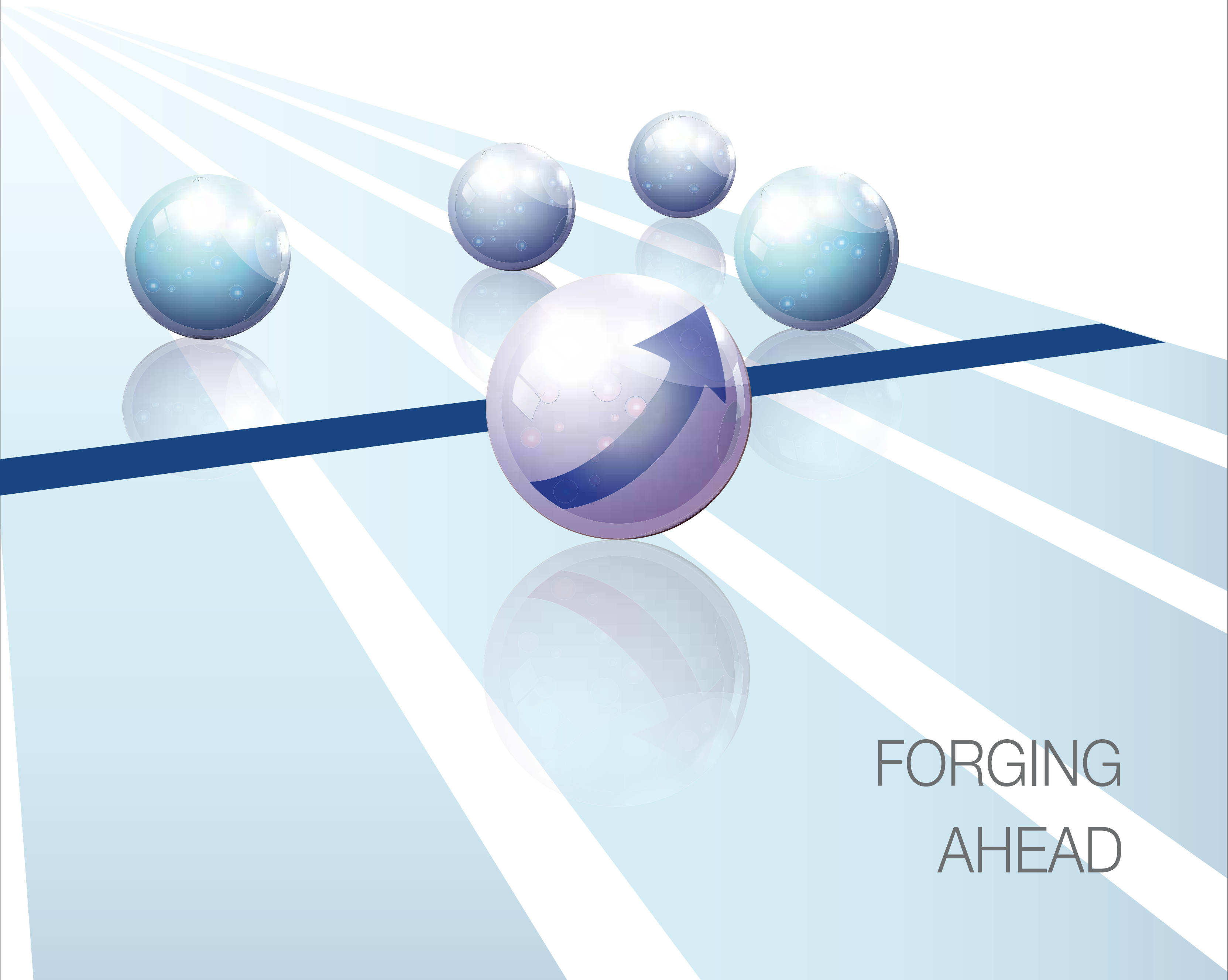
ANNUAL REPORT 2012

ZELAN BERHAD
27676-V



FORGING
AHEAD

Contents

Mission

Our GOAL

Is to be at the forefront of industrial transformation by :

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

In playing this role, we will strive to :

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

To Achieve Our MISSION

We will build on :

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





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At a glance

Our current business focus is on engineering and construction projects, and public private partnership projects, mainly in Malaysia.

Proposed Development of Centre of Foundation Studies, (Phase 3) International Islamic University Malaysia, Gambang Campus in Pahang - Artist illustration

Proposed Integrated Transport Terminal Eastern Sector in Gombak, Kuala Lumpur - Artist illustration

Proposed Development of Integrated Immigration, Custom, Quarantine and Security (“ICQS”) Complex in Bukit Kayu Hitam, Kedah - Artist illustration

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Financial Calendar

FINANCIAL YEAR ENDED 31 MARCH 2012

ANNOUNCEMENT OF RESULTS

First Quarter Ended 30 June 2011	18 August 2011
Second Quarter Ended 30 September 2011	22 November 2011
Third Quarter Ended 31 December 2011	27 February 2012
Fourth Quarter Ended 31 March 2012	28 May 2012

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Dispatch of Annual Report
and Notice of AGM
30 August 2012

ANNUAL GENERAL MEETING
24 September 2012

5 years' Financial Highlights

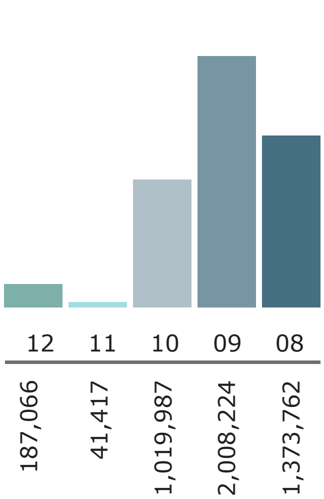
	YEAR ENDED 31.03.2012 RM'000	YEAR ENDED 31.03.2011 RM'000	YEAR ENDED 31.03.2010 RM'000	YEAR ENDED 31.03.2009 RM'000	14 MONTHS PERIOD ENDED 31.03.2008 RM'000
RESULTS					
Revenue*/(loss)	187,066	41,417	1,019,987	2,008,224	1,373,762
Gross Profit*	70,104	(238,497)	(190,656)	(60,747)	192,682
Operating profit/(loss)*	53,160	(303,236)	(253,413)	(131,019)	124,059
Profit/(loss) before taxation*	26,211	(258,080)	(270,373)	(121,643)	185,723
Profit/(loss) attributable to shareholders*	13,614	(257,428)	(274,917)	(137,227)	143,035
ASSETS					
Gross assets	831,823	1,083,068	1,407,396	1,427,041	1,873,257
Cash & cash equivalents	57,209	18,601	46,495	102,882	202,266
LIABILITIES AND SHAREHOLDERS FUNDS					
Borrowings	299,039	201,561	273,941	139,879	45,155
Shareholders funds	229,082	269,471	441,029	475,179	818,794
FINANCIAL RATIOS (%)					
Debt to equity	130.5	74.8	62.1	29.4	5.5
Pre-tax return on shareholders' funds	11.4	(95.8)	(61.3)	(25.6)	22.7
SHARE INFORMATION					
Dividends per share	-	-	-	5	14
Net assets**/ Net tangible assets per share (sen)	0.41	0.48	0.78	0.84	145**
Basic earnings per share (sen)	2	(46)	(49)	(24)	25

