreed repayment terms of the outstanding progress billings previously certified, recommencement date of July 2011 and a revised completion date of 21 months from the recommencement date. The Group has since received some payments and works have resumed albeit in small scale as certain conditions relating to the recommencement of work at site have not being met in full.

In the implementation of the Shuqaiq II Independent Water and Power Plant (IWPP) in the Kingdom of Saudi Arabia, where we undertook the civil construction portion of works, both onshore and offshore, we have completed all the construction works except for some minor rectification works especially for the offshore portion of the works.

In Indonesia, the Group has completed the physical works of the Rembang Power Plant project and both units of the power plant are able to generate power as per the contractual capacity. The Group is in the midst of performing the various tests, such as Load Rejection Test, Reliability Run Test and Performance Test, in accordance with contract prior to the achievement of commercial operations of the plant. At the same time, the Group via the Consortium is in discussion with the owner to work out solutions for all outstanding issues relating to the project.

With the know-how gained and the lessons learnt from the year under review, ECU has intensified the efforts to look for new jobs especially in the domestic market. On 21 July 2010, the Group has received a letter from Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri which states that the Government of Malaysia has agreed that the development of the Integrated Transport Terminal (ITT) at Gombak, Selangor will be implemented on the basis of public private partnership (PPP) by the joint venture between Zelan Berhad and Landasan Kapital (M) Sdn Bhd. The joint venture is hoping to sign the Concession Agreement with the Government in the very near future.

> **At Zelan, we are all about rising to challenges in difficult times. We will focus more on our growing domestic market rather than overseas. Our ability to recover and overcoming obstacles, shows our strength in character amidst adversity.**

PROPERTY & DEVELOPMENT BUSINESS UNIT ("PDU")

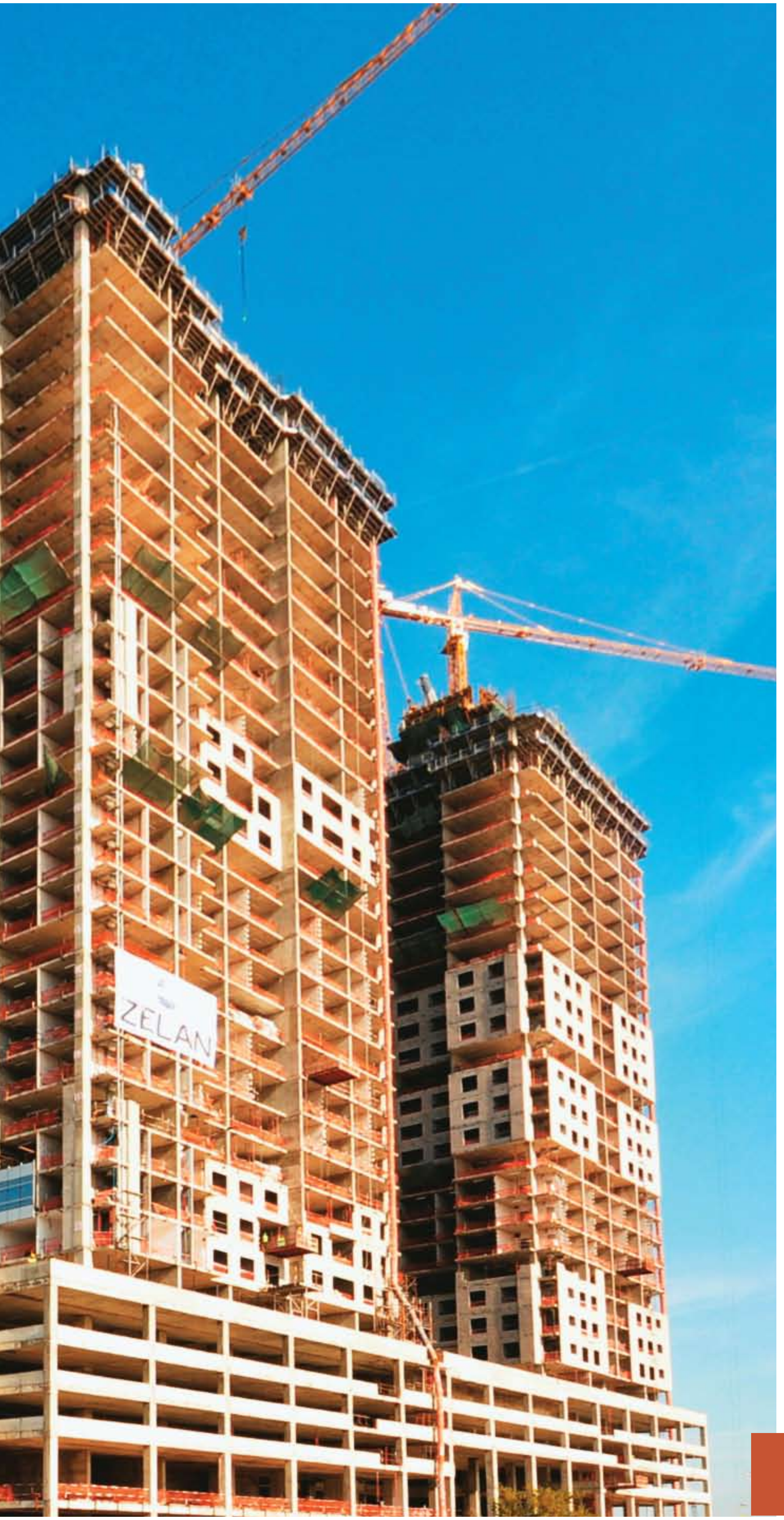
The Property & Development Unit significantly dropped its contribution to the Group with revenue of RM1.3 million and recorded a loss before taxation of RM0.8 million. This was due to completion of existing project and no new project has been implemented.

Our 50% owned entity, Essential Amity Sdn. Bhd., is currently undertaking to complete a housing project in Semenyih with only a few units remain to be sold.

The Group does not foresee any substantial activities by PDU in the near future.

DIVIDEND

In view of the adverse financial condition of the Group, the Board does not recommend the payment of any dividend for the financial year under review.



BUSINESS OUTLOOK AND STRATEGY

The Malaysian economy is projected to expand between 5.0% to 6.0% in 2011, mainly driven by domestic demand. Private investment is expected to remain strong and envisaged to contribute significantly to economic growth. This is in line with the expected implementation of key initiatives announced by the Government under the Economic Transformation Programme (ETP) and commencement of 52 Private Finance Initiatives (PFIs) under 10th Malaysia Plan (10MP). Further progress of on-going infrastructure projects and the revival of residential construction activities as well as new projects due for implementation under the ETP are expected to provide the impetus for the construction sector which is envisaged to expand by 4.4% in 2011.

Construction of Meena Plaza in progress

In view of the risk arising from focusing on purely construction business which is cyclical and volatile in nature, the Group will continue to explore other opportunities under the PPP initiative under the 10MP as our strategy to increase our recurring income stream. We have since participated in a few bids for other PFI projects and the results of those bids will be known in due course. The Group will also focus on the domestic construction market by bidding for more projects and refrain from venturing overseas in the near future.

In preparation to undertake new projects and improve the working capital, the Group had, in June 2011, obtained a bridging loan facility of RM170 million for a tenure of 5 months, which will be secured on the available-for-sale financial assets of the Group. The proceeds from the new bridging loan facility will be utilised to repay certain existing borrowings amounting to RM157 million of the Group, which are currently secured by the said available-for-sale financial assets. In addition, the Group had, in July 2011, accepted the offer letter for a new term loan facility of up to RM308 million for a tenure of up to 3 years, the proceeds of which will be utilised to repay the bridging loan facility and the other remaining existing borrowings of the Group. The new term loan facility will be secured by the said available-for-sale financial assets in due course. The Group anticipates signing the agreement of the term loan facility by the second quarter of the financial year ending 31 March 2012.

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

We remain optimistic about the Group's future. We are proud to be involved in the ITT Gombak project, one of the projects under the National Key Result Area (NKRA) of Improving Urban Public Transport. For the long term, the Group will continue to focus in boosting its recurring revenue base by securing more domestic projects.

CORPORATE GOVERNANCE

To ensure transparency, accountability and protection of shareholders' interests, the Board places great importance on ensuring that the highest standard of corporate governance is practiced throughout the Group. Our statement on Corporate Governance and related reports are on pages 24 to 31

RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group for the year under review are disclosed in Note 35 to the financial statements.

ACKNOWLEDGEMENTS

On behalf of my colleagues on the Board, I wish to pay special tribute to each and every one of our employees who has remained loyal and dedicated to the Company and continue to persevere throughout the year in review. To the Management Team, I would like to express my utmost appreciation for their dedication and unrelenting commitment to steer the Group out of its financial difficulties.

To my esteemed colleagues on the Board, I would like to extend my gratitude for your wise counsel, astute financial insights and broad strategic thinking. The Board members have been instrumental in providing guidance and valuable insights to the Management throughout the year.

To our valued business associates, partners, bankers and shareholders, I am truly appreciative of your unwavering confidence and continued support in seeing us through the most challenging period of our Group. We have built our business strategies with you in mind and in moving forward, be rest assured that the Board will continue to adhere to the highest standards of corporate governance and ethical business practices to deliver value to you.

I am confident that with your continuing support in the exciting times ahead, we will endure the challenges faced by the Group and we shall succeed in our concerted effort to return the Group to profit.

DATO' ANWAR BIN AJI
Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Anwar bin Aji
Executive Chairman

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

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

Mr. Ooi Teik Huat
Independent, Non-Executive Director

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

COMPANY SECRETARY
Muhammad Firdaus Abdullah
(LS 0007918)

AUDITORS
PricewaterhouseCoopers
Chartered Accountants

SHARE REGISTRAR
Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : +603-7841 8000
Fax : +603-7841 8151/8152

REGISTERED OFFICE
24th Floor, Wisma Zelan
No. 1, Jalan Tasik Permaisuri 2
Bandar Tun Razak, Cheras
56000 Kuala Lumpur,
Malaysia
Tel : +603-9173 9173
Fax : +603-9171 8191
Email : info@zelan.com.my

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

STOCK EXCHANGE LISTING
Main Board of Bursa Malaysia
Securities Berhad
Stock Code: 2283

UAE OPERATIONS
Zelan Holdings (M) Sdn. Bhd.

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

→ **Dubai Branch**
P.O. Box 184577, Dubai, UAE

SAUDI ARABIAN OPERATIONS
Zelan Construction Arabia Co. Ltd
(C.R. No 4030 163845)
P.O. Box 3900, Jeddah 21481
Unit 213, 02nd Floor, Dar Al Tijarah
Opposite Ministry of Affair
Madinah Road / Al Baghdedeyyah
Jeddah Kingdom of Saudi Arabia
Tel : +966 2 644 0989
Fax : +966 2 642 2676

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

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

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

CORPORATE STRUCTURE
As at 15 August 2011

ZELAN BERHAD

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

ENGINEERING & CONSTRUCTION

- → **100%** ZELAN CONSTRUCTION SDN. BHD.
- → **100%** ZELAN CONSTRUCTION (INDIA) PTE. LTD.
- → **100%** ZELAN CONSTRUCTION ARABIA CO. LTD.
- → **100%** ZELAN CONSOLIDATED (OVERSEAS) SDN. BHD.
- → **95%** PT ZELAN INDONESIA
- → **40%** ZELAN ARABIA CO. LTD.
- → ABU DHABI BRANCH
- → DUBAI BRANCH
- → INDONESIA BRANCH

PROPERTY & DEVELOPMENT

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

Notes:
*Under Members' Voluntary Liquidation

4.84%
IJM CORPORATION BERHAD

OTHERS

- 100% TRONOH CONSOLIDATED (OVERSEAS) SDN. BHD.
- 100% TCMB POWER SDN. BHD.
- 100% TERMINAL BERSEPADU GOMBAK SDN. BHD.
- 66.67% GOLDEN SOLITAIRE (AUSTRALIA) B.V.*
- 40% MMC ZELAN SDN. BHD.

OTHERS

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

Al-Reem Island Project in UAE.

BOARD OF DIRECTORS' PROFILE

DATO' ANWAR BIN AJI
Age: 61
Executive Chairman

Dato' Anwar bin Aji, a Malaysian, was appointed the Independent, Non-Executive Chairman of Zelan Berhad on 11 December 2008. He was re-designated as Executive Chairman of the Company on 19 January 2011.

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

Dato' Anwar 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' ABDULLAH BIN MOHD YUSOF

Age: 72
Independent, Non-Executive Director

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

DATUK HJ. HASNI BIN HARUN

Age: 54

Non-Independent, Non-Executive Director

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

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

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

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

Datuk Hj. Hasni has no family relationship with and is not related to any 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, a major shareholder of Zelan Berhad.

MR. OOI TEIK HUAT
Age: 51
Independent, Non-Executive Director

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

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

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

Mr. Ooi 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.

CDR MOHD FARIT BIN IBRAHIM RMN (RETD)

Age: 60
Non-Independent, Non-Executive Director

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

Cdr Mohd Farit (Retd) completed his formal education from the Boys' 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 and was its Group Managing Director until September 2007. He was also an Executive Director of Bina Puri Holdings Berhad from 1993 to 1995.

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

Cdr Mohd Farit (Retd) has no family relationship with and is not related to any 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.

SENIOR MANAGEMENT TEAM

CORPORATE SERVICES

VINCENT YAP LENG KHIM
Head of Corporate Services

ANUARIFAEI BIN MUSTAPA
Group General Manager, Finance

AMIRAH BINTI MANSOR
Head of Corporate Resources

KAMARUL ARIFFIN BIN ABDUL SAMAD
Head of Business Development & Strategy

MUHAMMAD FIRDAUS BIN ABDULLAH
Company Secretary

OPERATIONS

HAZIMI BIN BAHARUM
Head of Operations
Engineering & Construction Business Unit

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

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

OUR POLICIES

Business & Quality

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

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

• We plan to achieve these through:

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

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

Safety & Health

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

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





IN FULFILLING ITS ROLE AS A GOOD CORPORATE CITIZEN, ZELAN BERHAD IS FULLY COMMITTED TO PRACTISING THE HIGHEST STANDARDS IN CORPORATE GOVERNANCE AS WELL AS ACTIVELY PURSUING POLICIES AND ACTIONS THAT ARE IN THE BEST INTERESTS OF THE STAKEHOLDERS AND COMMUNITY.

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

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

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

BUSINESS GOVERNANCE & ETHICS

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

CUSTOMER SATISFACTION

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

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

HEALTH & SAFETY

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

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

INVESTORS RELATIONS

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

OUR PEOPLE

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

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

CARING FOR THE COMMUNITIES

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

CARING FOR THE ENVIRONMENT

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

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

The Board of Directors of Zelan Berhad ("Zelan" or the "Company") confirms that throughout the financial year ended 31 March 2011, it has continued to integrate good and effective corporate governance practices in directing and managing the overall business of the Company and its subsidiary companies ("Zelan Group" or the "Group"), in compliance with the Best Practices of the Malaysian Code of Corporate Governance (the "Code").

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

A. BOARD OF DIRECTORS

1. Composition of the Board

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

At this date of this report, the Board has five (5) members. There are two (2) 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 Executive Chairman plays the dual role i.e. overall running of the Board and managing the day to day operations of the business.

The Independent Non-Executive Directors on the Board fulfill their role by exercising independent judgement and objective participation in the Board's deliberation. YBhg. 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 14 to 18 of this Annual Report.

2. Duties and Responsibilities of the Board

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

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

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

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

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

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

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

3. Supply of Information

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

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

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

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

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

4. Committees Established by the Board

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

(a) Audit Committee

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

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

The terms of reference and summary of activities of the Audit Committee are reported on pages 32 to 35 of the Annual Report. For the financial year ended 31 March 2011, the Audit Committee met five (5) times.

(b) Executive Committee ("EXCO")

The EXCO was established on 18 July 1994. The EXCO was discontinued by the Board of Directors with effect from 19 January 2011.

During the financial year ended 31 March 2011, the EXCO met six (6) times.

(c) Nomination Committee

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

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

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

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

(d) Remuneration Committee

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

- Dato' Abdullah bin Mohd Yusof (Chairman)
- Datuk Hj. Hasni bin Harun
- Cdr Mohd Farit bin Ibrahim RMN (Retd)

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

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

5. Board and Committee Meetings

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

During the financial year ended 31 March 2011, a total of five (5) Board meetings and nine (9) Special Board meetings were held.

The record of attendance of each Director at Board and Committee Meetings held during the financial year ended 31 March 2011 are as follows:

Name of Director	Board	Audit Committee	Executive Committee	Nomination Committee	Remuneration Committee
Dato' Anwar bin Aji	14/14	–	6/6	2/2	2/2
Dato' Abdullah bin Mohd. Yusof	14/14	5/5	4/6	2/2	2/2
Datuk Hj. Hasni bin Harun	11/14	5/5	6/6	2/2	2/2
Cdr Mohd Farit bin Ibrahim RMN (Retd)	14/14	–	6/6	–	–
Mr. Ooi Teik Huat	14/14	5/5	–	–	–
YM Raja Azmi bin Raja Nazuddin (Resigned on 30 July 2010)	5/5	–	3/3	–	–

Notes: All directors attended more than 50% of the meetings held in the financial year ended 31 March 2011

6. Appointment of Director

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

7. Re-election

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

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

Additionally, directors of or over the age of seventy (70) are to be re-appointed annually at the AGM, a requirement to be adhered pursuant to Section 129 of the Companies Act, 1965. This affords shareholders the opportunity to review directors' performance and also promote effective boards.

8. Training

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

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

Director	Training/Workshop/ Seminar Attended	Organiser	Date
Dato' Anwar bin Aji	(i) Kursus Induksi Keselamatan & Kesihatan untuk Pekerja Binaan	Construction Industry Development Board Malaysia	28 April 2011
	(ii) "What directors should know about the investor mindset"	Malaysian Investor Relations Association Berhad	7 July 2011
Dato' Abdullah bin Mohd. Yusof	(i) Forum on FRS 139	Financial Instruments Standard/Bursa Malaysia Berhad	21 January 2010
	(ii) Seminar on Recent Tax Cases and Development	Messrs. Lee Hishamuddin Allen & Glendhill/MMC Corporation Berhad	9 July 2010
Datuk Hj. Hasni bin Harun	(i) 18th World Congress of Accountants	International Federation of Accountants and Malaysian Institute of Accountants	8 to 11 November 2010
	(ii) Directors & Officers Liability: Are You Exposed?	ACE Synergy Insurance and MP Insurance Brokers Berhad/IJM Corporation Berhad	7 April 2011
Cdr Mohd Farit bin Ibrahim RMN (Retd)	(i) Corporate Governance Guide - Towards Boardroom Excellence	Malaysian Institute of Accountants	21 April 2011
Mr. Ooi Teik Huat	(i) Seminar on Corporate Governance and The Media	MPH Group	7 July 2010
	(ii) Seminar on Investment Opportunities for 2010 and Beyond for Asian Companies and Investors	MPH Group	8 July 2010
	(iii) Seminar on Recent Tax Cases and Development	Messrs. Lee Hishamuddin Allen & Glendhill/MMC Corporation Berhad	9 July 2010
	(iv) Seminar on Preventing Corporate Misdeeds: Principal roles	Tradewinds (M) Berhad	9 December 2010

B. DIRECTORS' REMUNERATION

1. The Level and Make-up of Remuneration

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

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

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

2. Policy and Procedure

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

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

3. Disclosure

The details of the Directors' remuneration for the financial year ended 31 March 2011 are as follows:

Category	Executive Directors (in RM'000)	Non-Executive Directors (in RM'000)
Fee	—	407
Salaries and bonus	670	—
Benefit-in-kind	4	—
EPF Contribution	86	—
Other emoluments	44	113

The number of Directors of the Company, whose total remuneration fall within the following bands for the financial year ended 31 March 2011, are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	—	2
RM100,001 to RM150,000	—	3
RM200,001 to RM250,000	1*	—
RM600,001 to RM650,000	1	—

**- Redesignation from Non Executive to Executive Chairman*

C. SHAREHOLDERS AND INVESTORS

1. Dialogue between the Company and Investors

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

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

2. Annual General Meeting

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

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

The Company publishes its Audited 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 42 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 Internal Control system. The Audit Committee together with the outsourced Internal Auditors undertake reviews which cover the financial, operational and compliance control as well as Risk Management.

The Group's Internal Control Statement is set out on page 36 to 37 of this Annual Report.

4. Relationship with the Auditors

The relationship of the Audit Committee with the Auditors is disclosed in the Audit Committee Report which can be found on pages 32 to 35 of this Annual Report.

E. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

Zelan Group has complied with the principles of corporate governance and best practices in corporate governance throughout the financial year ended 31 March 2011.

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 Datuk Hj. Hasni bin Harun and Cdr Mohd Farit bin Ibrahim RMN (Retd), being the nominee directors nominated by MMC Corporation Berhad. At the date of this report MMC Corporation Berhad is a major shareholder of the Company.

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 year.

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

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

Imposition of Sanctions and/or Penalties

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

Non-Audit Fee

During the financial year ended 31 March 2011, a non-audit fee of RM172,000.00 was paid by the Company to the External Auditors, Messrs. PricewaterhouseCoopers, Malaysia for services rendered in connection with the review of the Company's quarterly results, tax and other technical and accounting advisory works.

Profit Estimation, Forecast or Projection

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

Profit Guarantee

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

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiary companies involving Directors' or major shareholders' interests, during the financial year under review, except as disclosed in Note 35 of the Financial Statements.

Contracts Relating to Loan

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

Revaluation Policy of Landed Properties

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

This statement is made in accordance with a resolution of the Board of Directors dated 10 August 2011.

AUDIT COMMITTEE REPORT

1. MEMBERSHIP AND MEETINGS

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

The current members are:

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

The term of office of each member is subject to review by the Board.

During the financial year ended 31 March 2011, the Audit Committee held a total of five (5) meetings. The details of attendance of the Audit Committee members are as follows:

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

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

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

2.1 Membership

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

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

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

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

ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience, and

he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

he must be a member of one (1) of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967.

2.2 MEETINGS AND MINUTES

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

2.3 QUORUM

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

2.4 SECRETARY

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

2.5 AUTHORITY

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

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

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

iii) to conduct investigations on irregularities once reported;

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

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

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

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

2.6 DUTIES

The duties of the Audit Committee are as follows:

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

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

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

- → any changes in accounting policies and practices;
- → major judgmental areas;
- → significant adjustments resulting from the audit;
- → the going concern assumptions;
- → compliance with accounting standards; and
- → compliance with stock exchange and legal requirements.

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

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

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

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

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

xi) to monitor any related party transactions that may arise within the Company and Group and ensure that the Directors report such transactions accordingly to the shareholders in this Annual Report.

xii) to report promptly to Bursa Malaysia 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 year, the Audit Committee met five (5) times. The businesses covered by the Audit Committee were as follows:

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

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

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

d) discussed the proposed changes in accounting policies;

e) discussed the significant areas highlighted by the External Auditors;

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 Audited 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 Messrs. Ernst & Young prior to the commencement of a new financial year. The scope of Internal Audit covers the audits of all Business Units and operations, including Head Office functions.

The total Internal Audit fees incurred on services provided by Messrs. Ernst & Young during the last financial year was RM289,240.00.

Throughout the last financial year, audit assignments and follow-up reviews were carried out on units of operations and subsidiaries, with emphasis on overseas operations, in accordance with the annual audit plan. The resulting reports of the audits undertaken were 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 sending to the Internal Auditors for review a status report of action plans taken before their subsequent presentation to the Audit Committee.

During the financial year under review, Management had employed an Internal Audit Executive who had been assigned to assist Messrs. Ernst & Young in the Audit Plan in its effort to establish an in-house Internal Audit/Risk Management ("IA and RM") functions.

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

→ Examine the controls over all significant Group operations and systems to ascertain whether they provide reasonable assurance that the Group's objectives and goals will be met efficiently and economically;

→ Prepare the annual Audit Plan for deliberation by the Audit Committee;

→ Act on suggestions made by the External Auditors and/or Senior Management on concerns over operations or control;

→ Carry out operational audits and make recommendations for improvement, where weaknesses exist; and

→ Report on whether corrective actions have been taken and achieving the desired results.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

GROUP'S RISK MANAGEMENT FRAMEWORK

As an integral part of the system of internal control, there is an on-going group wide risk management process for identifying, evaluating and managing the significant risks that may affect the achievement of the Group's business objective.

This process involves conducting risk management workshop and subsequent development of Risk Management Profile to capture and prioritise key risk areas, delegate ownership of risks, attach timelines to management control and action plans, and provide continuous monitoring and reporting of risks.

The Board, working together with the management, continues to take measures to further strengthen the Group's risk management system as one of the means to achieve the Group's business objective.

INTERNAL CONTROL

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- Performance reports are regularly provided to the Directors and discussed at Board meetings;
- 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).

> The Board of Directors is responsible for the Group's system of internal controls and its effectiveness to safeguard shareholders' investment and the Group's assets

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: 2008 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 year under review is set out on pages 32 to 35

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, save for certain weaknesses identified in the existing projects which have now been rectified, there is no other material weaknesses which would result in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

FINANCIAL STATEMENTS

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 19 to the financial statements and consist of investment holding, construction of power plants and buildings, property development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works and management of residential properties.

There has been no significant change in the nature of these activities during the financial year except for the discontinued operation as a result of the disposal of a subsidiary as disclosed in Note 5(a) to the financial statements.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Loss for the financial year attributable to:		
– Equity holders of the Company	(257,428)	(156,224)
– Minority interest	(126)	—
Loss for the financial year	**(257,554)**	**(156,224)**

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of a final dividend for the financial year ended 31 March 2011.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Dato' Anwar bin Haji @ Aji, Executive Chairman	(redesignated as Executive Chairman on 19.01.2011)
Dato' Abdullah bin Mohd. Yusof	
Datuk Haji Hasni bin Harun	
Mohd Farit bin Ibrahim	
Ooi Teik Huat	
YM Raja Azmi bin Raja Nazuddin	(resigned on 30.07.2010)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS IN SHARES

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and financial position of the Group and the Company were made out, the Directors took reasonable steps:

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

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

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

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

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D.)

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

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

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

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 38 to the financial statements.

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

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the statements of comprehensive income, Note 2, Note 36 and Note 41 to the financial statements; and

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in Note 5(a) and Note 36 to the financial statements.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Events subsequent to the reporting date are as disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 29 July 2011.

DATO' ANWAR BIN HAJI @ AJI
EXECUTIVE CHAIRMAN

DATUK HAJI HASNI BIN HARUN
DIRECTOR

STATEMENT BY DIRECTORS

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

We, Dato' Anwar bin Haji @ Aji and Datuk Haji Hasni bin Harun, two of the Directors of Zelan Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 45 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2011 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 29 July 2011.

DATO' ANWAR BIN HAJI @ AJI	**DATUK HAJI HASNI BIN HARUN**
EXECUTIVE CHAIRMAN	DIRECTOR

STATUTORY DECLARATION

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

I, Anuarifaei bin Mustapa, the officer primarily responsible for the financial management of Zelan Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 133 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.

ANUARIFAEI BIN MUSTAPA

Subscribed and solemnly declared by the abovenamed Anuarifaei bin Mustapa at Kuala Lumpur on 29 July 2011.

Before me,

PESURUHJAYA SUMPAH
No: W 435
Nama:
HJ. HASAN SAMAT
AMN
MALAYSIA

COMMISSIONER FOR OATHS

Alamat tempat perniagaan:
No. 23-1, Jalan Sri Permaisuri 8,
Bandar Sri Permaisuri Cheras
56000 Kuala Lumpur

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Zelan Berhad on pages 45 to 132 which comprise the statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 41.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred a net loss of RM257,554,000 and RM156,224,000 respectively during the financial year ended 31 March 2011, and as of that date, the current liabilities of the Group and the Company exceeded the current assets by RM201,878,000 and RM80,105,000, respectively; and describes the Group's uncertainty on the outcome of negotiations with the owner of the project in Indonesia in respect of revised commercial operation dates of the project and the ability of the Group to complete the project based on the estimated commercial operation dates. These conditions indicate the existence of a material uncertainty about the Group and the Company continuing as a going concern.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 133 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
(NO. AF: 1146)
CHARTERED ACCOUNTANTS

THAYAPARAN A/L S.SANGARAPILLAI
(NO. 2085/09/12 (J))
CHARTERED ACCOUNTANT

Kuala Lumpur
29 July 2011

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Continuing operations					
Revenue	6	**34,941**	998,643	**13,725**	4,117
Cost of sales	7	**(275,529)**	(1,193,713)	**—**	—
Gross (loss)/profit		**(240,588)**	(195,070)	**13,725**	4,117
Administrative expenses		**(20,072)**	(24,488)	**(6,997)**	(6,280)
Marketing expenses		**(53)**	(2,492)	**—**	—
Other operating expenses:					
- impairment loss on investment in a subsidiary		**—**	—	**—**	(140,425)
- reversal of impairment loss on other investments		**—**	2,552	**—**	2,552
- allowance for doubtful debts on amounts due from subsidiaries		**—**	—	**(240,162)**	(122,912)
- impairment loss on goodwill		**—**	(44,396)	**—**	—
- others		**(36,649)**	(37,363)	**(807)**	—
Other operating income:					
- (loss)/gain on disposal of:					
- a jointly controlled entity and an associate		**(166)**	2,637	**560**	—
- available-for-sale financial assets		**53,866**	—	**85,482**	—
- other investments		**—**	11,614	**—**	11,614
- others		**5,664**	6,543	**100**	1,052
Finance income	8	**17,829**	866	**182**	99
Finance cost	8	**(16,846)**	(36)	**(6,542)**	(2,434)
Share of results of:					
- associates		**(16,896)**	8,870	**—**	—
- a jointly controlled entity		**—**	636	**—**	—
Loss before taxation	9	**(253,911)**	(270,127)	**(154,459)**	(252,617)
Taxation	13	**696**	(18,202)	**(1,765)**	409
Loss for the financial year from continuing operations		**(253,215)**	(288,329)	**(156,224)**	(252,208)
Discontinued operation					
Loss for the financial year from discontinued operation	5(a)	**(4,339)**	(515)	**—**	—
Loss for the financial year		**(257,554)**	(288,844)	**(156,224)**	(252,208)

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
Other comprehensive income:					
Available-for-sale financial assets:					
- fair value gain		**101,543**	218,351	**101,543**	218,351
- reclassification adjustment included in profit or loss		**(35,988)**	—	**(67,604)**	—
Currency translation differences		**26,994**	22,063	**—**	—
Amount recognised directly in equity relating to disposal group classified as held-for-sale	5(a)	**—**	(68)	**—**	—
Other comprehensive income for the financial year, net of tax		**92,549**	240,346	**33,939**	218,351
Total comprehensive loss for the financial year		**(165,005)**	(48,498)	**(122,285)**	(33,857)
Loss for the financial year attributable to:					
- Equity holders of the Company		**(257,428)**	(274,917)	**(156,224)**	(252,208)
- Minority interest		**(126)**	(13,927)	**—**	—
Loss for the financial year		**(257,554)**	(288,844)	**(156,224)**	(252,208)
Total comprehensive loss attributable to:					
- Equity holders of the Company		**(164,064)**	(34,150)	**(122,285)**	(33,857)
- Minority interest		**(941)**	(14,348)	**—**	—
Total comprehensive loss for the financial year		**(165,005)**	(48,498)	**(122,285)**	(33,857)
Loss per share from continuing and discontinued operations attributable to the equity holders of the Company during the financial year:		**Sen**	Sen		
Basic and diluted loss per share:					
- from continuing operations	14	**(44.94)**	(48.65)		
- from discontinued operation	14	**(0.76)**	(0.16)		
		(45.70)	(48.81)		

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	**39,353**	65,970	**141**	579
Investment properties	16	**5,557**	5,699	**—**	—
Investments in subsidiaries	19	**—**	—	**100**	100
Investments in associates	20	**15,383**	33,214	**10**	57
Investment in a jointly controlled entity	21	**—**	127	**—**	—
Available-for-sale financial assets	23	**425,420**	562,509	**425,420**	562,509
		485,713	667,519	**425,671**	563,245
CURRENT ASSETS					
Inventories	24	**9,194**	9,537	**—**	—
Financial receivables	26	**313,340**	502,549	**10,848**	2,247
Other receivables	26	**195,192**	108,170	**—**	—
Tax recoverable		**47,640**	38,341	**1,985**	3,151
Other investments	28	**—**	433	**—**	—
Deposits, cash and bank balances	29	**18,601**	43,908	**3,069**	5,901
		583,967	702,938	**15,902**	11,299
Assets of disposal group classified as held-for-sale	5(a)	**—**	36,939	**—**	—
		583,967	739,877	**15,902**	11,299
TOTAL ASSETS		**1,069,680**	1,407,396	**441,573**	574,544

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company:					
Share capital	30	**281,632**	281,632	**281,632**	281,632
Reserves		**(12,161)**	159,397	**63,898**	186,183
		269,471	441,029	**345,530**	467,815
Minority interest		**11,631**	17,273	**—**	—
TOTAL EQUITY		**281,102**	458,302	**345,530**	467,815
NON-CURRENT LIABILITIES					
Borrowings	32	**36**	300	**36**	245
Deferred tax liabilities	33	**2,697**	3,661	**—**	—
		2,733	3,961	**36**	245
CURRENT LIABILITIES					
Financial payables	31	**257,222**	428,848	**5,217**	6,205
Other liabilities	31	**233,901**	226,188	**730**	—
Borrowings	32	**201,525**	273,546	**90,060**	100,279
Current tax liabilities		**18**	338	**—**	—
Provision for liabilities and charges	34	**93,179**	—	**—**	—
Liabilities of disposal group classified as held-for-sale	5(a)	**—**	16,213	**—**	—
		785,845	945,133	**96,007**	106,484
TOTAL LIABILITIES		**788,578**	949,094	**96,043**	106,729
TOTAL EQUITY AND LIABILITIES		**1,069,680**	1,407,396	**441,573**	574,544