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

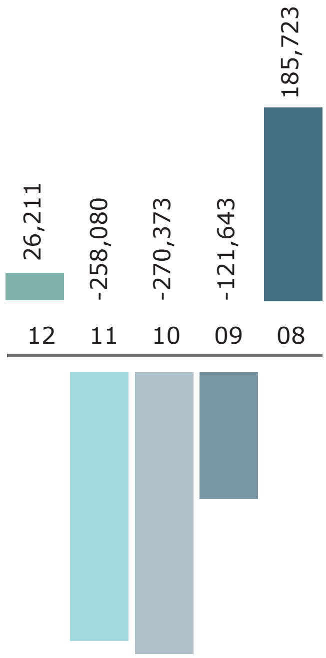
** The net assets per share, earnings/(loss) per share and dividend per share had been calculated based on the weighted average number of ordinary shares which had been adjusted to take into consideration the enlarged share capital due to the share split exercise which was completed on 18 July 2007.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

5 years' Financial Highlights Cont'd

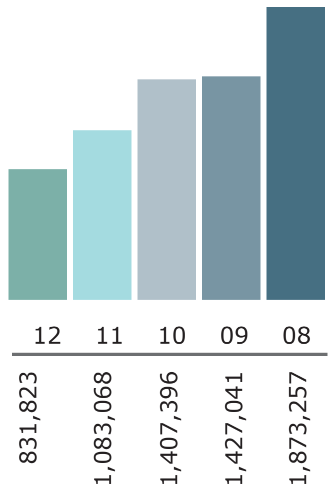
Revenue
RM'000



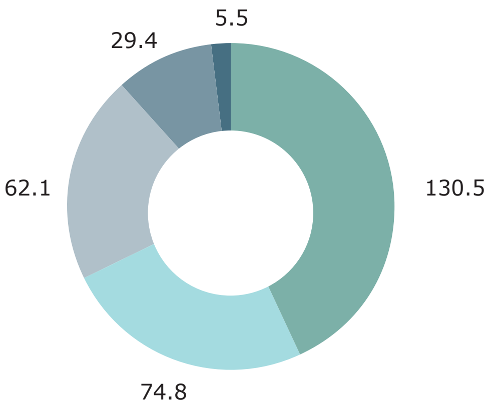
Profit/(Loss) Before Taxation
RM'000



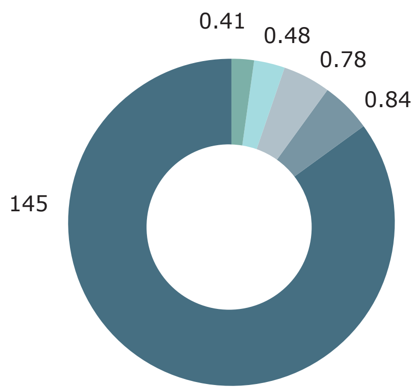
Gross Assets
RM'000



Debt to equity
%



Net Assets
%



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 2012.

Operating Environment Overview

In 2011, the global economy grew at a more moderate pace after the rebound in 2010. The growth momentum was weighed down by the fiscal issues in the West and the political developments in the Middle East.

Despite the market volatility and the challenging international economic environment, the Malaysian economy recorded a steady pace of growth of 5.5% in 2011. Domestic demand registered a strong growth of 8.2% in 2011, driven by both household and business spendings, and higher public sector consumption. The construction sector expanded at a moderate rate of 3.5% in 2011 but strengthened significantly to 15.5% during the first quarter of 2012, driven mainly by the civil engineering and residential sub-sectors, and supported by the progress of major infrastructure projects.

Within Zelan, we have managed to achieve several key milestones for our existing projects through our steadfast determination and perseverance. We have successfully completed and delivered the Rembang Power Plant in Indonesia and soon thereafter reached a global settlement with our client. We have resumed physical work for the Meena Plaza Mixed Development Project in Abu Dhabi, United Arab Emirates ("UAE"), our only remaining overseas project, after a lengthy period of work suspension resulted from the owner's persistent delay in making progress payments to us.

In tandem with Zelan's new business plan to focus on local construction industry, we have secured a number of new projects in Malaysia and we have since been gearing ourselves up for the implementation of these projects.

We have successfully raised a total sum of RM285 million from the term loan facility with equity collar made available by OCBC Bank (Malaysia) Berhad to refinance our existing bank borrowings. The tenure of this term loan is 3 years and it is secured by the Group's available-for-sale financial assets.

Group Results

For the financial year ended 31 March 2012, the Group registered total net revenue of RM187.1 million as compared to RM41.4 million in the preceding financial year, a year-on-year increase of RM145.7 million. During this financial year, there was a write back of RM66.0 million from the total provision for liquidated ascertained damages ("LAD") of RM97.1 million which was made in the preceding financial year.

The Group recorded a profit after tax and minority interest of RM13.5 million, compared to a loss after tax and minority interest of RM257.5 million last financial year. The net profit was substantially contributed by the write back of LAD. However, the net profit was significantly reduced by the recognition of a loss on fair value of derivatives totaling RM32.4 million arising from the equity collar attached to the term loan facility granted by OCBC Bank (Malaysia) Berhad.

Engineering and Construction Business Unit

The Engineering and Construction Business Unit has recorded total revenue of RM178.1 million as compared to RM116.6 million in the preceding financial year, an increase of 52.7%. The increase was mainly due to the construction work carried out in the UAE.

In Indonesia, Zelan, as the leader of Consortium Zelan-Priamanaya-Tronoh ("Consortium") who acted as the EPC Contractor, has completed and delivered the 2 x 300MW Coal Fired Steam Power Plant in Rembang, Central Java, Indonesia to PT PLN (Persero) ("PLN"), the national electricity corporation of Indonesia. The power plant has officially commenced its commercial operation on 10 December 2011. Subsequent to that, PLN and the Consortium have reached a global settlement to resolve certain key contractual and commercial issues, including the liquidated damages for delay which were agreed to be limited to a total of 45 days delay pursuant to the revised contract's effective date and target commercial operation date as a result of the delay in financing readiness by PLN's financiers.

REVENUE (RM)
187.1 MILLION

TOTAL ASSET (RM)
831.8 MILLION

In the UAE, following the execution of the supplementary agreement between the client and Zelan in June 2011 and the client's payment of delay compensation to Zelan, we have recommenced our construction works at site but the subsequent progress payments from the client were still delayed. This led to the parties entering into the Addendum to Supplementary Agreement in January 2012 whereby a further sum of delay compensation was agreed to be paid by the client to Zelan. Unfortunately, the repeated delay in our receipt of the progress payments has affected the work progress and led to delay in certain parts of our works. Zelan has prepared and submitted its work acceleration plan to the client and parties are now in the midst of negotiating the said plan.

In Malaysia, we have secured several new major projects, which could be divided into two broad categories, namely public private partnership ("PPP") projects and construction projects. The PPP projects will enable Zelan to realize its plan to carry out long term concession business with recurrent revenue, which is expected to be a key impetus to the Group's future business growth and sustainability.

The Concession Agreement for the Gombak Integrated Transport Terminal ("GITT") in Selangor was signed between the Government of Malaysia ("Government")

"In Malaysia, we have secured several new major projects, which could be divided into two broad categories, namely public private partnership ("PPP") projects and construction projects. The PPP projects will enable Zelan to realize its plan to carry out long term concession business with recurrent revenue, which is expected to be a key impetus to the Group's future business growth and sustainability."

and Terminal Bersepadu Gombak Sdn Bhd ("TEGAS") (a 95% owned subsidiary company of Zelan) in March 2012, granting TEGAS the concession to undertake the development of GITT on a build, lease, manage, operate and transfer basis by way of PPP for a concession period of 25 years and 3 months (including a construction period of 27 months). GITT will comprise a 7 storey terminal complex and related facilities to be located next to the existing Gombak LRT Station and adjacent to the existing Middle Ring Road 2. It is intended to be a major transportation hub to take over the existing operations of the East bound intercity buses and taxis as well as intracity buses and taxis for Klang Valley. The construction cost of GITT is approximately RM308 million. Upon completion of the construction works, the Government will pay to TEGAS an initial payment of RM64 million and thereafter concession charges of RM3.1 million every month throughout the concession period. TEGAS has also been granted the rights to collect and receive retail and commercial charges, and facility operation charges from third party users of GITT such as tenants of the available space and the operators of public service vehicles.

It is also provided in the Concession Agreement that for the purpose of achieving the principal objective of the concession and to facilitate the effective and smooth operation of GITT, the Government has also agreed to award to TEGAS the contract to design, build and complete the upgrading works for Middle Ring Road 2 and Taman Melati Interchange. We have recently completed our commercial and technical negotiations with the Ministry of Works in June 2012 and we are now awaiting the award of the works.

In July 2012, a wholly owned subsidiary of Zelan, Konsesi Pusat Asasi Gambang Sdn Bhd ("KPAG") entered into the Concession Agreement with the Government and International Islamic University Malaysia ("IIUM") for the concession to undertake the development of the Centre for Foundation Studies (Phase 3), IIUM, Gambang Campus in Pahang ("CFS IIUM"), on a piece of land measuring approximately 150 acres in area. CFS IIUM is intended to provide complete teaching, learning and boarding facilities for students; comprising academic blocks, students facilities, residential colleges, sports facilities and other ancillary buildings and infrastructures. The concession period for CFS IIUM is 23 years (including a construction period of 36 months). The construction cost of CFS IIUM is approximately RM392 million. Upon completion of works, IIUM will pay to KPAG an initial payment of RM3.7 million and thereafter availability charges of RM4.3 million every month from year 4 to year 15 and availability charges of RM2.2 million every month from year 16 to year 23. The total availability charges to be collected are approximately RM835 million. In addition, KPAG will receive maintenance service charges of approximately RM505 million and asset management programme fees deposited in the maintenance reserve fund of approximately RM132 million for the entire concession period.

Apart from the two PPP projects mentioned above, Zelan has also tendered for a number of construction projects in the country and has successfully secured several of them so far.

In May 2012, Zelan – Kiara Teratai JV (in which Zelan has 51% participating interest), was awarded the contract to carry out the construction works of a new integrated Immigration, Custom, Quarantine and Security Complex at Bukit Kayu Hitam, Kedah for lump sum price of RM310 million.

In August 2012, Zelan BEC Consortium (in which Zelan has 51% participating interest) secured the contract to design and build the chimney, with the height of 200 m, for Tanjung Bin 1 x 1,000 MW Coal Fired Power Plant Project in Johor for a lump price of approximately RM34.7 million. This is part of the civil works worth RM300 million which have been committed to Zelan by a member of the EPC consortium for Tanjung Bin Power Plant Project. The remaining works of up to RM265 million are expected to be awarded to Zelan in several packages in due course.

In view of the new projects described above, the Engineering and Construction Business Unit is poised to be the growth engine of the Group for the next few years.

Property and Development Business Unit

There was no significant contribution from the Property & Development Business Unit with marginal revenue of RM0.9 million and profit before taxation of RM0.5 million recorded for the financial year ended 31 March 2012.

At present, the Group does not envisage any substantial activities to be carried out by this Business Unit in the immediate future.

Dividend

In view of the financial position of the Group, the Board does not recommend payment of any dividend for the financial year ended 31 March 2012.

Business Outlook and Strategy

We are confident that the PPP projects which we have secured will contribute substantially to the long term growth and sustainability of the Group, while our construction projects will provide an immediate boost to the Group's revenue. As part of our business plan, we will continue to look out for and pursue opportunities for both PPP projects and construction projects locally.

At present, we are optimistic that we will be able to secure a few more construction projects by the end of 2012, especially from the tenders which we have participated in such as the development of Pelabuhan Tanjung Pelepas – Phase II, Johor, comprising the construction of wharf structures for berth 13 and 14 worth approximately RM178 million; and three other packages for Tanjung Bin Power Plant Project namely, (a) hydraulic sand filling and ground improvement works; (b) cooling water intake, cooling water filtration and pumps station; and (c) offshore cooling water discharge culverts, from which we will get the balance of work worth RM265 million.

As part of our preparation to undertake the new projects, we have to address the Group's requirement for working capital. Since the available margin of project financing is between 80% and 85%, we will have to raise sufficient funds on our own to meet the equity and the initial working capital requirements of the projects before we get to utilise the proceeds from the project financing. At the same time, we are exploring ways to reduce our level of borrowings in view of the substantial financing cost which the Group has been incurring.

We are in the process of evaluating several fund raising options to address the funding requirements and to achieve the optimum level of borrowings.

Corporate Governance

To ensure transparency, accountability and protection of shareholders' interests, the Board places great emphasis on ensuring and maintaining the highest standards of corporate governance throughout the Group. Our statement on corporate governance and related reports are on pages 26 to 32.

Related Party Transactions

Significant related party transactions of the Group for the financial year under review are disclosed in Note 30 to the financial statements.