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2011

		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	Accumulated losses RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 April 2010 – as previously stated		281,632	124,396	50,717	84,831	35,457	4,254	(140,258)	441,029	17,273	458,302
Effects of adoption of FRS 139	41	–	–	–	–	–	–	(7,494)	(7,494)	–	(7,494)
At 1 April 2010 – as restated		281,632	124,396	50,717	84,831	35,457	4,254	(147,752)	433,535	17,273	450,808
Comprehensive loss											
Loss for the financial year		–	–	–	–	–	–	(257,428)	(257,428)	(126)	(257,554)
Other comprehensive income											
Realisation of foreign exchange reserve		–	–	(24,519)	–	–	–	24,519	–	–	–
Currency translation differences		–	–	27,809	–	–	–	–	27,809	(815)	26,994
Available-for-sale financial assets:											
- fair value gain	23	–	–	–	101,543	–	–	–	101,543	–	101,543
- reclassification adjustment included in profit or loss		–	–	–	(35,988)	–	–	–	(35,988)	–	(35,988)
Total comprehensive income/(loss) for the financial year		–	–	3,290	65,555	–	–	(232,909)	(164,064)	(941)	(165,005)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	(4,228)	(4,228)
Transactions with owners											
Dividends for the financial year		–	–	–	–	–	–	–	–	(473)	(473)
		–	–	–	–	–	–	–	–	(4,701)	(4,701)
At 31 March 2011		**281,632**	**124,396**	**54,007**	**150,386**	**35,457**	**4,254**	**(380,661)**	**269,471**	**11,631**	**281,102**

		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	Accumulated losses RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 April 2009		281,632	124,396	28,301	(133,520)	35,457	4,254	134,659	475,179	34,863	510,042
Comprehensive loss											
Loss for the financial year		–	–	–	–	–	–	(274,917)	(274,917)	(13,927)	(288,844)
Other comprehensive income											
Currency translation differences		–	–	22,484	–	–	–	–	22,484	(421)	22,063
Amount recognised directly in equity relating to disposal group classified as held-for-sale	5(a)	–	–	(68)	–	–	–	–	(68)	–	(68)
Fair value gain on available-for-sale financial assets	23	–	–	–	218,351	–	–	–	218,351	–	218,351
Total comprehensive income /(loss) for the financial year		–	–	22,416	218,351	–	–	(274,917)	(34,150)	(14,348)	(48,498)
Transactions with owners											
Dividends paid to minority interest		–	–	–	–	–	–	–	–	(3,242)	(3,242)
At 31 March 2010		281,632	124,396	50,717	84,831	35,457	4,254	(140,258)	441,029	17,273	458,302

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

^ This reserve relates to changes in fair value of the available-for-sale financial assets.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2011

		← 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	Accumula-ted losses RM'000	Total RM'000
At 1 April 2010		281,632	124,396	159,359	18,456	3,258	(119,286)	467,815
Comprehensive loss								
Loss for the financial year		—	—	—	—	—	(156,224)	(156,224)
Other comprehensive income								
Available-for-sale financial assets:								
- fair value gain	23	—	—	101,543	—	—	—	101,543
- reclassification adjustment included in profit or loss		—	—	(67,604)	—	—	—	(67,604)
Total comprehensive income/ (loss) for the financial year		—	—	33,939	—	—	(156,224)	(122,285)
At 31 March 2011		281,632	124,396	193,298	18,456	3,258	(275,510)	345,530
At 1 April 2009		281,632	124,396	(58,992)	18,456	3,258	132,922	501,672
Comprehensive loss								
Loss for the financial year		—	—	—	—	—	(252,208)	(252,208)
Other comprehensive income								
Fair value gain on available-for-sale financial assets	23	—	—	218,351	—	—	—	218,351
Total comprehensive income/ (loss) for the financial year		—	—	218,351	—	—	(252,208)	(33,857)
At 31 March 2010		281,632	124,396	159,359	18,456	3,258	(119,286)	467,815

* This reserve relates to net gain from disposals of investment in shares.
^ This reserve relates to changes in fair value of the available-for-sale financial assets.

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
OPERATING ACTIVITIES					
Loss for the financial year, attributable to equity holders of the Company		**(257,428)**	(274,917)	**(156,224)**	(252,208)
Adjustments for:					
Taxation		**(526)**	18,471	**1,765**	(409)
Finance cost		**27,603**	6,584	**6,542**	2,434
Finance income		**(17,877)**	(1,167)	**(182)**	(99)
Minority interest		**(126)**	(13,927)	**–**	–
Depreciation of investment properties		**142**	142	**–**	–
Amortisation of lease prepayments		**–**	46	**–**	46
(Reversal of)/impairment loss on:					
- other investments		**–**	(2,552)	**–**	(2,552)
- goodwill		**–**	44,396		–
- investment in a subsidiary		**–**	–	**–**	140,425
Net allowance for doubtful debts		**1,187**	4,324	**240,162**	122,912
Property, plant and equipment:					
- written off		**25**	1,852	**–**	–
- (gain)/loss on disposal		**544**	(414)	**(75)**	(134)
- impairment loss		**252**	610	**–**	–
- depreciation		**16,229**	52,217	**152**	378
Inventories written down		**–**	630	**–**	–
(Gain)/loss on disposal of:					
- an associate		**16**	(3,627)	**(560)**	–
- non-current assets held-for-sale		**4,033**	–	**–**	–
- available-for-sale financial assets		**(53,866)**	–	**(85,482)**	–
- other investments		**–**	(11,620)	**–**	(11,614)
- a jointly controlled entity/associate		**–**	990	**–**	–
Share of results of:					
- associates		**16,896**	(8,870)	**–**	–
- jointly controlled entities		**–**	(636)	**–**	–
Loss on liquidation:					
- an associate		**23**	–	**–**	–
- jointly controlled entity		**127**	–	**–**	–
Net loss/(gain) on unrealised foreign exchange		**24,187**	(22,826)	**(99)**	(499)
Dividend income		**(13,725)**	(4,117)	**(13,725)**	(4,117)
		(252,284)	(214,411)	**(7,726)**	(5,437)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
OPERATING ACTIVITIES (CONT'D.)					
Changes in working capital:					
- Property development costs		**—**	2,014	**—**	—
Inventories		**343**	2,223	**—**	—
Receivables, deposits and prepayments		**98,665**	26,590	**—**	(114,738)
Payables		**(69,952)**	(1,159)	**(159)**	(1,225)
Cash used in operations		**(223,228)**	(184,743)	**(7,885)**	(121,400)
Tax (paid)/refund		**(7,167)**	(24,725)	**2,121**	1,692
Net cash flow used in operating activities		**(230,395)**	(209,468)	**(5,764)**	(119,708)
INVESTING ACTIVITIES					
Proceeds from the disposal of:					
- available-for-sale financial assets		**256,510**	—	**256,510**	—
- a jointly controlled entity		**—**	7,657	**—**	—
- property, plant and equipment		**6,503**	1,103	**365**	264
- an associate		**617**	3,627	**617**	—
- a subsidiary classified as disposal group held-for-sale	5(a)	**7,413**	—	**—**	—
- other investments		**557**	17,740	**—**	17,740
- liquidation of an associate		**22**	—	**—**	—
Advances to a subsidiary		**—**	—	**(248,763)**	—
Dividends received		**11,005**	3,088	**11,005**	3,088
Interest, profit from Islamic deposits and investment income received		**17,877**	1,167	**182**	99
Purchase of:					
- property, plant and equipment		**(141)**	(7,876)	**(4)**	(39)
- other investments		**—**	(5,838)	**—**	(2,882)
- investment in an associate	20	**(10)**	—	**(10)**	—
Net cash flow generated from investing activities		**300,353**	20,668	**19,902**	18,270

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
FINANCING ACTIVITIES					
Finance cost		**(27,603)**	(6,584)	**(6,542)**	(2,434)
Dividends paid to minority interest of a subsidiary		**(473)**	(3,242)	**—**	—
Repayments of borrowings		**(72,285)**	(260,658)	**(10,428)**	(273)
Proceeds from borrowings		**—**	406,176	**—**	100,000
Deposits pledged as security		**580**	(2,189)	**(46)**	(1,744)
Net cash flow (used in) / generated from financing activities		**(99,781)**	133,503	**(17,016)**	95,549
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(29,823)**	(55,297)	**(2,878)**	(5,889)
CURRENCY TRANSLATION DIFFERENCES		**2,509**	(3,279)	**—**	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**43,946**	102,522	**4,157**	10,046
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	29	**16,632**	43,946	**1,279**	4,157

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 19 to the financial statements and consist of investment holding, construction of power plants and buildings, property development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works and management of residential properties.

There has been no significant change in the nature of these activities during the financial year except for the discontinued operation as a result of the disposal of a subsidiary as disclosed in Note 5(a) to the financial statements.

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 24th Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur.

The number of employees of the Group and the Company (excluding Directors) at the end of the financial year was 371 (2010: 821) and 27 (2010: 21), respectively.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 July 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and 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 ("FRS").

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

The Group and the Company incurred a net loss of RM257,554,000 (2010: RM288,844,000) and RM156,224,000 (2010: RM252,208,000), respectively, during the financial year ended 31 March 2011. As of that date, the current liabilities of the Group and the Company exceeded the current assets by RM201,878,000 (2010: RM205,256,000) and RM80,105,000 (2010: RM95,185,000), respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (Cont'd.)

The owner of the project in Indonesia, which is undertaken by the Group through a Consortium in which the Group has 70% interest, issued a notice in December 2010, indicating its intention to take over the outstanding works of the project following the delays in completing the said project. A notice of demand was also issued to the bank by the owner to call on the performance bond. Following several meetings between the owner and the Consortium, the owner had agreed not to proceed with the take-over and the call on the performance bond. The parties agreed to work out a supplemental agreement to be entered into between the owner and the Consortium for the completion of the outstanding works.

As there was not much development on the proposed supplemental agreement and considering the project was almost 98% completed, the Consortium had submitted a notification for the new commercial operation dates to be mutually agreed upon between the parties, on the basis of the owner's default under the contract. The notification was supported by a legal opinion given by Indonesian lawyers. Following the provisions in the contract, the Consortium had submitted new commercial operation dates taking into account the owner's delay of 20 months and 13 days in fulfilling its obligations.

The Consortium has since been corresponding with the owner on the abovementioned requirement for new commercial operation dates to be mutually agreed upon between the parties as provided in the contract. As at this point in time, this issue has not been concluded between the parties yet. In the event the parties fail to agree on the new commercial operation dates, the Consortium would consider exercising its rights under the contract to refer the matter to the dispute mechanism as provided in the contract.

In the meantime, the Group has completed the physical works on site and both units of the power plant are able to generate power. The Group is in the midst of carrying out necessary preparation for the various tests to be performed in accordance with the contract prior to the achievement of commercial operation of the plant.

No liquidated ascertained damages ("LAD") claim for delay of commercial operation has been issued by the owner and the notice of demand on the performance bond has not been exercised by the owner at the date of the approval of the financial statements. The Group is of the view that the owner is not entitled to impose any LAD and will be referring the matter to arbitration in the event the owner gives notice of such imposition. The outstanding progress billings, which comprise mainly retention sums, are expected to be settled by the owner in due course. The Group has, however, recorded an amount of LAD of approximately RM97,134,000 during the financial year ended 31 March 2011 based on the estimated time expected to be taken by the Group to achieve commercial operation after successful completion of the various tests, notwithstanding any counter claims the Group may have against the owner and the subsequent referral of the matter to arbitration in accordance with the provisions of the contract.

The Group has also recognised an amount of approximately RM71,024,000 during the financial year ended 31 March 2011 in respect of estimated LAD to be recovered from the subcontractor / supplier as a result of its delay in completing their scope of work as set out in the agreement for supply. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement. This is supported by external legal advice.

Refer to Note 4 and Note 27 to the financial statements for further details in respect of the project and the sensitivity analysis on the critical estimates and key assumptions as a result of the delays experienced in the project.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (Cont'd.)

In order to ensure that the Group would have sufficient cash flows for the twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities, the Group had, in June 2011, obtained a bridging loan facility of RM170,000,000 for a tenure of 5 months, which will be secured on the available-for-sale financial assets of the Group. Up to RM157,000,000 of the proceeds from the said bridging loan facility will be utilised to repay certain existing borrowings of the Group, which are currently secured by the said available-for-sale financial assets. In addition, the Group had, in July 2011, accepted the offer letter for a new term loan facility of RM308,000,000 for a tenure of up to 3 years, part of the proceeds of which will be utilised to repay the bridging loan facility and the other existing borrowings of the Group. The new term loan facility will be secured by the said available-for-sale financial assets in due course. The Group anticipates signing the agreement of the term loan facility by the second quarter of the financial year ending 31 March 2012.

The new credit facilities, together with the proceeds from the disposal of certain plant and equipment and the receipt of the progress billings of the project which are anticipated to be received on the assumption that the projects are completed based on the estimated completion dates, will be utilised to repay the existing borrowings of the Group, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities for the twelve months from the reporting date. Refer to Note 3(iv) for further details.

The Directors are of the view that the plans stated above will enable the Group to have sufficient cash flows to carry on as a going concern and the Group will successfully complete the project in Indonesia within the estimated completion date based on the current progress of the project. In addition, the Group is also actively bidding for new contracts. Accordingly, the financial statements of the Group and the Company are prepared on a going concern basis.

The losses incurred by the Group and the Company for the financial year ended 31 March 2011 and the financial position of the Group and the Company as at that date, and the ability of the Group and the owner of the project in Indonesia to mutually agree on the new commercial operation dates of the project and complete the project based on the estimated commercial operation dates indicate the existence of a material uncertainty about the Group and the Company continuing as a going concern.

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

Standards, amendments to published standards and interpretations that are applicable to the Group and the Company and are effective for the financial year ended 31 March 2011

(i) FRS 8 "Operating Segments" (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114_{2004} "Segment Reporting". The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The adoption of FRS 8 did not result in additional segment disclosures in the financial statements of the Group and the Company upon initial application of this standard as set out in Note 40 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

Standards, amendments to published standards and interpretations that are applicable to the Group and the Company and are effective for the financial year ended 31 March 2011 (cont'd.)

(ii) The revised FRS 101 "Presentation of Financial Statements" prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group and the Company have elected to present a single statement of comprehensive income. As a result, the Group and the Company have presented all owner changes in equity in the statement of changes in equity whilst all non-owner changes in equity have been presented in the statement of comprehensive income. There is no impact on the results of the Group and the Company since these changes affect only the presentation of the financial statements.

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

(iii) FRS 139 "Financial Instruments: Recognition and Measurement" establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

(iv) FRS 7 "Financial Instruments: Disclosures" provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improved FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement. FRS 7 does not require comparative disclosures when the standard is first applied.

A summary of the impact of the new accounting standards, amendments and improvements to published standards and interpretations on the financial statements of the Group and the Company is as set out in Note 41 to the financial statements.

Standards early adopted by the Group

The Group has early adopted amendments to FRS 7 "Financial Instruments: Disclosures" and FRS 1 "First-time Adoption of Financial Reporting Standards" (effective from 1 January 2011) which require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by level of a fair value measurement hierarchy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

Standards amendments to published standards and interpretations to existing standards, IC Interpretation that are either not relevant to the Group and the Company and/or will not have a material impact on the Group's and the Company's financial statements

(i) Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective from 1 January 2010)

(ii) FRS 4 "Insurance Contract" (effective 1 January 2010)

(iii) FRS 123 (revised) "Borrowing Costs" (effective 1 January 2010)

(iv) Amendment to FRS 132 "Financial Instruments: Presentation" on classification of rights issues (effective from 1 March 2010)

(v) The revised FRS 3 "Business Combinations" (effective prospectively from 1 July 2010)

(vi) IC Interpretation 12 "Service Concession Arrangements" (effective from 1 July 2010)

(vii) The revised FRS 127 "Consolidated and Separate Financial Statements" (applies prospectively to transactions with non-controlling interests from 1 July 2010)

(viii) IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (effective from 1 July 2010)

(ix) IC Interpretation 17 "Distribution of Non-cash Assets to Owners" (effective from 1 July 2010)

(x) Amendment to FRS 2 "'Share-based Payment: Group Cash-settled Share-based Payment Transactions" (effective from 1 January 2011)

(xi) Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" (effective from 1 January 2011)

(xii) IC Interpretation 4 "Determining Whether An Arrangement Contains A Lease" (effective from 1 January 2011)

(xiii) IC Interpretation 18 "Transfers of Assets From Customers" (effective prospectively for assets received on or after 1 January 2011)

(xiv) IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective from 1 July 2011)

(xv) Amendments to IC Interpretation 14 "FRS 119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction" (effective from 1 July 2011)

(xvi) IC Interpretation 15 "Agreements for Construction of Real Estates" (effective from 1 January 2012)

(xvii) The revised FRS 124 "Related Party Disclosures" (effective from 1 January 2012)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (Cont'd.)