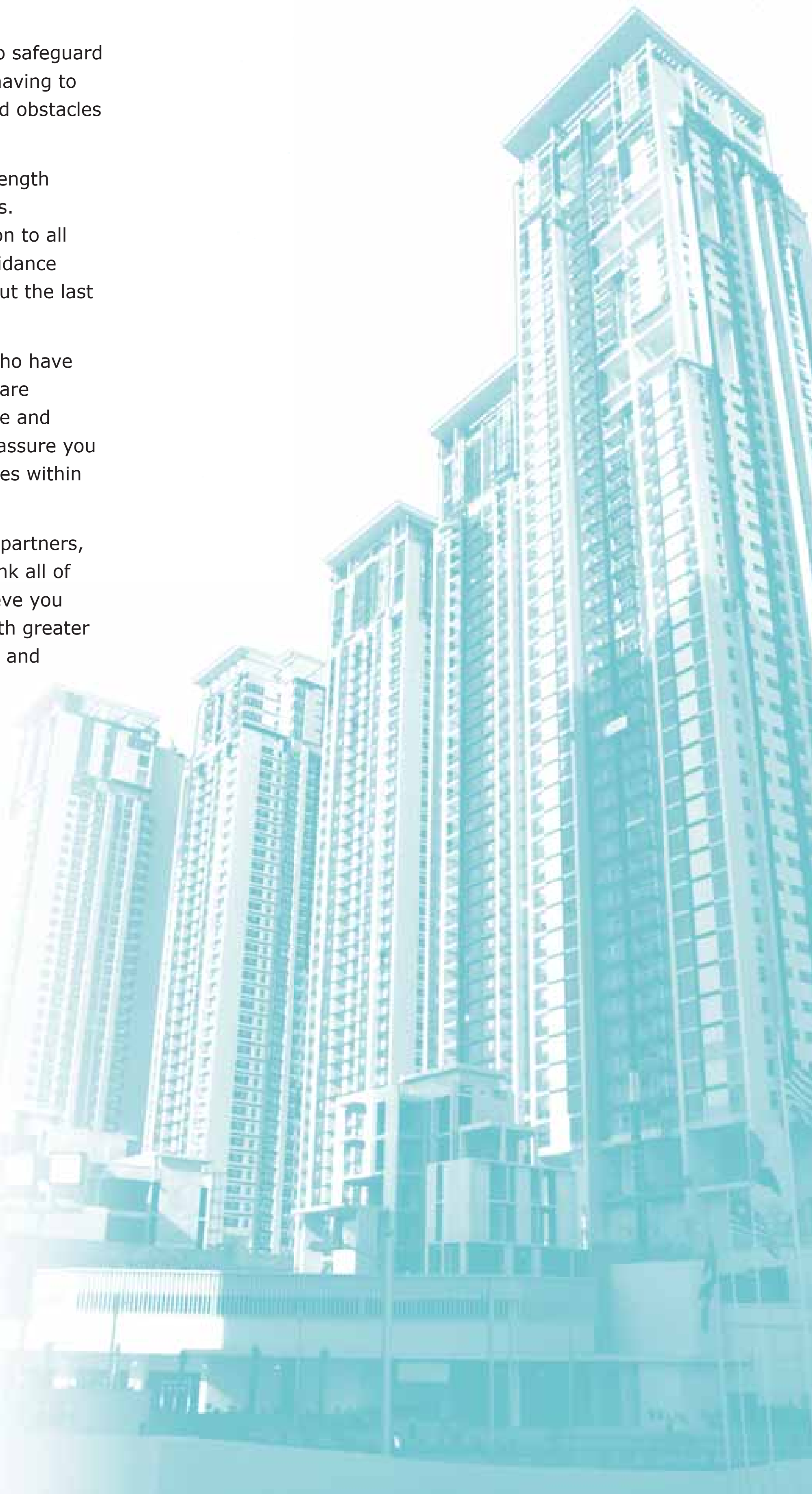
Acknowledgement

On behalf of the Board of Directors, I would like to thank all our staff as they have stood by the Group and provided us with the much needed strength through thick and thin. I am also pleased to extend the Board's gratitude to the management team who has worked tirelessly to safeguard and advance the interests of the Group, while having to take on and overcome numerous challenges and obstacles faced by the Group.

The Board has always been the key pillar of strength for the Group, especially during the trying times. Therefore, I would like to record my appreciation to all my fellow Board members for their valuable guidance and unwavering support to the Group throughout the last financial year.

To the Government and our esteemed clients who have entrusted us with their projects and works, we are truly humbled by and grateful for the confidence and opportunities accorded to us. We would like to assure you that we are committed to delivering our promises within the terms which we have agreed to.

Last but not least, to all our valued associates, partners, financiers and shareholders, I would like to thank all of you for your continuous support to us. We believe you would continue to be with us and provide us with greater strength as we embark on our path to recovery and growth.



DATO' ANWAR BIN AJI
Executive Chairman

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Corporate Information

BOARD OF DIRECTORS

Dato' Anwar bin Aji
Executive Chairman

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

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

Mr. Ooi Teik Huat
Independent,
Non-Executive Director

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

Dato' Mohd Nor Bin Idrus
Non-Independent,
Non-Executive Director

Company Secretary
Norlida binti Jamaludin
(L.S. 0006467)

Auditors
PricewaterhouseCoopers
Chartered Accountants

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

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

Stock Exchange Listing
Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2283

Principal Bankers
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
The Saudi British Bank, KSA
HSBC Bank Middle East Limited
PT Bank OCBC NISP Tbk., Indonesia
Bank Pembangunan Malaysia Berhad

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

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

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

India 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

Board of Directors' Profile

DATO' ANWAR BIN AJI

Executive Chairman

Dato' Anwar bin Aji, aged 62, a Malaysian, was appointed to the Board as Independent Non-Executive Chairman 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 Bachelor of Economics (Honours) 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 International Trade and Industry, the Prime Minister's Department and the Ministry of Finance. He joined Khazanah Nasional Berhad in 1994 and held the position of Managing Director prior to his depature in May 2004. His directorship in other public companies includes 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 director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad.

Board of Directors' Profile

DATO' ABDULLAH BIN MOHD YUSOF

**Independent,
Non-Executive Director**

Dato' Abdullah bin Mohd Yusof, aged 73, a Malaysian, was appointed to the Board on 1 August 2002. He is also the Chairman of Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Dato' Abdullah holds a LLB (Honours) Degree from the University of Singapore. He is a Partner in the legal firm of Abdullah & Zainuddin.

Dato' Abdullah is currently the Chairman of Aeon Co. (M) Berhad and Aeon Credit Service (M) Berhad. He is also a Director of Tradewinds Corporation Berhad and MMC Corporation Berhad.

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

Board of Directors' Profile

DATUK HJ. HASNI BIN HARUN

Non-Independent,
Non-Executive Director

Datuk Hj. Hasni bin Harun, aged 55, a Malaysian, was appointed to the Board on 11 April 2008. He is also the Chairman of Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Datuk Hj. Hasni is 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. In January 2007, he joined MMC as the Group Chief Operating Officer. 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, Gas Malaysia Berhad and several private limited companies.

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

Board of Directors' Profile

CDR MOHD FARIT BIN IBRAHIM RMN (Retd)

Non-Independent, Non-Executive Director

Cdr Mohd Farit bin Ibrahim RMN (Retd), aged 61, a Malaysian, joined the Board on 16 June 2008. He is also a member of the Remuneration Committee.

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

His career in civilian life started 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 he was its Group Managing Director until September 2007. He was also an Executive Director of Bina Puri Holdings Berhad from 1993 to 1995.

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

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

Board of Directors' Profile

OOI TEIK HUAT

**Independent,
Non-Executive Director**

Mr. Ooi Teik Huat, aged 52, a Malaysian, was appointed to the Board 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, Malakoff Corporation Berhad and Johor Port Berhad.

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

Board of Directors' Profile

DATO' MOHD. NOR BIN IDRUS

**Non-Independent,
Non-Executive Director**

Dato' Mohd Nor bin Idrus, aged 60, a Malaysian, was appointed to the Board on 26 March 2012.

Dato' Mohd Nor graduated with a Diploma in Civil Engineering from Technical College, Jalan Gurney, Kuala Lumpur and obtained his Bachelor of Science in Civil Engineering from Sunderland Polytechnic, United Kingdom. His career spans over 30 years in the construction and transportation industries. He served the Government in the Ministry of Works from 1978 until 1979 and then at the Malaysian Highway Authority from 1980 until 1985. He joined Shapadu Holding Sdn. Bhd. in 1985 as General Manager and was appointed as Senior General Manager of Pernas Construction Sdn. Bhd. in 1987. Dato' Mohd Nor joined Renong / UEM Group of Companies in 1989 and held various senior positions and his last position in UEM Group is President of UEM Construction and Engineering Division. He left the company in 2005 and joined Kien Huat Construction Sdn. Bhd. as Chief Executive Officer in 2006. From 2007 until 4 March 2012 he was the Director of Rail Projects for MMC Engineering Group Berhad and on 5 March 2012, he was appointed as Director, Technical of MMC Corporation Berhad.

Dato' Mohd Nor is also a Board member of Aliran Ihsan Resources Berhad.

Dato' Mohd Nor has no family relationship with and is not related to any director and/or major shareholder of Zelan Berhad and does not have any conflict of interest with Zelan Berhad, except by virtue of being a nominee Director of MMC Corporation Berhad, a major shareholder of Zelan Berhad.

Senior Management Team

CORPORATE SERVICES

Vincent Yap Leng Khim
Director, Corporate Services

Anuarifaei Bin Mustapa
Chief Financial Officer

Zamri Bin Mohd Radzi
General Manager, Finance

Amirah Binti Mansor
Head of Corporate Resources

Mohd Nasir Bin Hj. Md Saad
Head of Internal Audit

Intan Nurulfaiza Binti Yang Razali
General Manager, Legal

Norlida Binti Jamaludin
Company Secretary

OPERATIONS

Hazimi Bin Baharum
Chief Operating Officer

Kamaruddin Bin Abd Karim
Project Director, Gombak Integrated Transport Terminal

Siti Normalar Binti Harun
Head of Contracts

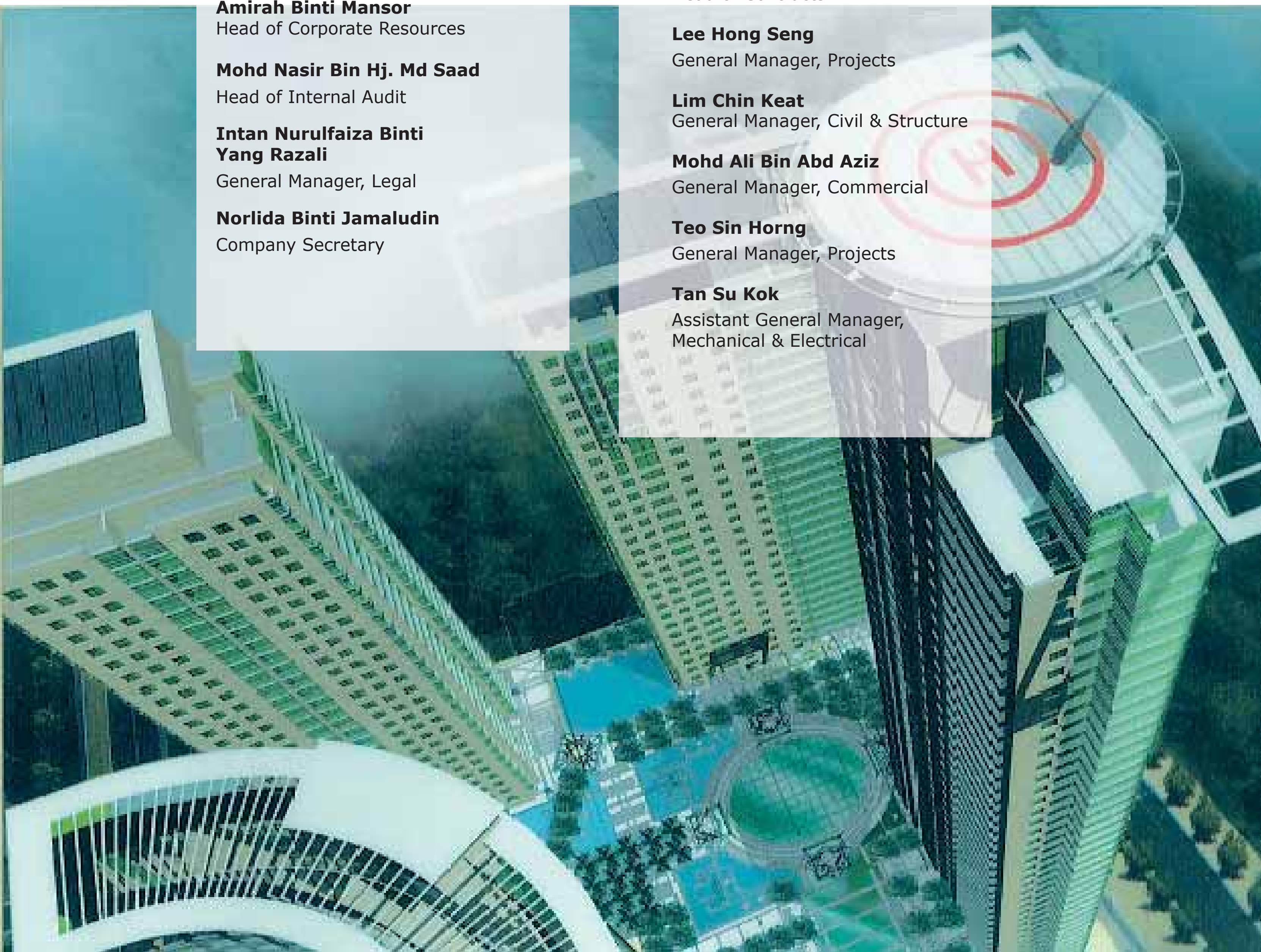
Lee Hong Seng
General Manager, Projects

Lim Chin Keat
General Manager, Civil & Structure

Mohd Ali Bin Abd Aziz
General Manager, Commercial

Teo Sin Horng
General Manager, Projects

Tan Su Kok
Assistant General Manager, Mechanical & Electrical



ZELAN BERHAD

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

Corporate Structure

OTHERS

4.80% IJM CORPORATION BERHAD

100% TRONOH CONSOLIDATED (OVERSEAS) SDN. BHD.

100% KONSESI PUSAT ASASI GAMBANG SDN. BHD. (formerly known as TCMB Power Sdn. Bhd.)

95% TERMINAL BERSEPADU GOMBAK SDN. BHD.

40% MMC ZELAN SDN. BHD.

OTHERS

100% SEJARA BINA SDN. BHD.

ZELAN ENTERPRISE SDN. BHD. 100%

VISPA SDN. BHD. 100%

EMINENT HECTARES SDN. BHD. 100%

50% ESSENTIAL AMITY SDN. BHD.

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:

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

In this regard, the Group has received numerous letters of commendation and awards in recognition of the quality of its products and services.

The Group's commitment to the community is that we will undertake our projects in the most environmental friendly manner, in accordance with the prevailing statutory requirements through good planning, innovative engineering and efficient work practice. We shall endeavour to preserve the environment by minimising wastage of natural resources and utilise only environmental friendly materials where possible.