Improvements to FRSs:

(i) FRS 2 (effective from 1 July 2010)

(ii) FRS 3 (effective from 1 January 2011)

(iii) FRS 5 "Non-current Assets Held For Sale and Discontinued Operations" (effective from 1 July 2010)

(iv) FRS 101 "Presentation of Financial Statements" (effective from 1 January 2011)

(v) FRS 138 "Intangible Assets" (effective from 1 July 2010)

(vi) IC Interpretation 9 (effective from 1 July 2010)

The Group and the Company have applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and the Company:

- Amendments to FRS 139 on Eligible Hedged Items and Improvement to FRS 139

(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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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(g) 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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Economic entities in the Group (cont'd.)

(i) Subsidiaries (cont'd.)

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.

When a business combination involves more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

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 profit or loss attributable to the parent.

(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 recognised in equity.

(iii) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see accounting policy Note 2 (g)).

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Economic entities in the Group (cont'd.)

(iii) Associates (cont'd.)

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.

Cost of acquiring the additional stake is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

Dilution gains and losses in associates are recognised in the profit or loss.

(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 financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Economic entities in the Group (cont'd.)

(v) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceases become its cost on initial measurement as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Following the cessation of the Group's significant influence in an associate during the financial year ended 31 March 2008, the Group has recognised its investment in that entity as available-for-sale financial assets and has measured the available-for-sale financial assets in accordance with FRS 139.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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 recognised as expenses in profit or loss during the financial year in which they are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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 based on 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%

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at each reporting date. At reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, 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(h) on impairment of non-financial 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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(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 property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

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

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the profit or loss.

At each reporting date, the carrying amounts of investment properties are reviewed to determine whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(h) on impairment of non-financial 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 statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss in the financial year of the retirement or disposal.

(e) 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 profit or loss on the straight line basis over the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(f) Investment in subsidiaries, joint ventures and associates

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) 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 (inclusive of impairment losses recognised in a previous interim period) are not reversed. Gains and losses on the disposal of a subsidiary 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, identified according to operating segment. See accounting policy Note 2(h) on impairment of non-financial 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.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, 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 are reviewed for possible reversal of the impairment at the end of the financial year.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(i) Property development activities

Land held for property development

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 "Property development activities". 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 (h) on impairment of non-financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Property development activities (cont'd.)

Land held for property development (cont'd.)

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 profit or loss 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 profit or loss, the balance is shown as progress billings under payables (within current liabilities).

(j) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Construction contracts

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

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

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured. Penalties arising from delays in completing the contract are recorded against contract revenue. 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 Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

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

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(m) Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other receivables are classified as loans and receivables. Refer to accounting policy Note 2(y) for further details.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks which are readily convertible to known amounts of cash and have insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Bank overdrafts are included within borrowings in current liabilities on statements of financial position at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Share capital

Classification

Ordinary shares are classified as equity.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

Dividends to shareholders of the Company

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial year in which the dividends are approved.

Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the controlling equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the controlling equity holders.

(p) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Interest on the borrowings is reported within finance cost in the profit or loss.

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

Capitalisation of borrowing cost

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

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(q) Employee benefits

Short-term employee benefits

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

Post-employment benefits – defined contribution plan

The defined contribution plan of the Group relates to the contribution to the Employee Provident Fund ("EPF"), the national defined contribution plan.

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

(r) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, 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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits 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 by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(s) Provisions

Provisions are recognised when:
- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- 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. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(t) Contingent liabilities and contingent assets

The Group does not recognise contingent assets and liabilities 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. However, contingent liabilities do not include financial guarantee contracts.

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

(u) Foreign currencies

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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(u) Foreign currencies (cont'd.)

Transactions and balances (cont'd.)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss.

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 presented in the statement of financial position are translated at the closing rate at the reporting date;
- income and expenses presented in the statement of comprehensive income 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 other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to the profit or loss as part of the gain or loss on sale.

(v) Revenue recognition

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

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

Sale of goods and services

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

Dividend income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

Interest income/profit from Islamic deposits

Interest income and profit from Islamic deposits are recognised in the profit or loss 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(k) 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(i) for further details.

Other incomes

Other incomes earned by the Group are recognised on the following bases:
Carpark income – on an accrual basis
Rental income – on an accrual basis

(w) Financial instruments

Description

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

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

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

Financial instruments recognised on the statement of financial position

The particular recognition method adopted for financial instruments recognised at reporting date is disclosed in the individual accounting policy notes associated with each item.

Fair value estimation

The fair value of quoted securities is based on quoted market prices at reporting 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(w) Financial instruments (cont'd.)

Fair value estimation (cont'd.)

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 reporting date.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Change of accounting policy

The Group has adopted FRS 8 "Operating segments" from 1 January 2010. FRS 8 replaces FRS 114 "Segment reporting" and is applied retrospectively. The adoption of FRS 8 did not result in additional reportable segments presented. There has been no other impact on the measurement of the Group's assets and liabilities.

(y) Financial assets

Classification

The Group has changed its accounting policy for recognition and measurement of financial assets upon adoption of FRS 139 "Financial Instruments: Recognition and Measurement" on 1 January 2010. Previously, marketable securities (within current assets) are carried at lower of cost or market value; and trade receivables are carried at invoice amount. The Group has applied the new policy according to the transitional provision of FRS 139 by re-measuring all financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to opening retained earnings or, if appropriate, another category of equity, of the current financial year. Comparatives for financial instruments have not been adjusted and therefore the corresponding balances are not comparable.

The adoption of FRS 139, however, has no impact on the available-for-sale financial assets that are already measured at fair value in the previous financial year.

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition which is consistent with the entity's investment strategy.

(i) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting date which are classified as non-current assets respectively. The Group's loans and receivables comprise 'trade and other receivables' and 'deposits, cash and bank balances' in the statement of financial position (Note 26 and Note 29).

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(y) Financial assets (cont'd.)

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the assets.

Subsequent measurement – gains and losses

Available-for-sale financial assets are subsequently carried at fair value. Loan and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2(y) on impairment of financial assets and foreign exchange gains and losses on monetary assets). The exchange differences on monetary assets are recognised in the profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Dividend income on available-for-sale financial assets is recognised separately in the profit or loss. Dividend income on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is established.

Subsequent measurement – impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(y) Financial assets (cont'd.)

Subsequent measurement – impairment of financial assets (cont'd.)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit or loss. The amount of cumulative loss that is reclassified to the profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(z) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group does not have any financial liabilities that are classified as fair value through the profit or loss.

The Group's other financial liabilities include trade and other payables and loans and borrowings. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

For other financial liabilities, gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks. The Group has formulated risk management policies whose principal objective is to minimise the Group's exposure to risk and/or costs associated with financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Directors for application in day-to-day operations for controlling and managing risks associated with financial instruments.

(i) Foreign currency exchange risk

The Group is involved in international operations and are exposed to changes in foreign currency exchange rates due to transactions denominated in currencies other than the location's functional currency.

The Group and the Company are 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.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(i) Foreign currency exchange risk (cont'd.)

The Group's exposure to foreign currencies is as follows:

	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
Group				
At 31 March 2011				
Financial assets				
Cash and cash equivalents	**182**	**–**	**26**	**208**
Trade receivables	**10,949**	**–**	**–**	**10,949**
	11,131	**–**	**26**	**11,157**
Financial liabilities				
Trade and other payables	**3,891**	**94**	**–**	**3,985**
Borrowings	**16,950**	**–**	**–**	**16,950**
	20,841	**94**	**–**	**20,935**
Net financial (liabilities)/assets	**(9,710)**	**(94)**	**26**	**(9,778)**
Currency exposure	**(9,710)**	**(94)**	**26**	**(9,778)**

The Company's exposure to Foreign currencies is as follows:

	USD RM'000	EURO RM'000	Total RM'000
Company			
At 31 March 2011			
Financial assets			
Amounts due from subsidiaries	996	2,898	3,894

As at 31 March 2011, a near term 2% appreciation or depreciation in the foreign currency portfolio of the various foreign currencies to its respective functional currencies, with all other variables including tax rate being held constant, would have the following impact on the loss after tax for the financial year:

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(i) Foreign currency exchange risk (cont'd.)

	Increase/ (decrease) RM'000
Group	
US Dollar	194
Singapore Dollar	2
Company	
US Dollar	20
EURO Dollar	58

(ii) Cash flow interest rate risk

The Group's short-term deposits are subject to interest rate risk and are placed with the financial institutions at prevailing interest rates. Management continually monitor the exposure to changes in interest rates with respect to short-term deposits with short-term maturity of less than three months. Accordingly, management believes that the effects to the changes in interest rates are limited and would not have a material impact to the financial condition or results of operations.

The Group's and the Company's interest rate risk also arises from borrowings. Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at 31 March 2011, the Group's borrowings at variable rate were denominated in the US Dollar ("USD") and Arab Emirates Dirham ("AED").

As at 31 March 2011, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, would have the following impact on the loss after tax for the financial year:

	Increase/ (decrease) RM'000
Group	
Borrowings denominated in USD	306
Borrowings denominated in AED	240
Company	
Borrowings denominated in RM	96

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iii) Price risk

The Group is exposed to equity securities price risk and this quoted investments held by the Group and the Company which are classified as available-for-sale financial assets.

The Group's and the Company's investments in equity of other entities are publicly traded in Bursa Malaysia.

The table below summarises the impact of increases/decreases of the equity index on the Group's and the Company's equity. The analysis is based on the assumption that the equity indexes had increased/ decreased by 10% with all other variables held constant and the entire Group's equity instrument moved according to the historical correlation with the index:

	Impact on other comprehensive income 2011 RM'000
Index	
Bursa Malaysia	**42,542**

(iv) Liquidity risk

The Group's and the Company's cash flow are reviewed regularly to ensure that the Group and the Company are able to settle its commitments when they fall due.

All the financial liabilities of the Group and the Company are as set out below:

	Group		Company	
	Less than 1 year RM'000	Between 1 and 5 years RM'000	Less than 1 year RM'000	Between 1 and 5 years RM'000
As at 31 March 2011				
Financial payables				
Trade payables	**136,320**	**32,110**	**–**	**–**
Amounts due to subsidiaries	**–**	**–**	**5,014**	**–**
Amounts due to related companies	**41**	**–**	**41**	**–**
Amounts due to associates	**4,840**	**–**	**–**	**–**
Other payables and accruals	**76,933**	**6,978**	**162**	**–**
Borrowings	**207,297**	**38**	**90,578**	**38**
	425,431	**39,126**	**95,795**	**38**

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iv) Liquidity risk (cont'd.)

In order to ensure that the Group would have sufficient cash flows for the twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities, the Group had, in June 2011, obtained a bridging loan facility of RM170,000,000 for a tenure of 5 months, which will be secured on the available-for-sale financial assets of the Group. The proceeds from the new bridging loan facility will be utilised to repay certain existing borrowings amounting to RM157,000,000 of the Group, which are currently secured by the said available-for-sale financial assets. In addition, the Group had, in July 2011, accepted the offer letter for a new term loan facility of RM308,000,000 for a tenure of up to 3 years, the proceeds of which will be utilised to repay the bridging loan facility and the other remaining existing borrowings of the Group. The new term loan facility will be secured by the said available-for-sale financial assets in due course. The Group anticipates signing the agreement of the term loan facility by the second quarter of the financial year ending 31 March 2012.

The new credit facilities, together with the proceeds from the disposals of certain plant and equipment and the receipt of the progress billings of the projects which are anticipated to be received on the assumption that the projects are completed based on the estimated completion dates, will be utilised to repay the existing borrowings of the Group, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities for the twelve months from the reporting date.

(v) Credit risk

The Group's and the Company's exposure to credit risk arises primarily from short-term investments and trade receivables. The Group and the Company has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of its receivables. Credit evaluations are performed on all contract customers. Write-offs of uncollectible accounts have historically not been significant; however, the Group closely monitors its customers' financial strength to reduce the risk of loss.

At the reporting date, the Group has no significant concentration of credit risk other than four corporate debtors which represent 99.8% of the Group's total trade receivables, of which these balances are monitored closely. 99.8% of these trade receivables related mainly to retention sum. The Company has no significant concentration of credit risk except for amounts due from subsidiaries.

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 such as deposits placement in various countries which will be affected by economic factors. 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.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statements of financial position. The Group's major classes of financial assets are deposits placed with licensed banks, cash and bank balances, trade and other receivables and related party balances.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(v) Credit risk (cont'd.)

Details of the financial assets before impairment (excluding cash and bank balances) are as follows:

	Group	Company
	RM'000	RM'000
At 31 March 2011		
Not past due	223,414	10,848
Past due but not impaired	89,926	–
Impaired	3,409	366,068
	316,749	376,916

(a) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit rating agencies. Financial assets, except as set out in Note 3(v)(b) and Note 3(v)(c) to the financial statements, are neither past due nor impaired, as these balances relate to companies with good collection track records with the Group.

(b) Financial assets that are past due but not impaired

Details of the financial assets that are past due but not impaired are as follows:

	Group	Company
	RM'000	RM'000
At 31 March 2011		
Trade and other receivables		
Past due 0 to 3 months	13,402	–
Past due 3 to 6 months	62,851	–
Past due over 6 months	1,784	–
Amounts due from related companies		
Past due over 6 months	11,889	–
	89,926	–

No impairment has been made on certain amounts which are past due but not impaired as the Group is certain of the recoverability of these receivables.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(v) Credit risk (cont'd.)

(c) Financial assets that are impaired

Details of the financial assets that are impaired are as follows:

	Group	Company
	RM'000	RM'000
At 31 March 2011		
Trade and other receivables	**3,409**	**59**
Amounts due from subsidiaries	**—**	**366,009**
	3,409	**366,068**

Details of the allowance for impairment of receivables at the reporting date are as follows:

	Group	Company
	RM'000	RM'000
Trade and other receivables		
At 1 April 2010 and at 31 March 2011	**3,409**	**59**
Amounts due from subsidiaries		
At 1 April 2010	—	125,847
Impairment charge during the financial year	—	240,162
At 31 March 2011	—	366,009

The impaired receivables are mainly due to doubtful recovery of debts and/or debtors experiencing cash flow constraints in their operations.

(vi) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders and issue new shares or buy back issued shares.

The Group considers that the capital of the Group relates only to the share capital and this is unchanged from the prior year.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(vii) Fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to/from Group and Company) and borrowings.

Fair value estimation

Effective 1 April 2010, the Group early adopted the amendment to FRS 7: Financial Instruments that are measured at fair value at each reporting date. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the available-for-sale financial assets for the Group and the Company that are measured at fair value at 31 March 2011, is as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets	425,420	—	—	425,420

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for the financial assets held by the Group and the Company is the current bid price. These instruments are included in Level 1.

The Group and the Company do not hold any financial assets or liabilities that are measured at fair value at Level 2 and Level 3.

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Critical accounting estimates and assumptions

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

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

Note 2 to the financial statements discloses the critical accounting estimates and assumptions used in preparing the financial statements of the Group and the Company as a going concern.

In the event that the Group completes the project in Indonesia but is imposed a maximum LAD of approximately RM166,500,000 by the owner of the project, despite the matter being referred to arbitration by the Group, due to delays experienced in completing the project, the Group would exercise its rights to also impose a maximum LAD of approximately RM67,500,000 to its subcontractor. This may also result in the Group experiencing delays in receiving retention sums from the owner and as a result, the Group will delay payment of retention sums to its subcontractor.

The above factors would result in a net decrease in the cash flows, but will be mitigated, potentially, by the disposals of the available-for-sale financial assets of the Group, which would result in positive cash flows for the Group for the twelve months from the reporting date.

(ii) Construction contracts

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

Refer to the Note 27 to the financial statements for further details on the critical accounting estimates and assumptions.

(iii) Recoverability of tax recoverable

The Directors are committed in pursuing the tax recoverable from the tax authorities in various countries and are confident that the tax recoverable will be successfully recovered based on advice by external tax consultant. The Directors will monitor any changes in circumstances that may affect the recoverability of the taxes. In the event that the tax recoverable cannot be recovered, the Group's results will decrease by RM47,640,000.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Critical accounting estimates and assumptions (cont'd.)

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

The Group estimates the useful lives of property, plant and equipment and related depreciation charge of its property, plant and equipment 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 the assumptions continue to be valid.

Management will accelerate the deprecation charge when the useful lives are less than the previously estimated lives, it will write-off or write down obsolete or non-strategic assets that have been abandoned or sold.

Refer to Note 15 to the financial statements for further details on the carrying values of the property, plant and equipment of the Group and the Company.

5 DISPOSALS AND DISCONTINUED OPERATION

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

In the previous financial year, the Company announced the decision to dispose European Profiles (M) Sdn. Berhad ("EPM"), a subsidiary of Zelan Holdings (M) Sdn. Bhd., which forms a significant part of the manufacturing and trading business segment of the Group. The proposed disposal is consistent with the Group's long-term strategy to maximise growth and profitability by focusing on the engineering and construction related businesses. The disposal of EPM was completed on 23 June 2010, for a consideration of RM10,000,000 and resulting in a loss on disposal of RM4,033,000. The loss on disposal has been included within expenses in the current financial year as set out in the analysis below.

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

	Group	
	2011	2010
	RM'000	RM'000
Revenue	**6,476**	21,344
Other income	**185**	918
Expenses (including loss on disposal from discontinued operation)	**(10,830)**	(22,508)
Loss before tax from discontinued operation	**(4,169)**	(246)
Taxation	**(170)**	(269)
Loss for the financial year from discontinued operation	**(4,339)**	(515)

5 DISPOSALS AND DISCONTINUED OPERATION (CONT'D.)

(a) Discontinued operation and disposal group classified as held-for-sale (cont'd.)