SAFETY AND HEALTH

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

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

Corporate Responsibility (CR) Statement

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

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

It is our sincere wish that as we grow and prosper, we bring the same benefits to the communities we 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.

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 procedures (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 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 organizations. This also includes maximisation of usage of local labour 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 preserve 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.

Statement On Corporate Governance

THE BOARD OF DIRECTORS OF ZELAN BERHAD ("ZELAN" OR THE "COMPANY") CONFIRMS THAT THROUGHOUT THE FINANCIAL YEAR ENDED 31 MARCH 2012 IT HAS CONTINUED TO INTEGRATE GOOD AND EFFECTIVE CORPORATE GOVERNANCE PRACTICES IN DIRECTING AND MANAGING THE OVERALL BUSINESS OF THE COMPANY AND ITS SUBSIDIARY COMPANIES ("ZELAN GROUP" OR THE "GROUP"), IN COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE OF CORPORATE GOVERNANCE (THE "CODE").

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

A. BOARD OF DIRECTORS

1. Composition of the Board

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

At this date of this report, the Board has six (6) members. There are two (2) Independent Directors on the Board and this composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("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 judgment 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 13 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 caliber of the Non-Executive Directors brings an independent judgment in the decision making process.

(vi) Continuously 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 meetings. 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 meetings, 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:

- Encik 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 33 to 36 of the Annual Report. For the financial year ended 31 March 2012, the Audit Committee met six (6) times.

(b) Nomination Committee

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

- Dato' Abdullah bin Mohd Yusof (Chairman)
- Datuk Haji Hasni bin Harun
- Encik 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 once.

(c) Remuneration Committee

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

- Datuk Haji Hasni bin Harun (Chairman)
- Dato' Abdullah bin Mohd Yusof
- 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 once 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 2012, a total of eleven (11) Board meetings were held of which five (5) Board meetings and six (6) Special Board meetings.

The record of attendance of each Director at Board and Committee Meetings held during the financial year ended 31 March 2012 are as follows:

Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Dato' Anwar bin Aji	11/11	-	-	-
Dato' Abdullah bin Mohd. Yusof	11/11	6/6	1/1	1/1
Datuk Hj. Hasni bin Harun	10/11	6/6	1/1	1/1
Cdr Mohd Farit bin Ibrahim RMN (Retd)	9/11	-	-	1/1
Encik Ooi Teik Huat	11/11	6/6	1/1	-
Dato' Mohd Nor bin Idrus *(appointed on 26 March 2012)*	-	-	-	-

Note: All directors attended more than 50% of the meetings held in the financial year ended 31 March 2012

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	Kursus Induksi Keselamatan dan Kesihatan untuk Pekerja Binaan	Construction Industry Development Board Malaysia	28 April 2011
Dato' Abdullah bin Mohd. Yusof	Internal Auditors Malaysia (IIA) International Conference	Institute of Internal Auditors Malaysia	10 – 13 July 2011
Datuk Hj. Hasni bin Harun	Directors' and Officer Liability : Are You Exposed	IJM Corporation Berhad	7 April 2011
	2011 Institute of Internal Auditors International Conference (IIA International Conference)	Institute of Internal Auditors Malaysia	10 – 13 July 2011
Cdr Mohd Farit bin Ibrahim RMN (Retd)	Malaysian Code on Corporate Governance 2012	Bursatra Sdn. Bhd.	26 June 2012
Encik Ooi Teik Huat	Internal Auditors Malaysia (IIA) International Conference	Institute of Internal Auditors Malaysia	10 – 13 July 2011
	Competition Law – How It May Impact The Way We Do Business	DRB-Hicom Berhad	14 July 2011
	Updates to the Bursa Malaysia Main Market Listing Requirements and Corporate Disclosure Guide	MMC Corporation Berhad	5 April 2012
	Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012	Bursa Malaysia	18 June 2012
Dato' Mohd Nor bin Idrus	Updates to the Listing Requirements and Corporate Disclosure Guide	MAICSA	5 April 2012
	Director's Training on Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	Bursatra Sdn. Bhd.	13 – 14 June 2012

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 caliber needed to run the Company successfully.

The Non-Executive Directors are paid an 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 Chairman is not paid annual Director's fees, however, he received a total remuneration package which includes his basic salary 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 peers 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 Director/Chairman. This is done by taking into consideration the performance of the Executive Director/Chairman 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 2012 are as follows:

Category	Executive Directors (in RM'000)	Non-Executive Directors (in RM'000)
Fee	-	301
Salaries	780	-
Benefit-in-kind	7	-
EPF Contribution	117	-
Other emoluments	67	65

The number of Directors of the Company, whose total remuneration fall within the following bands for the financial year ended 31 March 2012, are as follows:

Range of Remuneration	Executive Director	Non-Executive Directors
RM0 to RM50,000	-	1
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	2
RM1,000,001 to RM1,050,000	1	-

C. SHAREHOLDERS AND INVESTORS

1. Dialogue between the Company and Investors

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

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

2. Annual General Meeting

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

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

The Company publishes its annual financial statement 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 43 of this Annual Report.

The Board is responsible for 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 Internal Auditors undertakes reviews which cover the financial, operational and compliance control as well as Risk Management.

The Group's Internal Control Statement on is set out on page 37 to 38 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 33 to 36 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 2012.

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 Haji Hasni bin Harun, Cdr Mohd Farid bin Ibrahim RMN (Retd) and Dato' Mohd Nor bin Idrus, being the director nominated by MMC Corporation Berhad to the Board. 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 proposal.

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 was 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 2012, a non-audit fee of RM 128,00.00 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 was 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 30 of the Financial Statements.

Contracts Relating to Loan

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

This statement is made in accordance with a resolution of the Board of Directors dated 6 August 2012.

Audit Committee Report

THE AUDIT COMMITTEE OF ZELAN BERHAD IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE GROUP'S FINANCIAL YEAR ENDED 31 MARCH 2012 AS FOLLOWS:-

1. MEMBERSHIP

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

The Group has complied with Paragraph 15.09 of the Main Market Listing Requirement of Bursa Malaysia which requires that all the Audit Committee must be Non-Executive Directors, with majority of them being Independent Directors.

The current members of the Audit Committee are as below:-

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

2. MEETINGS

During the financial year ended 31 March 2012, the Audit Committee held a total of six (6) meetings. The details of attendance of the Audit Committee members are as follows:-

Name of Director	Attendance
Mr. Ooi Teik Huat	6/6
Dato' Abdullah bin Mohd Yusof	6/6
Datuk Hj. Hasni bin Harun	6/6

The External Auditors attended six (6) meetings and had also held two (2) private session with the Audit Committee without the presence of Management for the financial year under review.

3. TERMS OF REFERENCE OF THE AUDIT COMM ITTEE

3.1 Membership

The Audit Committee members shall be appointed by the Board amongst the Directors and shall consist of not less than three members. All the Audit Committee members must be Non-Executive

Directors, with majority of them being 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.

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

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

b) 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; or

iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

3.2 Meetings and Minutes

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Executive Chairman and other members of Senior Management as and when required by the Audit Committee. 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.