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

	Group	
	2011	2010
	RM'000	RM'000
Allowance for doubtful debts	**1,333**	616
Auditors' remuneration – statutory audit	**18**	173
Depreciation of property, plant and equipment	**118**	547
Directors' remuneration:		
- Salaries and bonus	**6**	215
- Defined contribution retirement plan	**—**	28
Interest expense – hire purchase	**1**	14
Inventories written down	**—**	630
Net (gain)/loss on foreign exchange:		
- Realised	**(58)**	(149)
- Unrealised	**—**	103
Property, plant and equipment written off	**1**	2
Staff costs:		
- Wages, salaries and bonus	**586**	2,384
- Defined contribution retirement plan	**75**	309
Gain from disposal of other investments	**—**	(6)
Interest income	**(48)**	(301)
Write back of allowance for doubtful debts	**(146)**	(761)

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

Operating cash flows	**1,943**	2,339
Investing cash flows	**573**	(2,713)
Financing cash flows	**8**	(3,542)
Total cash flows	**2,524**	(3,916)

5 DISPOSALS AND DISCONTINUED OPERATION (CONT'D.)

(a) Discontinued operation and disposal group classified as held-for-sale (cont'd.)

The major classes of assets and liabilities of European Profiles (M) Sdn. Berhad classified as held-for-sale on the consolidated statement of financial position, are as follows:

	2010 RM'000
Assets	
Property plant and equipment	8,647
Deferred tax assets	616
Inventories	3,689
Other investments	10,620
Trade and other receivables	10,502
Tax recoverable	278
Cash and bank balances	2,587
Assets of disposal group classified as held-for-sale	36,939
Liabilities	
Trade and other payables	(15,464)
Borrowings	(94)
Current tax liabilities	(655)
Liabilities of disposal group classified as held-for-sale	(16,213)
Equity	
Foreign exchange reserve	(68)
Equity directly associated with disposal group classified as held-for-sale	(68)

5 DISPOSALS AND DISCONTINUED OPERATION (CONT'D.)

(a) Discontinued operation and disposal group classified as held-for-sale (cont'd.)

The effects of disposal on the financial position of the Group are as follows:

	At date of disposal RM'000
Net assets	18,261
Less: Minority interest	(4,228)
	14,033
Less: Disposal proceeds	(10,000)
Loss on disposal	4,033

The cash flows on disposal are determined as follows:	
Net proceeds from disposal – cash consideration	10,000
Cash and cash equivalent of subsidiary disposed off	(2,587)
Net cash inflow on disposal	7,413

(b) Disposal and liquidations of the Group

The Group had made the following disposal and liquidations in the current financial year:

(i) The Company, together with MMC Corporation Berhad ("MMC"), entered into an agreement with Kuda Sejati Sdn Bhd in December 2010 to dispose of the Group's and MMC's equity interest of 30% and 40%, respectively, in Timah Dermawan Sendirian Berhad, an associate of the Company, for a consideration of RM1,440,000. The Company received its proportionate share of the sale proceed of RM616,000 and accordingly, the Company derecognised its investment in Timah Dermawan Sdn Bhd. The Group had, in December 2010, recognised a loss of RM16,000 and a gain of RM560,000 at the Group and the Company level, respectively.

(ii) Sahakarn Zelan (Thailand) Co. Ltd., an associate of the Group, was liquidated during the financial year and resulting in a loss of liquidation of RM23,000 at the Group level.

(iii) L.K.Ang-Zelan Consortium Pte. Ltd., a jointly controlled entity of the Group was liquidated during the financial year and resulting in a loss on liquidation of RM127,000 at the Group level.

5 DISPOSALS AND DISCONTINUED OPERATION (CONT'D.)

(b) Disposal and liquidations of the Group (cont'd.)

In the previous financial year, the Group had made the following disposals:

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

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

6 REVENUE

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Construction contracts, gross	**116,629**	977,409	**–**	–
Less: provision for liquidated ascertained damages (Note 34)	**(97,134)**	–	**–**	–
Construction contracts, net	**19,495**	977,409	**–**	–
Property development	**–**	15,591	**–**	–
Carpark income	**833**	854	**–**	–
Rental income	**379**	378	**–**	–
Sale of completed properties	**504**	153	**–**	–
Management charges	**–**	132	**–**	–
Membership fees	**5**	9	**–**	–
Dividend income	**13,725**	4,117	**13,725**	4,117
	34,941	998,643	**13,725**	4,117

7 COST OF SALES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Construction contract costs	**275,011**	1,175,616	**–**	–
Property development costs	**–**	17,788	**–**	–
Cost of properties sold	**343**	128	**–**	–
Others	**175**	181	**–**	–
	275,529	1,193,713	**–**	–

The construction contract costs during the financial year includes an amount of RM71,024,000 in respect of estimated liquidated ascertained damages to be recovered from the subcontractor in one of the Group's projects as a result of a delay in completing their scope of work as set out in the agreement for supply based on legal advice. Refer to Note 26 to the financial statements for further details.

8 FINANCE INCOME AND FINANCE COST

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Finance income				
Interest income	**17,825**	777	**108**	29
Profit from Islamic deposits	**4**	70	**74**	70
Investment income	**–**	19	**–**	–
	17,829	866	**182**	99
Finance cost				
Interest expense on borrowings	**27,602**	6,570	**6,542**	2,434
Less: interest expenses included in cost of sales (Note 27)	**(10,756)**	(6,534)	**–**	–
	16,846	36	**6,542**	2,434

9 LOSS BEFORE TAXATION

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

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Continuing operations				
Allowance for doubtful debts	**—**	4,469	**240,162**	122,912
Amortisation of lease prepayments	**—**	46	**—**	46
Auditors' remuneration – statutory audit	**324**	343	**60**	50
Depreciation of investment properties	**142**	142	**—**	—
Directors' remuneration	**1,625**	2,092	**1,320**	1,852
Impairment loss on:				
- goodwill	**—**	44,396	**—**	—
- investment in a subsidiary	**—**	—	**—**	140,425
Property, plant and equipment:				
- written off	**24**	1,850	**—**	—
- depreciation	**16,111**	51,670	**152**	378
- impairment loss	**252**	610	**—**	—
- loss/(gain) on disposals	**544**	(414)	**(75)**	(134)
Net gain on foreign exchange:				
- unrealised	**—**	(22,929)	**(99)**	(499)
Net loss on foreign exchange:				
- realised	**5**	2	**—**	—
- unrealised	**24,187**	—	**—**	—
Rental of land and premises	**5,346**	9,356	**17**	17
Rental of office equipment	**361**	37	**24**	21
Staff costs (Note 10)	**62,598**	120,148	**3,293**	3,900
Bad debts recovered (net)	**—**	(14)	**—**	—
Net loss/(gain) on disposal of:				
- non-current asset held-for-sale	**4,033**	—	**—**	—
- an associate	**16**	(3,627)	**(560)**	—
- a jointly controlled entity	**—**	990	**—**	—
- available-for-sale financial assets	**(53,866)**	—	**(85,482)**	—
- other investments	**—**	(11,620)	**—**	(11,614)
Loss on liquidation of:				
- an associate	**23**	—	**—**	—
- a jointly controlled entity	**127**	—	**—**	—
Rental income on premises	**(276)**	(781)	**—**	—

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounting to approximately RM307,000 (2010: RM359,000).

10 STAFF COSTS

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

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Wages, salaries and bonus	**54,152**	114,563	**2,719**	3,300
Defined contribution retirement plan	**1,644**	1,918	**360**	431
Other employee benefits	**6,802**	3,667	**214**	169
	62,598	120,148	**3,293**	3,900
Staff costs for the financial year are allocated as follows:				
Administrative expense	**12,850**	16,870	**3,293**	3,900
Cost of sales	**49,748**	103,278	**–**	–
	62,598	120,148	**3,293**	3,900

11 DIRECTORS' REMUNERATION

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

Executive Director
Dato' Anwar bin Aji, Executive Chairman (redesignated as Executive Chairman on 19.01.2011)
YM Raja Azmi bin Raja Nazuddin (resigned on 30.07.2010)

Non-Executive Directors:
Dato' Abdullah bin Mohd. Yusof
Datuk Haji Hasni bin Harun
Mohd Farit bin Ibrahim
Ooi Teik Huat

11 DIRECTORS' REMUNERATION (CONT'D.)

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

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Charged to profit or loss:				
Non-Executive Directors:				
- fees	**407**	440	**407**	440
- other emoluments	**113**	316	**113**	76
Executive Director(s):				
- salaries and bonus	**953**	1,137	**670**	1,137
- defined contribution retirement plan	**86**	159	**86**	159
- other employee benefits	**66**	40	**44**	40
	1,625	2,092	**1,320**	1,852
Not charged to profit or loss:				
Executive Director(s):				
- estimated monetary value of benefits-in-kind	**16**	87	**4**	87
	1,641	2,179	**1,324**	1,939

12 AUDITORS' REMUNERATION

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
PricewaterhouseCoopers Malaysia*				
- Statutory audit	**324**	343	**60**	50
- Fees for other services	**172**	132	**172**	107
	496	475	**232**	157
Other member firms of PricewaterhouseCoopers International Limited*				
- Statutory audit	**101**	121	**—**	—
- Fees for other services	**—**	23	**—**	—
	101	144	**—**	—
Firms other than member firms of PricewaterhouseCoopers International Limited				
- Statutory audit	**81**	56	**—**	—

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

13 TAXATION

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Continuing operations				
Current tax:				
Malaysian tax:				
- Current financial year	**1,855**	8,921	**1,764**	–
- (Over)/under provision in prior years	**(2,634)**	382	**1**	(409)
	(779)	9,303	**1,765**	(409)
Foreign tax:				
- Current financial year	**1,047**	9,084	**–**	–
Deferred tax (Note 33):				
- Origination and reversal of temporary differences	**(887)**	(341)	**–**	–
- (Over)/under provision in prior years	**(77)**	156	**–**	–
	(964)	(185)	**–**	–
Total tax (credit)/expense from continuing operations	**(696)**	18,202	**1,765**	(409)
Discontinued operation				
Current tax:				
Malaysian tax:				
- Current financial year	**170**	773	**–**	–
- Under provision in prior years	**–**	202	**–**	–
	170	975	**–**	–
Deferred tax (Note 33):				
- Origination and reversal of temporary differences	**–**	(706)	**–**	–
Total tax expense from discontinued operation (Note 5(a))	**170**	269	**–**	–
Tax (credit)/expense	**(526)**	18,471	**1,765**	(409)

13 TAXATION (CONT'D.)

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
The explanation of the relationship between tax (credit)/ charge and (loss)/profit before taxation is as follows:				
Loss before taxation from:				
- continuing operations	**(253,911)**	(270,127)	**(154,459)**	(252,617)
- discontinued operation	**(4,169)**	(246)	**—**	—
	(258,080)	(270,373)	**(154,459)**	(252,617)
Tax calculated at the Malaysian tax rate of 25% (2010: 25%)	**(64,520)**	(67,593)	**(38,615)**	(63,154)
Tax effects of:				
- share of results of associates	**(4,224)**	(2,376)	**—**	—
- expenses not deductible for tax purposes	**46,885**	49,901	**62,223**	64,201
- income not subject to tax	**(23,423)**	(5,161)	**(21,823)**	(1,047)
- different tax rates in other countries	**40,580**	42,435	**—**	—
- temporary differences and tax losses not recognised	**6,887**	745	**(21)**	—
- utilisation of previously unrecognised tax losses	**—**	(220)	**—**	—
(Over)/under provision in prior years	**(2,711)**	740	**1**	(409)
Tax (credit)/expense	**(526)**	18,471	**1,765**	(409)

14 LOSS PER SHARE

(a) Basic

The calculation of basic loss per share of the Group is calculated by dividing the loss attributable to the ordinary equity holders of the Company for the financial year of RM257,428,000 (2010: RM274,917,000) by the weighted average number of ordinary shares in issue during the financial year of 563,262,970 (2010: 563,262,970).

	Group	
	2011	2010
	RM'000	RM'000
Loss attributable to equity holders of the Company:		
- from continuing operations	**(253,138)**	(274,018)
- from discontinued operation	**(4,290)**	(899)
Loss attributable to equity holders of the Company	**(257,428)**	(274,917)
	'000	'000
Weighted average number of shares in issue	**563,263**	563,263
	Sen	Sen
Basic loss per share, attributable to equity holders of the Company, for:		
- continuing operations	**(44.94)**	(48.65)
- discontinued operation	**(0.76)**	(0.16)
Total basic loss per share attributable to equity holders of the Company	**(45.70)**	(48.81)

(b) Diluted

The weighted average number of ordinary shares in issue has not been adjusted to assume dilution as the Group does not issue any financial instruments or other contract that may entitle its holders to ordinary shares. Accordingly, the diluted loss per share is the same as basic loss per share.

	Group	
	2011	2010
	Sen	Sen
Total diluted loss per share attributable to equity holders of the Company	**(45.70)**	(48.81)

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Net book value								
At 1 April 2010	7,488	626	4,062	3,700	33,589	772	15,733	65,970
Additions	–	8	–	133	–	–	–	141
Disposals	–	(198)	(1,521)	(130)	(2,643)	–	(2,555)	(7,047)
Write-offs	–	(2)	–	(19)	–	–	(3)	(24)
Depreciation charge	(154)	(259)	(930)	(843)	(11,105)	(146)	(2,674)	(16,111)
Impairment loss	–	–	–	–	(252)	–	–	(252)
Translation differences	–	(38)	(184)	(108)	(2,121)	(2)	(871)	(3,324)
At 31 March 2011	7,334	137	1,427	2,733	17,468	624	9,630	39,353
At 31 March 2011								
Cost	8,799	1,562	8,161	11,799	109,241	1,778	26,834	168,174
Accumulated depreciation and impairment loss	(1,465)	(1,425)	(6,734)	(9,066)	(91,773)	(1,154)	(17,204)	(128,821)
Net book value	7,334	137	1,427	2,733	17,468	624	9,630	39,353

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Buildings	Motor vehicles	Office equipment	Total
	RM'000	RM'000	RM'000	RM'000
Company				
Net book value				
At 1 April 2010	**–**	**511**	**68**	**579**
Additions	**–**	**–**	**4**	**4**
Disposals	**–**	**(290)**	**–**	**(290)**
Depreciation charge	**–**	**(126)**	**(26)**	**(152)**
At 31 March 2011	**–**	**95**	**46**	**141**
At 31 March 2011				
Cost	**40**	**589**	**469**	**1,098**
Accumulated depreciation	**(40)**	**(494)**	**(423)**	**(957)**
Net book value	**–**	**95**	**46**	**141**
Net book value				
At 1 April 2009	–	984	64	1,048
Additions	–	–	39	39
Disposals	–	(129)	(1)	(130)
Depreciation charge	–	(344)	(34)	(378)
At 31 March 2010	–	511	68	579
At 31 March 2010				
Cost	40	1,583	465	2,088
Accumulated depreciation	(40)	(1,072)	(397)	(1,509)
Net book value	–	511	68	579

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Depreciation charge for the financial year is allocated as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'00
Continuing operations:				
- administrative expenses	**6,184**	22,541	**152**	378
- cost of sales	**9,927**	29,129	**–**	–
Continuing operations (Note 9)	**16,111**	51,670	**152**	378
Discontinued operation (Note 5(a))	**118**	547	**–**	–
	16,229	52,217	**152**	378
Net book value of assets acquired under hire purchase arrangements:				
- Motor vehicles	**488**	870	**95**	511

16 INVESTMENT PROPERTIES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Cost				
At start and end of the financial year	**6,350**	6,350	**–**	–
Accumulated depreciation				
At start of the financial year	**(651)**	(509)	**–**	–
Depreciation charge	**(142)**	(142)	**–**	–
At end of the financial year	**(793)**	(651)	**–**	–
Net book value	**5,557**	5,699	**–**	–

As at 31 March 2011, the fair value of the investment properties was estimated at RM8,660,000 (2010: RM8,730,000) based on valuation by an independent professional qualified valuer. Valuations were based on current prices in an active market for the related properties.

17 LEASE PREPAYMENTS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
At start of the financial year	**–**	46	**–**	46
Amortisation charge	**–**	(46)	**–**	(46)
At end of the financial year	**–**	–	**–**	–
Cost	**–**	218	**–**	218
Accumulated amortisation	**–**	(218)	**–**	(218)
Net book value	**–**	–	**–**	–

18 GOODWILL

	Group	
	2011	2010
	RM'000	RM'000
Net book value		
At start of the financial year	**–**	44,396
Impairment loss during the financial year	**–**	(44,396)
At end of financial year	**–**	–
Cost	**–**	47,338
Accumulated impairment losses	**–**	(47,338)
Net book value	**–**	–

18 GOODWILL (CONT'D.)

Recoverable amounts based on value-in-use

The recoverable amount of the engineering and construction cash generating unit ("CGU") was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by the Directors covering a five-years period. The key assumptions used in the value-in-use calculations are as follows:

	2010 Engineering and construction %
Gross margin	5 – 15
Pre-tax discount rate	14

The following describes each key assumption underlying the preparation of the cash flow projections for the purposes of impairment assessment of the goodwill in the previous financial year, is as follows:

(i) Gross margin

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

(ii) Discount rate

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

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

(b) the cash flow projections for the engineering and construction CGU assumed that each project would generate cash flows for a period of 3 to 5 years from the date of commencement.