3.3 Quorum

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

3.4 Secretary

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

3.5 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.

3.6 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 resignation or dismissal, assess 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 Bursa Malaysia Securities Berhad 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 and cooperation 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 Group;

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

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

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

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

xiii) to review all prospective financial information provided to the regulators and/or the public; and

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

4. SUMMARY OF ACTIVITIES

During the financial year under review, the following activities were carried-out by the Audit Committee:

i) reviewed the External Auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the External Auditors presented their audit strategy and plan;

ii) reviewed the results of the audit, the audit report and the management letter, including management's response, with the External Auditors;

iii) considered and recommended to the Board for approval of the audit fees payable to the External Auditors as disclosed in the financial statements;

iv) reviewed the Audited Financial Statements of the Group prior to the submission to the Board for their consideration and approval;

v) reviewed the Group's compliance in particular the quarterly and year-end financial statements with the Listing Requirements of the Bursa Malaysia Securities Berhad, Approved Accounting Standards and other relevant legal and regulatory requirements;

vi) reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval;

vii) reviewed the related party transactions entered into by the Group;

viii) reviewed the Internal Audit Department's resources, requirements, program and plan for the financial year under review;

ix) reviewed the Internal Audit Reports, which highlighted the risk issues, recommendations and Management's response; discussed the actions taken to improve the system of internal control based on improvement opportunities identified in the Internal Audit Reports, with Management;

x) recommended to the Board for improvement opportunities in internal control, procedures and risk management; and

xi) monitoring of the additional disclosure requirements in accordance with the Bursa Malaysia Listing Requirement.

5. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is undertaken by the Internal Audit Department that was established to independently examine and evaluate the activities of the Group as well as to assist the Audit Committee in discharging its duties and responsibilities. The Head of Internal Audit reports directly to the Audit Committee and undertakes the audit activities within the Group covering all the Business Units and Operations, including its corporate functions at Head Office.

Throughout 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 approved Annual Audit Plan. The Internal Audit Reports were presented to the Audit Committee and forwarded to the relevant parties for their attention and corrective actions.

The activities carried-out by Internal Audit Department during the financial year ended 31 March 2012 included the following:

i) verifying financial records, related reports and statistics;

ii) ensuring adherence to the general acceptable accounting policies;

iii) reviewing and improving the system of internal control;

iv) examining the extent to which resources have been managed with due regard to economy, efficiency and effectiveness;

v) ensuring compliance with the approved Standard Operating Procedures and related Rules and Regulations; and

vi) special assignments and reviews.

The total cost incurred in undertaking the Internal Audit function during last financial year is approximately RM184,778.00.

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 or 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. The Risk Management Committee consists of the Executive Chairman, Chief Operating Officer, Director, Corporate Services and Chief Financial Officer.

In view of the projects secured locally, the Group has recently appointed a risk management coordinator who will be tasked with conducting risk management workshops and subsequent development of Risk Management Profile to capture and prioritize 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.

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).

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

ASSOCIATES

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

AUDIT COMMITTEE

The report by the Audit Committee for the financial year under review is set out on pages 33 to 36.

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

Financial Information

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

The Directors have pleasure in submitting 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 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding. The principal activities of the Group are described in Note 17 to the financial statements and comprise 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 of the Group and the Company during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM'000	**RM'000**
Profit / (loss) for the financial year attributable to:		
- Equity holders of the Company	13,614	(183,377)
- Non-controlling interest	(102)	-
Profit / (loss) for the financial year	**13,512**	**(183,377)**

DIVIDEND

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 2012.

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
Dato' Abdullah bin Mohd. Yusof
Datuk Haji Hasni bin Harun
Mohd Farit bin Ibrahim
Ooi Teik Huat
Dato' Mohd Nor bin Idrus (Appointed on 26 March 2012)

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (*CONTINUED*)

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

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

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

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 32 and Note 33 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 and Note 31 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 AND SUBSEQUENT EVENTS AFTER THE REPORTING DATE

Significant events during the financial year and subsequent events after the reporting date are as disclosed in Note 31 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 31 July 2012.

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, the Directors of Zelan Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 46 to 125 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 2012 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 36 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 31 July 2012.

DATO' ANWAR BIN HAJI @ AJI
EXECUTIVE CHAIRMAN

DATUK HAJI HASNI BIN HARUN
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 46 to 125 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 31 July 2012.

Before me,

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

31 JUL 2012

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

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZELAN BERHAD

(Incorporated in Malaysia)

(Company No. 27676 V)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Zelan Berhad on pages 46 to 124 which comprise the statements of financial position as at 31 March 2012 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 35.

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, 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 judgment, 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 2012 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

We draw attention to Note 2 to the financial statements which describes conditions that indicate the existence of a material uncertainty about the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

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 17 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 36 on page 125 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	**YEE WAI YIN**
(No. AF: 1146)	(No. 2081/08/12 (J))
Chartered Accountants	*Chartered Accountant*

Kuala Lumpur
31 July 2012

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations					
Revenue	6	**187,066**	34,941	**7,301**	13,725
Cost of sales	7	**(116,962)**	(275,529)	-	-
Gross profit / (loss)		**70,104**	(240,588)	**7,301**	13,725
Administrative expenses		**(18,004)**	(19,919)	**(5,393)**	(6,844)
Other operating expenses:					
- loss on fair value of a derivative		**(32,419)**	-	**(32,419)**	-
- unrealised foreign exchange loss, net		**(233)**	(31,270)	**-**	(99)
- allowance for doubtful debts		**(843)**	-	**(147,510)**	(240,162)
- others		**(3,941)**	(12,854)	**(76)**	(861)
Other operating income:					
- available-for-sale financial assets		**-**	53,866	**-**	85,482
- gain on liquidation of a subsidiary	17	**3,168**	-	**4,738**	-
- others		**6,081**	5,498	**642**	660
Marketing expenses		**(4)**	(53)	**-**	-
Finance income	8	**14,645**	17,829	**1,045**	182
Finance costs	8	**(12,511)**	(9,524)	**(9,898)**	(6,542)
Share of results of associates		**168**	(16,896)	**-**	-
Profit / (loss) before taxation	9	**26,211**	(253,911)	**(181,570)**	(154,459)
Taxation	13	**(12,699)**	696	**(1,807)**	(1,765)
Profit / (loss) for the financial year from continuing operations		**13,512**	(253,215)	**(183,377)**	(156,224)
Discontinued operation					
Loss for the financial year from discontinued operation	5(a)	**-**	(4,339)	**-**	-
Profit / (loss) for the financial year		**13,512**	(257,554)	**(183,377)**	(156,224)