Based on the value-in-use calculations, the Group had recorded an impairment loss of RM44,396,000 in the previous financial year in respect of the goodwill of the engineering and construction CGU on the basis that the carrying amount of the engineering and construction CGU exceeded its recoverable amount.

19 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	RM'000	RM'000
Unquoted shares outside Malaysia, at cost	**18,055**	18,055
Less: Accumulated impairment losses	**(18,055)**	(18,055)
	–	–
Unquoted shares in Malaysia, at cost	**140,525**	140,525
Less: Accumulated impairment losses	**(140,425)**	(140,425)
	100	100
	100	100

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

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2011	2010	
		%	%	
Tronoh Consolidated (Overseas) Sdn. Bhd.#	Malaysia	**100**	100	Dormant
Golden Solitaire (Australia) B.V.	Netherlands	**67**	67	Under members' voluntary liquidation
Zelan Holdings (M) Sdn. Bhd.#	Malaysia	**100**	100	Investment holding, civil engineering and building turnkey contractor
Tronoh Consolidated (Labuan) Ltd.	Malaysia	**–**	100	Liquidated
Terminal Bersepadu Gombak Sdn. Bhd.# (formerly known as TCMB Energy Ventures Sdn. Bhd.)	Malaysia	**100**	100	Concession operator
TCMB Power Sdn. Bhd.#	Malaysia	**100**	100	Dormant

19 INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of company	Country of incorporation	Group's effective interest 2011 %	2010 %	Principal activities
Subsidiaries of Zelan Holdings (M) Sdn. Bhd.				
Zelan Corporation Sdn. Bhd.#	Malaysia	**100**	100	Property development and management and operation of motor vehicles parking facilities
Sejara Bina Sdn. Bhd.^	Malaysia	**100**	100	Investment holding
European Profiles (M) Sdn. Berhad^	Malaysia	**–**	80	Disposed during the financial year (Note 5(a))
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	Liquidated
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
Subsidiaries of European Profiles (M) Sdn. Berhad				
European Profiles Contracting Sdn. Bhd.^	Malaysia	**–**	56.80	Disposed during the financial year (Note 5(a))
Richard Lees Steel Decking Asia Sdn. Bhd.^	Malaysia	**–**	40	Disposed during the financial year (Note 5(a))
Subsidiary of European Profiles Contracting Sdn. Bhd.				
European Profiles Contracting Pte. Ltd.^	Singapore	**–**	56.80	Disposed during the financial year Note 5(a))

19 INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2011	2010	
		%	%	
Subsidiaries of Zelan Corporation Sdn. Bhd.				
Zelan Development Sdn. Bhd.#	Malaysia	**100**	100	Property development
Panduan Pelangi Sdn. Bhd.^	Malaysia	**100**	100	Building management and maintenance
Zelan Property Services Sdn. Bhd.^	Malaysia	**100**	100	Management of residential properties
Paduan Lima Sejati Sdn. Bhd.^	Malaysia	**100**	100	Management and operation of a fitness centre
Subsidiaries of Zelan Enterprise Sdn. Bhd.				
Vispa Sdn. Bhd.^	Malaysia	**100**	100	Dormant
Eminent Hectares Sdn. Bhd.^	Malaysia	**100**	100	Investment holding
Subsidiary of Zelan Construction Sdn. Bhd.				
Zelan Construction Pte. Ltd.^	Singapore	**–**	100	Liquidated

Note:

Audited by PricewaterhouseCoopers, Malaysia.

^ Audited by a firm other than member firms of PricewaterhouseCoopers International Limited.

* Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.

20 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares in Malaysia, at cost	**2,585**	5,580	**10**	3,005
Less: Accumulated impairment losses	**–**	–	**–**	(2,948)
	2,585	5,580	**10**	57
Unquoted shares outside Malaysia, at cost	**1,971**	2,467	**–**	–
	1,971	2,467	**–**	–
Group's share of post-acquisition reserves	**10,827**	25,167	**–**	–
	15,383	33,214	**10**	57

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

	Group	
	2011	2010
	RM'000	RM'000
Revenue	**19,328**	246,273
(Loss)/profit after taxation (including minority interest)	**(16,896)**	8,870
Non-current assets	**43**	85
Current assets	**17,631**	109,420
Current liabilities	**(2,097)**	(75,671)
Non-current liabilities	**(194)**	(620)
Net assets	**15,383**	33,214

20 INVESTMENTS IN ASSOCIATES (CONT'D.)

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

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2011	2010	
		%	%	
Timah Dermawan Sendirian Berhad#	Malaysia	**–**	30	Disposed during the financial year (Note 5 (b)(i))
MMC Zelan Sdn. Bhd.#	Malaysia	**40**	–	Undertake, construct, maintain, manage/execute any Light Rail Transit project in Malaysia or elsewhere and to carry out all related works thereto
IJM-Zelan-Sunway Builders-LFE Consortium^	Malaysia	**25**	25	Design, execution, completion of towers.
Associates of Zelan Holdings (M) Sdn. Bhd.				
Sahakarn Zelan (Thailand) Co. Ltd.^	Thailand	**–**	49	Liquidated (Note 5(b)(ii))
Zelan Arabia Co. Ltd. ^	Saudi Arabia	**40**	40	Civil technical design and construction of civil and building works
Associate of Sejara Bina Sdn. Bhd.				
Essential Amity Sdn. Bhd.#	Malaysia	**50**	50	Turnkey contractor and property development

Note:

\# Audited by PricewaterhouseCoopers, Malaysia.

^ Audited by a firm other than member firms of PricewaterhouseCoopers International Limited.

The construction contract undertaken by IJM-Zelan-Sunway Builders-LFE Consortium has a contractual completion date of September 2010, however as at 31 March 2011, the completion of the contract has been delayed due to non-payment of overdue progress billings by the owner of the project. Accordingly, the Group has reversed its share of profits previously recognised in respect of this project, and has therefore recorded a share of loss of RM17,869,000 (2010: share of profits of RM17,364,000) for the financial year ended 31 March 2011.

No further liabilities, contingent or otherwise, are anticipated with respect to this business arrangement except for the interest expense arising from the funding provided by the other members of the business arrangement to fund the project. A portion of the interest expense will be borne by Zelan Berhad, as set out in the consortium agreement. No interest expense has been accrued with respect to this arrangement as at 31 March 2011 as the funding provided by other members was only for a short period of time, and these amounts have substantially been repaid subsequent to the reporting date.

21 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2011	2010
	RM'000	RM'000
Unquoted shares, at cost	**–**	–
Share of results of a jointly controlled entity	**–**	127
	–	127

The Group's share of revenue, expenses, assets and liabilities of a jointly controlled entity is as follows:

	Group	
	2011	2010
	RM'000	RM'000
Revenue	**–**	20,292
Expenses (including tax expense)	**–**	(19,656)
Profit after taxation	**–**	636
Non-current assets	**–**	169
Current assets	**–**	147,123
	–	147,292
Current liabilities	**–**	(147,126)
Non-current liabilities	**–**	(39)
Net assets	**–**	127

Details of a jointly controlled entity is as follows:

Name	Principal activities	Country of incorporation	Group's effective interest	
			2011	2010
			%	%
L.K. Ang – Zelan Consortium Pte. Ltd.	Liquidated (Note 5(b)(iii))	Singapore	**–**	50

22 JOINT VENTURES

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

	Group	
	2011	2010
	RM'000	RM'000
Revenue	**–**	300
Expenses (including tax expense)	**–**	–
Profit after taxation	**–**	300
Current assets	**–**	51
Current liabilities	**–**	(4)
Net assets	**–**	47

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

Details of the jointly controlled operations are as follows:

Name of company	Principal activities	Proportion of ownership interest	
		2011	2010
		%	%
Zelan - Murray Roberts Joint Venture	Civil engineering works	**50**	50
ZCSB - WEPE Joint Venture	Civil engineering works	**–**	51
European Profiles Contracting Sdn. Bhd - PT Krazu Nusantara (European Profiles - Krazu (Joint Venture)	Supply, delivery, hoist installation and painting of GRC Islamic Features Panels and done works and Painting of GRC Islamic ceilings for Albukhary Higher Learning Centre	**–**	36
Sumitomo - Zelan Consortium	Construction and completion of power plant	^	^

22 JOINT VENTURES (CONT'D.)

Details of the jointly controlled operations are as follows: (cont'd.)

Name of company	Principal activities	Proportion of ownership interest	
		2011	2010
		%	%
Zelan-Marubeni - Tokyu Construction Consortium	Construction and completion of hangar and workshop for aircraft	*****	*

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

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

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
At beginning of the financial year	**562,509**	344,158	**562,509**	344,158
Disposals during the financial year	**(238,632)**	—	**(238,632)**	—
Fair value gain on available-for-sale financial assets	**101,543**	218,351	**101,543**	218,351
At end of the financial year	**425,420**	562,509	**425,420**	562,509
Market value of quoted shares in Malaysia	**425,420**	562,509	**425,420**	562,509

Available-for-sale financial assets amounting to RM425,176,000 (2010: RM323,691,000) have been pledged as security for the Group's revolving credits as disclosed in the Note 32(b) to the financial statements.

24 INVENTORIES

	Group	
	2011	2010
	RM'000	RM'000
Completed properties for sale	**9,194**	9,537

25 PROPERTY DEVELOPMENT COSTS

	Group	
	2011	2010
	RM'000	RM'000
Freehold land, at cost	**–**	30,000
Development expenditure	**–**	234,166
	–	264,166
Less: Accumulated costs charged to profit or loss	**–**	(264,166)
	–	–
At start of the financial year	**–**	2,014
Development cost incurred during the financial year	**–**	15,774
	–	17,788
Costs charged to profit or loss	**–**	(17,788)
At end of the financial year	**–**	–

26 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Financial receivables				
Trade receivables	**263,799**	461,842	**–**	–
Amounts due from associates	**1,724**	836	**–**	–
Amounts due from related companies	**11,903**	12,150	**–**	–
	277,426	474,828	**–**	–
Other receivables and deposits	**39,323**	31,130	**118**	995
Less: Allowance for doubtful debts	**(3,409)**	(3,409)	**(59)**	(59)
	35,914	27,721	**59**	936
Amounts due from subsidiaries	**–**	–	**376,798**	127,158
Less: Allowance for doubtful debts	**–**	–	**(366,009)**	(125,847)
	–	–	**10,789**	1,311
	313,340	502,549	**10,848**	2,247
Other receivables				
Amounts due from contract customers (Note 27)	**52,916**	21,051	**–**	–
Amount recoverable from subcontractor	**68,133**	–	**–**	–
Advances to subcontractors	**71,085**	85,205	**–**	–
Prepayments	**3,058**	1,914	**–**	–
	195,192	108,170	**–**	–

Retention on contracts, included in trade receivables of the Group, amounted to RM213,698,000 (2010: RM231,286,000).

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

26 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

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

Amount recoverable from subcontractor of RM68,133,000 as at 31 March 2011 is in respect of estimated LAD to be recovered from the subcontractor as a result of the delay in completing their scope of work as set out in the agreement for supply. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement. This is supported by external legal advice.

27 CONSTRUCTION CONTRACTS

	Group	
	2011	2010
	RM'000	RM'000
Aggregate costs incurred to date	**7,224,522**	7,611,233
Add: Attributable profits	**275,453**	305,177
Less: Foreseeable losses	**(557,185)**	(305,328)
	6,942,790	7,611,082
Less: Progress billings	**(7,034,756)**	(7,709,753)
	(91,966)	(98,671)
Amounts due from contract customers (Note 26)	**52,916**	21,051
Amounts due to contract customers (Note 31)	**(144,882)**	(119,722)
	(91,966)	(98,671)

27 CONSTRUCTION CONTRACTS (CONT'D.)

Included in the construction contract costs for the financial year are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Rental of plant and machinery	**4,828**	22,815
Rental of premises	**5,070**	8,335
Depreciation of property, plant and equipment (Note 15)	**9,927**	29,129
Interest expense on (Note 8):		
- hire purchase	**6**	21
- term loans	**4,180**	3,872
- bank overdrafts	**37**	104
- revolving credit	**6,533**	2,537
	10,756	6,534
Staff costs (Note 10)	**49,748**	103,278

The effective interest rates for borrowing costs in construction contract costs incurred during the financial year range from 4.01% to 15.00% (2010: 4.00% to 15.00%) per annum.

Details of the Group's on-going projects are as set out below:

Project in Indonesia

The project in Indonesia is disclosed in detail in Note 2 and Note 4(i) to the financial statements.

In the event that the Group complete this project beyond the estimated commercial operation dates, the Group may record further provision for LAD of approximately RM73,300,000, which would result in a decrease in the Group's results.

The Group has issued a performance bond of RM142,000,000 to the owner of the project. Similarly, a subcontractor has issued a performance bond of RM65,100,000 to the Group.

A foreseeable loss of RM208,488,000 has been recognised by the Group as at 31 March 2011, incorporating anticipated recoveries of unapproved variation orders to the owner of RM6,572,000 and counter-claims to subcontractors of RM2,819,000.

It is provided in the contract that the owner shall within 3 months from contract signing demonstrate to the contractor readiness of financing for the remaining 85% of contract sum and in the event that this is not achieved within the said timeline, the parties shall mutually agree on the terms and conditions pertaining to the continuation and completion of the contract. As the owner only managed to demonstrate its readiness of financing 20 months and 13 days after the contract signing, the Group, through the consortium, has submitted a notification to the owner for the new commercial operation dates to be mutually agreed upon between the parties in accordance with the provisions of the contract.

27 CONSTRUCTION CONTRACTS (CONT'D.)

Project in the Middle East

The Group entered into a construction contract agreement in the Middle East to construct a mixed development in March 2008. The contractual completion date of the project is September 2010, and as at 31 March 2011, the project has been temporarily suspended due to irregular payments and substantial outstanding payments from the owner of the project.

In June 2011, the Group entered into a supplementary agreement with the owner, which includes revision to the contract sum due to changes in the scope of work, agreed repayment terms of the outstanding progress billings previously certified, recommencement date of July 2011 and a revised completion date of 21 months from the recommencement date. The Group anticipates resuming the project by the end of July 2011 upon achieving certain conditions relating to the recommencement of work at site and receipt of certain payments from the owner as set out in the supplementary agreement. The Directors, therefore, do not anticipate any foreseeable loss for this project.

Other projects

The Group has completed the other projects located in the Kingdom of Saudi Arabia and the Middle East as at 31 March 2011 and is currently in the midst of finalising the final accounts with the owners and subcontractors. Foreseeable losses of RM348,697,000 were recorded in respect of these projects during the periods when these losses were anticipated.

28 OTHER INVESTMENTS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Other investments quoted in Malaysia:				
- at cost	**–**	433	**–**	–
- at market value	**–**	557	**–**	–

29 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Deposits placed with licensed banks	**2,109**	4,178	**1,790**	1,744
Cash and bank balances	**16,492**	39,730	**1,279**	4,157
Deposits, cash and bank balances	**18,601**	43,908	**3,069**	5,901
Less: Deposits pledged as security	**(1,969)**	(2,549)	**(1,790)**	(1,744)
	16,632	41,359	**1,279**	4,157
Add: Cash and cash equivalents of disposal group held for sale (Note 5(a))	**–**	2,587	**–**	–
	16,632	43,946	**1,279**	4,157

Included in deposits placed with licensed banks of the Group is an amount of RM1,969,000 (2010: RM2,549,000) which have been pledged to secure banking facilities, including performance guarantee facility, granted to the Group.

Included in the cash and bank balances is RM116,575 (2010: RM114,797) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Contract and Licensing) Act,1966) that may only be used in accordance with the said Act.

Deposits of the Group and the Company at reporting date have an average maturity of 180 days (2010: 52 days) and 180 days (2010: 30 days) respectively. Bank balances are deposits held at call with licensed banks.

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

	Group		Company	
	2011	2010	**2011**	2010
	%	%	**%**	%
Deposits placed with:				
- Licensed banks	**1.70**	4.65	**2.61**	1.75
- Other licensed financial institutions	**2.70**	–	**2.70**	–
Bank balances	**0.75**	1.33	**1.71**	1.08

30 SHARE CAPITAL

The authorised, issued and fully paid up capital of the Company at reporting date are as follows:

	Group/Company			
	No. of ordinary shares		Amount	
	2011	2010	**2011**	2010
	'000	'000	**RM'000**	RM'000
Authorised:				
At start and end of the financial year	**800,000**	800,000	**400,000**	400,000
Issued and fully paid:				
At start and end of the financial year	**563,263**	563,263	**281,632**	281,632

31 PAYABLES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Financial payables				
Trade payables	**168,430**	353,381	**–**	–
Amounts due to subsidiaries	**–**	–	**5,014**	5,288
Amount due to a joint venture partner	**–**	2	**–**	–
Amounts due to related companies	**41**	41	**41**	41
Amounts due to associates	**4,840**	5,806	**–**	–
Other payables and accruals	**83,911**	69,618	**162**	876
	257,222	428,848	**5,217**	6,205
Other liabilities				
Amounts due to contract customers (Note 27)	**144,882**	119,722	**–**	–
Advances received on contracts	**79,612**	96,506	**–**	–
Others	**9,407**	9,960	**730**	–
	233,901	226,188	**730**	–

31 PAYABLES (CONT'D.)

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

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

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

32 BORROWINGS

		Group		Company	
		2011	2010	**2011**	2010
		RM'000	RM'000	**RM'000**	RM'000
Current:					
Term loans – secured	(a)	**48,893**	22,865	**–**	–
Term loans – unsecured	(a)	**–**	54,357	**–**	–
Revolving credit – secured	(b)	**152,330**	195,888	**90,000**	100,000
Overdraft facility – unsecured		**207**	–	**–**	–
Hire purchase liabilities – secured	(c)	**95**	436	**60**	279
		201,525	273,546	**90,060**	100,279
Non-current:					
Hire purchase liabilities – secured	(c)	**36**	300	**36**	245
		36	300	**36**	245
Total:					
Term loans – secured	(a)	**48,893**	22,865	**–**	–
Term loans – unsecured	(a)	**–**	54,357	**–**	–
Revolving credit – secured	(b)	**152,330**	195,888	**90,000**	100,000
Overdraft facility – unsecured		**207**	–	**–**	–
Hire purchase liabilities – secured	(c)	**131**	736	**96**	524
		201,561	273,846	**90,096**	100,524

32 BORROWINGS (CONT'D.)

(a) Term loans

The secured term loans of the Group are secured by:
- Marginal deposit covering the financial guarantee
- Letter of comfort
- Mortgage over vehicles registered with Traffic Department

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

(b) Revolving credit

The revolving credit facilities are secured by:
- Assignment of proceeds accounts, project proceeds, supplier bonds
- Letter of undertaking
- Letter of subordination of debts
- Pledge of quoted shares (Note 23) of the Group/Company

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

The Group's revolving credit is subject to covenant clauses, whereby the Group is required to meet certain key financial ratios based on the terms and conditions that are as set out in the agreement. During the financial year and as of the reporting date, the Group did not fulfil one of the key financial ratios as required in the agreement. However, the bank did not request for an early repayment of the revolving credit as of the reporting date and the Group had, in June 2011, obtained a waiver for the non-compliance of the financial loan covenants through to December 2011. The revolving credit, and the Group's other borrowings are classified as current liabilities in the statements of financial position as at the reporting date accordingly.

(c) Hire purchase liabilities

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Analysis of hire purchase liabilities:				
Payable within one year	**99**	461	**63**	295
Payable between one and two years	**37**	270	**37**	215
Payable between two and three years	**—**	37	**—**	37
	136	768	**100**	547
Less: Finance charges	**(5)**	(32)	**(4)**	(23)
	131	736	**96**	524

32 BORROWINGS (CONT'D.)

(c) Hire purchase liabilities (cont'd.)

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Present value of hire purchase liabilities:				
Payable within one year	**95**	436	**60**	279
Payable between one and two years	**36**	264	**36**	209
Payable between two and three years	**—**	36	**—**	36
	131	736	**96**	524

The contractual interest rates (per annum) at the reporting date are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
	%	%	**%**	%
Term loans	**10.45 - 15.00**	3.45 - 15.00	**—**	—
Revolving credit	**4.01 - 5.57**	4.00 - 5.10	**4.82 - 5.57**	4.73 - 5.10
Overdraft facility	**22.00**	—	**—**	—
Hire purchase liabilities	**1.75 - 5.10**	1.75 - 5.10	**2.20 - 2.52**	2.20 - 2.52

33 DEFERRED TAX LIABILITIES

	Group	
	2011	2010
	RM'000	RM'000
Deferred tax liabilities		
- subject to income tax		
- continuing operations	**2,697**	3,661
- deferred tax assets of a disposal group held for sale (Note 5(a))	**—**	(616)
	2,697	3,045
Movement during the financial year is as follows:		
At start of the financial year	**3,661**	3,936
Credited to profit or loss:		
- continuing operations (Note 13)	**(964)**	(185)
- discontinued operation (Note 13)	**—**	(706)
	(964)	(891)
Reclassification of deferred tax assets of disposal group held for sale (Note 5(a))	**—**	616
At end of the financial year	**2,697**	3,661
Subject to income tax:		
Deferred tax assets (before offsetting)		
- Provisions	**(121)**	(178)
Offsetting	**121**	178
Deferred tax assets (after offsetting)	**—**	—
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	**2,818**	2,841
- Unrealised foreign exchange gain	**—**	998
	2,818	3,839
Offsetting	**(121)**	(178)
Deferred tax liabilities (after offsetting)	**2,697**	3,661

33 DEFERRED TAX LIABILITIES (CONT'D.)

The amount of deductible temporary differences, unabsorbed capital allowances and unused tax losses, all of which have no expiry date and for which no deferred tax assets is recognised at reporting date, are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Deductible temporary differences	**53,298**	50,191	**–**	–
Unabsorbed capital allowances	**918**	140	**50**	134
Tax losses	**44,084**	44,033	**–**	–
	98,300	94,364	**50**	134

34 PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2011	2010
	RM'000	RM'000
At start of the financial year	**–**	–
Provision during the financial year	**97,134**	–
Exchange translation difference	**(3,955)**	–
At end of the financial year	**93,179**	–

Provision was made for estimated liquidated ascertained damages for one of the Group's project. Refer to the Note 27 to the financial statements for further details.

35 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	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Transactions with other related parties:				
Rental of office premises receivable from:				
- MMC Engineering Services Sdn. Bhd., a subsidiary of a corporate shareholder of the Company	**165**	55	**–**	–
- Tradewinds Corporation Berhad, a related party of a corporate shareholder of the Company	**379**	379	**–**	–
Transactions with a Director				
Progress billings on sale of properties	**–**	163	**–**	–
Transactions with subsidiary of the Company				
Rental fee payable	**–**	–	**17**	17

The outstanding balances arising from the above related party transactions have been disclosed in Note 26 and Note 31 to the financial statements.

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

Key management compensation

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

35 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

Key management compensation (cont'd.)

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Salaries and bonus	**2,471**	5,128	**1,054**	2,419
Defined contribution retirement plan	**296**	570	**140**	337
Directors' fees	**—**	204	**—**	—
	2,767	5,902	**1,194**	2,756
Estimated monetary value of benefits-in-kind	**54**	108	**12**	34
	2,821	6,010	**1,206**	2,790

36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 3 August 2010, the Group's wholly-owned dormant subsidiary companies namely Tronoh Consolidated (Labuan) Ltd. and Zelan Middle East Ltd., had been struck-off from the Register of Companies of the Labuan Offshore Financial Services Authority pursuant to Section 151 of the Offshore Companies Act, 1990.

(ii) L.K.Ang-Zelan Consortium Pte. Ltd., a jointly controlled entity of Zelan Construction Sdn. Bhd., had been struck-off from the Register of the Accounting and Corporate Regulatory Authority on 4 November 2010 pursuant to Section 344(2) of the Companies Act of Singapore.

(iii) On 11 May 2010, Zelan Holdings (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Bagan Persona Sdn. Bhd. to dispose of its entire 80% equity interest in European Profiles (M) Sdn. Berhad, a subsidiary, comprising 2,800,000 ordinary shares, for a sale consideration of RM10,000,000. The disposal was completed on 23 June 2010.

(iv) The Company had obtained a mandate from its shareholders on 7 September 2010 for the Company to, if deemed fit in the future, dispose of up to 30,000,000 ordinary shares of RM1.00 each held in IJM Corporation Berhad for cash to buyers to be identified and at price(s) to be determined later.

As at 31 March 2011, the Company had sold 30,000,000 shares mandated by the shareholders.

(v) Zelan Berhad had, on 21 July 2010 received a letter from Unit Kerjasama Awam Swasta ("UKAS"), Jabatan Perdana Menteri, which states that the Government has agreed, inter alia, that the development project of the integrated transport terminal at Gombak, Selangor will be implemented, on the basis of public private partnership, by the joint venture between Zelan Berhad and Landasan Kapital (M) Sdn Bhd, subject to further negotiations and the Concession Agreement to be entered into. Zelan Berhad owns 95.0% of the equity in the joint venture while Landasan Kapital (M) Sdn Bhd owns the remaining 5.0%. Details of the project, including its value, will be disclosed upon conclusion of the on-going negotiations with the Government.

37 EVENTS SUBSEQUENT TO THE REPORTING DATE

(i) The Group had, in June 2011, obtained a bridging loan facility of RM170,000,000 for a tenure of 5 months, which will be secured on the available-for-sale financial assets of the Group. The proceeds from the new bridging loan facility will be utilised to repay certain existing borrowings amounting to RM157,000,000 of the Group, which are currently secured by the said available-for-sale financial assets. In addition, the Group had, in July 2011, accepted the offer letter for a new term loan facility of RM308,000,000 for a tenure of up to 3 years, the proceeds of which will be utilised to repay the bridging loan facility and the other remaining existing borrowings of the Group. The new term loan facility will be secured by the said available-for-sale financial assets in due course. The Group anticipates signing the agreement of the term loan facility by the second quarter of the financial year ending 31 March 2012.

(ii) In June 2011, the Group entered into a supplementary agreement with the owner, which includes revision to the contract sum due to changes in the scope of work, agreed repayment terms of the outstanding progress billings previously certified, recommencement date of July 2011 and a revised completion date of 21 months from the recommencement date. The Group anticipates resuming the project by the end of July 2011 upon achieving certain conditions relating to the recommencement of work at site and receipt of certain payments from the owner as set out in the supplementary agreement.

38 CONTINGENT LIABILITIES

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

On 6 March 2007, following the High Court hearing, the Court dismissed the abovementioned claim with costs. The plaintiff subsequently filed a notice of appeal on 4 April 2007, to which the Court of Appeal's hearing took place on 30 June 2010.

In the Court of Appeal's hearing on 30 June 2010, the Court of Appeal allowed MMC's application for security for costs of the Company and the hearing of the appeal was adjourned to a date to be fixed pending the payment of the security by the plaintiff. In light of the aforesaid, the Company had requested the plaintiff to provide the Company with security by way of an agreement, failing which, the Company would also file an application for security.

In the Court of Appeal's hearing on 30 March 2011, the Court of Appeal allowed the Company's application for security for costs and the plaintiff paid the aforesaid security for costs.

At the hearing on 4 July 2011, the Court of Appeal dismissed the abovementioned appeal with costs.

(b) A supplier of ready mixed concrete in the Kingdom of Saudi Arabia ("KSA") had filed a claim of SAR67,422,000 (approximately RM58,655,000) against a subsidiary of the Company, incorporated in KSA, for the outstanding invoices, quantities of concrete not ordered by the subsidiary, bank surcharges, equipment, manpower and material standby cost, equipment rental costs and value of damaged plants at a KSA Court hearing on 14 June 2010.

No provision has been made in the financial statements based on the legal advice of the solicitors in KSA, who are of the view that the plaintiff does not have a valid legal case based on the terms and conditions of the contract between the subsidiary and the supplier dated 12 August 2008.

The next KSA Court hearing has been fixed on 8 August 2011.

38 CONTINGENT LIABILITIES (CONT'D.)

(c) A subsidiary's branch in Indonesia received a tax assessment for the 2007 fiscal year on 26 June 2009, which shows a tax liability of IDR60.9 billion (approximately RM21.1 million) and tax penalty of IDR19.9 billion (approximately RM6.9 million). The branch is disputing the assessment and the case is now being tried in the tax court in Indonesia. Based on the advice received from the branch's tax agent, the Board is confident that the branch will not be liable to the tax liability and tax penalty. Accordingly, no provision has been made in the financial statements as at 31 March 2011.

(d) A contractor to a subsidiary's branch in Abu Dhabi is claiming against a subsidiary of the Company for a sum of AED13,500,000 (approximately RM11,100,000) for works done and a sum of AED1,000,000 (approximately RM820,000) as compensation in relation to a project in the United Arab Emirates ("UAE"). No provision has been made in the financial statements as the branch is acting as a project manager to the owner of the project on a cost-plus basis, as set out in the agreement with the owner of the project. Therefore, any additional construction costs in relation to the project to be incurred by the branch will be reimbursed from the owner.

(e) During the financial year, a subcontractor in KSA has instituted a second case against a subsidiary of the Company demanding for an amount of SAR2,000,000 (approximately RM1,640,000), being the alleged value of equipment, material and lawyer fees.

No provision has been made in the financial statements based on the legal advice of the solicitors in KSA, who are of the view that the plaintiff does not has a valid legal case as they have reached an agreed settlement before the High Court in the first case.

(f) In the ordinary course of business, the Company has given guarantees amounting to RM69,941,000 (2010: RM170,835,000) to the owners of the projects in respect of the subsidiaries' performance on these projects and the Company does not anticipate any outflows of economic benefits arising from these guarantees.

39 COMMITMENTS

(a) Capital commitments

There is no capital expenditure which were authorised but not contracted for, as at the reporting date.

(b) Operating lease commitments

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

	Group	
	2011	2010
	RM'000	RM'000
Less than one year	**4,976**	8,723
One to two years	**–**	54
Two to three years	**–**	15
	4,976	8,792

40 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports received by the Directors that are used to make strategic decisions. The Directors consider the business from products perspective as the reportable operating segments derive their revenues primarily from its main business segments, are as follows:

(a) Engineering and construction
(b) Property and development
(c) Investment
(d) Others
(e) Manufacturing and trading (discontinued operation)

The engineering and construction business segment includes the Group's projects in Indonesia, Middle East and Kingdom of Saudi Arabia as described in the Note 27 to the financial statements.

Other operations of the Group mainly comprise rental income and carpark income and management fees, these are not included within reportable operating segments provided to the Directors. The results of these operations are included in the 'other segment' column. Interest income and interest expenses are not allocated to segments because this is managed in central functions, which manage the cash positions in the Group.

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.

In determining the geographical segments of the Group, sales are based on the region in which the customer is located. Segment assets (which exclude deferred tax assets and tax recoverable) and capital expenditure are determined based on where the assets are located. Segment liabilities (which exclude deferred tax liabilities and tax payable) are determined based on where the liabilities arise. The amount provided to the Directors with respect to the total assets (which exclude deferred tax assets and tax recoverable) and total liabilities (which exclude deferred tax liabilities and tax payable) are measured in a manner which is consistent with the financial statements.

40 SEGMENTAL INFORMATION (CONT'D.)

The segment information provided to the Directors for the reportable segments, is as follows:

	Engineering and construction	Property and development	Investment	Others	Sub-total	Manufacturing and trading*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 March 2011						
Segment revenue	**117,541**	**31,342**	**51,687**	**–**	**200,570**	**6,476**
Less: Inter-segment sales	**(913)**	**(30,000)**	**(37,583)**	**–**	**(68,496)**	**–**
Revenue from external customers	**116,628**	**1,342**	**14,104**	**–**	**132,074**	**6,476**
Results						
Segment results	**(174,350)**	**(622)**	**(3,426)**	**(55)**	**(178,453)**	**(2,765)**
Provision for liquidated ascertained damages	**(97,134)**	**–**	**–**	**–**	**(97,134)**	**–**
Allowance for doubtful debts	**–**	**–**	**–**	**–**	**–**	**(1,333)**
Depreciation	**(14,980)**	**(189)**	**(942)**	**–**	**(16,111)**	**(118)**
Finance income	**17,629**	**18**	**182**	**–**	**17,829**	**48**
Finance cost	**(16,838)**	**–**	**–**	**(8)**	**(16,846)**	**(1)**
Gain/(loss) on disposals of:						
- available-for-sale financial assets	**–**	**–**	**53,866**	**–**	**53,866**	**–**
- a jointly controlled entity and an associate	**(150)**	**–**	**(16)**	**–**	**(166)**	**–**
Share of results of associates	**(16,902)**	**–**	**(6)**	**–**	**(16,896)**	**–**
(Loss)/profit before taxation	**(302,725)**	**(793)**	**49,670**	**(63)**	**(253,911)**	**(4,169)**

* *Manufacturing and trading business segment has been discontinued following the disposal of the subsidiary as disclosed in Note 5(a) to the financial statements.*

40 SEGMENTAL INFORMATION (CONT'D.)

The segment information provided to the Directors for the reportable segments is as follows: (cont'd.)

	Engineering and construction	Property and development	Investment	Others	Sub-total	Manufacturing and trading*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 March 2010						
Segment revenue	1,009,864	21,946	22,142	132	1,054,084	21,344
Less: Inter-segment sales	(55,424)	—	(17)	—	(55,441)	—
Revenue from external customers	954,440	21,946	22,125	132	998,643	21,344
Results						
Segment results	(218,354)	13,208	8,433	(18)	(196,731)	620
Depreciation	(51,075)	(171)	(424)	—	(51,670)	(547)
Allowance for doubtful debts	—	(1,111)	(3,350)	(8)	(4,469)	(616)
Finance income	661	105	100	—	866	301
Finance cost	(10)	(4)	(22)	—	(36)	(4)
Impairment loss on goodwill	(44,396)	—	—	—	(44,396)	—
Reversal of impairment loss of other investments	—	—	2,552	—	2,552	
Gain/(loss) on disposals of:						
- other investments	—	—	11,614	—	11,614	—
- a jointly controlled entity and an associate	(990)	3,627	—	—	2,637	—
Share of results of associates and jointly controlled entities	9,506	—	—	—	9,506	—
(Loss)/profit before taxation	(304,658)	15,654	18,903	(26)	(270,127)	(246)

* *Manufacturing and trading business segment has been discontinued following the disposal of the subsidiary as disclosed in Note 5(a) to the financial statements.*

40 SEGMENTAL INFORMATION (CONT'D.)

The segment information provided to the Directors for the reportable segments is as follows: (cont'd.)

	Engineering and construction	Property and development	Investment	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2011					
Total assets:					
Segment assets	**547,394**	**14,919**	**444,317**	**27**	**1,006,657**
Investments in associates	**15,383**	**—**	**—**	**—**	**15,383**
	562,777	**14,919**	**444,317**	**27**	**1,022,040**
Add: Unallocated assets					**47,640**
					1,069,680
Total liabilities:					
Segment liabilities	**693,741**	**646**	**91,472**	**4**	**785,863**
Add: Unallocated liabilities					**2,715**
					788,578
At 31 March 2010					
Total assets:					
Segment assets	691,863	21,576	585,252	84	1,298,775
Investments in:					
- associates	33,214	—	—	—	33,214
- a jointly controlled entity	127	—	—	—	127
	725,204	21,576	585,252	84	1,332,116
Add: Unallocated assets					38,341
Discontinued operation (Note 5(a))					36,939
					1,407,396
Total liabilities					
Segment liabilities	822,549	4,690	101,632	11	928,882
Add: Unallocated liabilities					3,999
Discontinued operation (Note 5(a))					16,213
					949,094

40 SEGMENTAL INFORMATION (CONT'D.)

The geographical segment information provided to the Directors for the reportable segments is as set out below.

The Group's business segments are managed in three main geographical areas:
(i) Indonesia – engineering and construction
(ii) United Arab Emirates ("UAE") – engineering and construction
(iii) Kingdom of Saudi Arabia ("KSA") – engineering and construction

	Indonesia	UAE	KSA	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2011					
Segment revenue	**(103,430)**	**82,480**	**40,444**	**15,447**	**34,941**
Segment assets	**302,801**	**229,805**	**24,088**	**512,986**	**1,069,680**
Segment liabilities	**377,278**	**250,740**	**39,539**	**121,021**	**788,578**
At 31 March 2010					
Segment revenue	325,353	260,113	263,035	150,142	998,643
Segment assets	131,914	280,363	53,415	941,704	1,407,396
Segment liabilities	122,992	270,476	73,775	481,851	949,094

Segment revenue for Indonesia for the financial year ended 31 March 2011 includes a provision of LAD amounting to RM97,134,000 (Note 34).

Total external revenue includes 2 customers from the engineering and construction business segment who have contributed 62% and 31% respectively to the overall Group's revenue for the financial year ended 31 March 2011.

41 CHANGES IN ACCOUNTING POLICIES

The following tables disclose the adjustments that have been made in accordance with the adoption of FRS 139 "Financial Instruments: Recognition and Measurement" to each of the line items in the Group's statement of financial position and statement of comprehensive income.

(i) Impact on the statements of financial position:

	Before adjustment	Adjustments on FRS 139	As adjusted
	RM'000	RM'000	RM'000
Group			
At 1 April 2010			
Other investments	433	(433)	—
Financial assets through profit or loss	—	557	557
Financial receivables	502,549	(26,599)	475,950
Financial payables	428,848	(18,981)	409,867
Reserves	159,397	(7,494)	151,903

41 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

(i) Impact on the statements of financial position. (cont'd.)

	Increase/(decrease) to balances as at 31 March 2011 FRS 139
	RM'000
Group	
Financial receivables	(20,044)
Financial payables	13,395

(ii) Impact on the statement of comprehensive income:

	Increase/(decrease) for the financial year ended 31 March 2011
	RM'000
Group	
Finance income	17,497
Finance cost	16,824

(iii) Impact on the earnings per share:

	Sen
Basic and diluted loss per share:	
- continuing operations	(1.33)
- discontinued operation	–
	(1.33)

The adoption of FRS 139 does not have a material impact on the Company's statements of financial position and comprehensive income.

42 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits/(accumulated losses) at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group	Company
	RM'000	RM'000
As at 31 March 2011		
Total accumulated losses of Zelan Berhad and its subsidiaries:		
- realised	**(1,334,067)**	**(275,510)**
- unrealised	**(59,889)**	**—**
	(1,393,956)	**(275,510)**
Consolidation adjustments	**1,013,295**	**—**
Total accumulated losses per the financial statements	**(380,661)**	**(275,510)**

LIST OF PROPERTIES HELD

Location	Tenure	Area (sq. ft.)	Description/ Existing Use	Year of Expiry	Net Book Value (RM'000)	Age of Building (Years)	Year of Acquisition
PROPERTIES							
23rd & 24th Floor, Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	28,244	Office use	2090	7,334	11	1995
INVESTMENT PROPERTIES							
21st Floor, Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	21,788	Office rented to third party	2090	2,852	11	1995
Basement, 4th, 5th & 6th Floor Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	50,176	Car park	2090	2,705	11	2005

Transacting Companies in Zelan Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Recurrent Related Party Transactions (RRPT)	Estimated Value of RRPT disclosed in Circular to Shareholders dated 30 July 2010 (RM'000)	Actual Value of RRPT Transacted from 26 August 2010 up to 15 August 2011 (RM'000
Zelan Construction Sdn. Bhd.	Seaport Terminal (Johore) Sdn. Bhd. (STSB), Indra Citra Sdn. Bhd. (ICSB) and Tan Sri Syed Mokhtar Shah bin Syed Nor (TSSM)	MMC Group	Construction contracts, project management and property development	1,500,000	746
			Rental of office premises*	–	165
Eminent Hectares Sdn. Bhd.	Perspective Lane (M) Sdn. Bhd., Restu Jernih Sdn. Bhd., Kelana Venture Sdn. Bhd., MMC Corporation Berhad (MMC), STSB, ICSB and TSSM	Tradewind Corporation Berhad Group	Rental of office premises*	500	388

* *The rental agreement is for a period of 2 years (with an option to renew for another year) and the rent is payable on a monthly basis.*

SHAREHOLDERS' INFORMATION
As at 15 August 2011

Class of Securities	: Ordinary Shares of 50 sen each
Authorised Share Capital	: RM400,000,000
Issued and Paid-up Capital	: RM281,631,485
Voting Right	: One (1) vote for every ordinary share
No. Shareholder	: 10,404

Category	No. of shareholders	%	No. of Shares	%
Less than 100	164	1.58	3,586	0.00
100 – 1,000	813	7.81	667,951	0.12
1,001 – 10,000	5,199	49.97	31,013,670	5.51
10,001 – 100,000	3,747	36.02	124,742,493	22.15
100,001 to less than 5% of issued shares	480	4.61	185,781,884	32.98
5% and above of issued shares	1	0.01	221,053,386	39.24
Total	10,404	100.00	563,262,970	100.00

ANALYSIS OF SHAREHOLDINGS
As at 15 August 2011

Type of Ownership	Shareholders	%	Shareholdings	%
1. Government Agency	1	0.01	3,020	0.00
2. Bumiputra:				
(a) Individuals	596	5.73	16,026,645	2.85
(b) Companies	22	0.21	3,702,200	0.66
(c) Nominees Company	1,184	11.38	49,763,704	8.83
3. Non-Bumiputra:				
(a) Individuals	7,256	69.74	157,856,453	28.03
(b) Companies	68	0.66	7,448,902	1.32
(c) Nominees Company	1,029	9.89	296,968,750	52.72
Malaysian Total	**10,156**	**97.62**	**531,769,674**	**94.41**
4. Foreign:				
(a) Individuals	146	1.40	5,212,300	0.92
(b) Companies	5	0.05	378,108	0.07
(c) Nominees Company	97	0.93	25,902,888	4.60
Foreign Total	**248**	**2.38**	**31,493,296**	**5.59**
Grand Total	**10,404**	**100.00**	**563,262,970**	**100.00**

SUBSTANTIAL SHAREHOLDERS OF ZELAN BERHAD

As at 15 August 2011

No.	Name of Substantial Shareholders	No. of Shares	%
1.	MMC CORPORATION BERHAD *Share held through HSBC Nominees (Tempatan) Sdn Bhd*	221,053,386	39.25

THIRTY LARGEST SHAREHOLDERS

As at 15 August 2011

No.	Names	Shareholdings	%
1.	HSBC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for MMC Corporation Berhad*	221,053,386	39.25
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Employees Provident Fund Board (KIB)*	13,031,100	2.31
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Employees Provident Fund Board (CIMB PRIN)*	8,000,000	1.42
4.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY for Dimensional Emerging Markets Value Fund*	6,765,900	1.20
5.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial*	5,331,400	0.95
6.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Raziah binti Mohamed Jakel (Dealer 02J)*	3,371,800	0.60
7.	SBB NOMINEES (TEMPATAN) SDN BHD *Lembaga Tabung Haji (CAFM)*	2,871,600	0.51
8.	CITIGROUP NOMINEES (ASING) SDN BHD *Exempt an for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	2,687,400	0.48
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Employees Provident Fund Board*	2,610,500	0.46
10.	CARTABAN NOMINEES (ASING) SDN BHD *SSBT Fund J728 for SPDR S & P Emerging Asia Pacific ETF*	2,081,000	0.37
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Low Heng Nam (E-TJJ)*	2,020,000	0.36
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Sin Huan Kwang (E-TWU)*	2,018,100	0.36
13.	NG KIAN BING	1,804,800	0.32

No.	Names	Shareholdings	%
14.	MOHAMED FAROZ BIN MOHAMED JAKEL	1,670,000	0.30
15.	MOHD BASARI BIN MOHD NOOR	1,500,000	0.27
16.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Woong See Moi @ Woon Say Leng*	1,490,000	0.26
17.	CITIGROUP NOMINEES (ASING) SDN BHD *Exempt an for UBS AG Singapore (Foreign)*	1,420,000	0.25
18.	TA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Lim Ka Kiat*	1,400,000	0.25
19.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY for DFA Emerging Markets Small Cap Series*	1,373,400	0.24
20.	KAF NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Goh Kheng Peow*	1,245,000	0.22
21.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Tan Chooi Ho*	1,153,100	0.20
22.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Shaiha binti Mahmud @ Mohd Ali*	1,153,000	0.20
23.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for See Thoo Chan*	1,150,000	0.20
24.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Wong Foo Sang @ Wong Chin Lim*	1,100,300	0.20
25.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Stuart Saw Teik Siew*	1,100,000	0.20
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Sin Huan Kwang*	1,073,000	0.19
27.	PUBLIC NOMINEES (ASING) SDN BHD *Pledged Securities Account for Ole Hvass Bispelund (E-KLC/JRC)*	1,023,700	0.18
28.	TOH EAN HAI	1,000,000	0.18
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB Bank for Shahidan bin Kassim (MP0174)*	1,000,000	0.18
30.	LIEW SIP	961,500	0.17

TOTAL NO. OF HOLDERS : 30
TOTAL HOLDINGS : 294,459,986
TOTAL PERCENTAGE : 52.28

NOTICE IS HEREBY GIVEN THAT the **Thirty Fifth (35th) Annual General Meeting ("AGM")** of **Zelan Berhad** will be held at **Nirwana Ballroom 1, Lower Lobby, Crowne Plaza Hotel , Jalan Sultan Ismail, 50250 Kuala Lumpur** on **Tuesday, 27 September 2011** at **10.00 a.m.** for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2011 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note A)**

2. To re-elect YBhg. Dato' Anwar bin Aji who retires by rotation in accordance with Article 84 of the Company's Articles of Association. **Resolution 1**

3. To consider and, if thought fit, to pass the following Resolution:

   "That pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Dato' Abdullah bin Mohd Yusof be appointed as Director of the Company to hold office until the next AGM". **Resolution 2**

4. To approve the Director's fees for the financial year ended 31 March 2011 amounting to RM406,849.30 (2010: RM439,602.73). **Resolution 3**

5. To re-appoint Messrs. PricewaterhouseCoopers, who are eligible and have given their consent for re-appointment as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

(i) AUTHORITY TO ALLOT SHARES **Resolution 5**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and is hereby empowered to issue and allot shares of the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Board may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) 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."

(ii) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE WITH MMC CORPORATION BERHAD AND ITS SUBSIDIARIES AND TRADEWINDS CORPORATION BERHAD AND ITS SUBSIDIARIES ("PROPOSED SHAREHOLDERS' MANDATE") **Resolution 6**

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of revenue or trading nature with MMC Corporation Berhad and its subsidiaries and Tradewinds Corporation Berhad and its subsidiaries, as set out in Section 2 of the Circular to Shareholders dated 5th September 2011 which are subject to the renewal and obtaining the shareholders' mandate, provided that such transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms' length basis on normal commercial terms, which are consistent with the Group's normal business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

AND THAT such approval shall be in force until:

(i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such AGM;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier **AND THAT** the Directors and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, to execute all such documents) in the interest of the Company to give full effect to the aforesaid shareholders' mandate and any transaction contemplated under this Ordinary Resolution,

AND THAT in making the appropriate disclosure of the aggregate value of recurrent transactions conducted pursuant to the shareholders' mandate in the Company's annual report, the Company must provide a breakdown of the aggregate value of the recurrent transaction made during the financial period, amongst others, based on the following information:

(i) the type of the recurrent transactions entered into; and

(ii) the names of the related parties involved in each type of the recurrent transaction made and their relationship with the Company."

BY ORDER OF THE BOARD

MUHAMMAD FIRDAUS ABDULLAH (LS 0007918)
Company Secretary

5th September 2011
Kuala Lumpur

Note A:

This agenda item is meant for discussion only as per the provision of Section 169 (1) of the Companies Act, 1965 which does not require a formal approval of the shareholders and hence, it is not put forward for voting.

Notes:

1. A member of the Company who is entitled to attend and vote at the 35th AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing the proxy must be deposited with the Share Registrar, Symphony Share Registrars Sdn. Bhd., at Level 6, Symphony House, Blok D13, Pusat Dagangan D1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the 35th AGM.

3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the 35th AGM should they subsequently wish to do so.

Explanatory Notes to the Special Business:-

Resolution No. 5

The proposed Resolution 5, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up capital of the Company pursuant to Section 132D of the Companies Act, 1965. This authority, unless revoked or verified at a general meeting will expire at the next AGM of the Company.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 26 August 2010 which will lapse at the conclusion of the forthcoming AGM.

The Board continues to consider opportunities to expand the Company's business. In the event of a new allotment of shares pursuant to such opportunity, the proceeds will be utilised as working capital of the Company. The passing of this resolution would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares.

Resolution No. 6

For further information, please refer to Circular to Shareholders dated 5th September 2011.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are standing for re-election and re-appointment

The Director standing for re-election is YBhg. Dato' Anwar bin Aji.

The Director standing for re-appointment under Section 129 (6) of the Companies Act, is YBhg. Dato' Abdullah bin Mohd. Yusof.

The profiles of the above Directors are set out on pages 14 to 15 of this Annual Report.

ZELAN BERHAD
27676-V

PROXY FORM

No. of Shares Held	

I/We, ______________________________ (NRIC/Passport No. ____________________)

of ______________________________ Tel. No. ______________________________ being

a member/members of **ZELAN BERHAD** hereby appoint *the **Chairman of the Meeting**, or

______________________________ (NRIC/Passport No. ______________________________)

and/or ______________________________ (NRIC/Passport No. ____________________) as my/our proxy to vote for me/us on my/our behalf at the 35th Annual General Meeting of the Company to be held on **Tuesday, 27 September 2011 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	Re-election of Director		
	(a) YBhg. Dato' Anwar bin Aji		
2	Re-appointment of Director		
	(b) YBhg. Dato' Abdullah bin Mohd Yusof		
3	Directors' Fees		
4	Re-appointment of Auditors		
	SPECIAL BUSINESS		
5	Ordinary Resolution – Authority to Allot Shares		
6	Ordinary Resolution – Proposed Shareholders' Mandate		

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

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

	First Proxy	Second Proxy	Total
No. of shares			

Date: ____________________ 2011 Signature: ____________________

* If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank space provided.

** Please delete as applicable.

NOTES:

1 This proxy form, duly signed, must be deposited at the Registrar's Office at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia (Fax No: +603-7841 8008) not less than forty eight (48) hours before the meeting. Each shareholder can appoint not more than two (2) proxies.

2 In the case of a corporation, this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. This instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

3 A corporation may by resolution of its Directors or the governing body, if it is a member of the Company authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.

4 In the case of joint holders, the signature of any of them will suffice.

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STAMP

TO: THE REGISTRAR
ZELAN BERHAD (27676-V)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

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