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other comprehensive (loss) / income:					
Available-for-sale financial assets:					
- fair value (loss) / gain	20	**(51,768)**	101,543	**(51,768)**	101,543
- reclassification adjustment included in the profit or loss		**-**	(35,988)	**-**	(67,604)
Currency translation differences:					
- Net movement during the financial year		**(527)**	26,994	**-**	-
- reclassification adjustment included in the profit or loss	5(b)	**(13,366)**	-	**-**	-
Other comprehensive (loss) / income for the financial year, net of tax		**(65,661)**	92,549	**(51,768)**	33,939
Total comprehensive loss for the financial year		**(52,149)**	(165,005)	**(235,145)**	(122,285)
Profit / (loss) for the financial year attributable to:					
- Equity holders of the Company		**13,614**	(257,428)	**(183,377)**	(156,224)
- Non-controlling interest		**(102)**	(126)	**-**	-
Profit / (loss) for the financial year		**13,512**	(257,554)	**(183,377)**	(156,224)
Total comprehensive loss attributable to:					
- Equity holders of the Company		**(40,389)**	(164,064)	**(235,145)**	(122,285)
- Non-controlling interest		**(11,760)**	(941)	**-**	-
Total comprehensive loss for the financial year		**(52,149)**	(165,005)	**(235,145)**	(122,285)
Earnings / (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 profit / (loss) per share:					
- from continuing operations	14	**2.42**	(44.94)		
- from discontinued operation	14	**-**	(0.76)		
		2.42	(45.70)		

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	**27,948**	39,353	**65**	141
Investment properties	16	**5,415**	5,557	**-**	-
Investments in subsidiaries	17	**-**	-	**285**	100
Investments in associates	18	**12,341**	15,383	**-**	10
Other receivables	22	**69,015**	-	**-**	-
Deposits, cash and bank balances (restricted)	24	**40,440**	1,790	**24,370**	1,790
Available-for-sale financial assets	20	**373,652**	425,420	**373,652**	425,420
		528,811	487,503	**398,372**	427,461
CURRENT ASSETS					
Inventories	21	**9,080**	9,194	**-**	-
Financial receivables	22	**193,825**	313,340	**26,921**	10,848
Other receivables	22	**44,645**	208,580	**-**	-
Tax recoverable		**38,693**	47,640	**1,985**	1,985
Deposits, cash and bank balances	24	**16,769**	16,811	**8,997**	1,279
		303,012	595,565	**37,903**	14,112
LESS: CURRENT LIABILITIES					
Financial payables	26	**237,391**	298,164	**8,983**	5,217
Other liabilities	26	**1,846**	206,347	**386**	730
Borrowings	27	**15,105**	201,525	**773**	90,060
Current tax liabilities		**1,307**	18	**138**	-
Provision for liabilities and charges	29	**28,192**	93,179	**-**	-
		283,841	799,233	**10,280**	96,007
NET CURRENT ASSETS / (LIABILITIES)		**19,171**	(203,668)	**27,623**	(81,895)
TOTAL ASSETS		**547,982**	283,835	**425,995**	345,566

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company:					
Share capital	25	**281,632**	281,632	**281,632**	281,632
Reserves		**(52,550)**	(12,161)	**(171,247)**	63,898
		229,082	269,471	**110,385**	345,530
Non-controlling interest		**(129)**	11,631	**-**	-
TOTAL EQUITY		**228,953**	281,102	**110,385**	345,530
NON-CURRENT LIABILITIES					
Borrowings	27	**283,934**	36	**283,191**	36
Derivative financial liability	27(a)(iv)	**32,419**	-	**32,419**	-
Deferred tax liabilities	28	**2,676**	2,697	**-**	-
		319,029	2,733	**315,610**	36
TOTAL EQUITY AND LIABILITIES		**547,982**	283,835	**425,995**	345,566

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		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	Accumula-ted losses RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 April 2011		281,632	124,396	54,007	150,386	35,457	4,254	(380,661)	269,471	11,631	281,102
Profit / (loss) for the financial year		-	-	-	-	-	-	13,614	13,614	(102)	13,512
Other comprehensive loss:											
Currency translation differences:											
- net movement during the financial year		-	-	(522)	-	-	-	-	(522)	(5)	(527)
- reclassification adjustment included in the profit or loss	5(b)	-	-	(1,713)	-	-	-	-	(1,713)	(11,653)	(13,366)
Fair value loss on available-for-sale financial assets	20	-	-	-	(51,768)	-	-	-	(51,768)	-	(51,768)
Total comprehensive (loss) / income for the financial year		-	-	(2,235)	(51,768)	-	-	13,614	(40,389)	(11,760)	(52,149)
At 31 March 2012		**281,632**	**124,396**	**51,772**	**98,618**	**35,457**	**4,254**	**(367,047)**	**229,082**	**(129)**	**228,953**
At 1 April 2010		281,632	124,396	50,717	84,831	35,457	4,254	(147,752)	433,535	17,273	450,808
Loss for the financial year		-	-	-	-	-	-	(257,428)	(257,428)	(126)	(257,554)
Other comprehensive (loss)/ 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	20	-	-	-	101,543	-	-	-	101,543	-	101,543
- reclassification adjustment included in the 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	5(a)	-	-	-	-	-	-	-	-	(4,228)	(4,228)
Transactions with owner											
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**

* 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 2012

		Non-distributable					Distributable	
	Note	Share capital RM'000	Share premium RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2011		281,632	124,396	193,298	18,456	3,258	(275,510)	345,530
Loss for the financial year		-	-	-	-	-	(183,377)	(183,377)
Other comprehensive loss:								
Fair value loss on available-for-sale financial assets	20	-	-	(51,768)	-	-	-	(51,768)
Total comprehensive loss for the financial year		-	-	(51,768)	-	-	(183,377)	(235,145)
At 31 March 2012		**281,632**	**124,396**	**141,530**	**18,456**	**3,258**	**(458,887)**	**110,385**
At 1 April 2010		281,632	124,396	159,359	18,456	3,258	(119,286)	467,815
Loss for the financial year		-	-	-	-	-	(156,224)	(156,224)
Other comprehensive income/(loss):								
Available-for-sale financial assets: - fair value gain	20	-	-	101,543	-	-	-	101,543
- reclassification adjustment included in the 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**

* 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.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
OPERATING ACTIVITIES					
Profit / (loss) for the financial year, attributable to equity holders of the Company		**13,614**	(257,428)	**(183,377)**	(156,224)
Adjustments for:					
Taxation		**12,699**	(526)	**1,807**	1,765
Finance costs		**12,511**	9,524	**9,898**	6,542
Finance income		**(14,645)**	(17,829)	**(1,045)**	(182)
Non-controlling interest		**(102)**	(126)	**-**	-
Depreciation of investment properties		**142**	142	**-**	-
Loss on fair value of derivative		**32,419**	-	**32,419**	-
Net allowance for doubtful debts		**843**	1,187	**147,510**	240,162
Bad debts written off		**2**	-	**-**	-
Net loss / (gain) on unrealised foreign exchange		**233**	31,270	**-**	(99)
Dividend income		**(8,301)**	(13,725)	**(7,301)**	(13,725)
Impairment loss on investment in an associate		**10**	-	**10**	-
Property, plant and equipment:					
- written off		**-**	24	**-**	-
- (gain) / loss on disposals		**(289)**	544	**(63)**	(75)
- impairment loss		**-**	252	**-**	-
- depreciation		**6,831**	16,229	**76**	152
(Gain) / loss on disposals of:					
- an associate company		**-**	16	**-**	(560)
- non-current assets held-for-sale		**-**	4,033	**-**	-
- available-for-sale financial assets		**-**	(53,866)	**-**	(85,482)
Share of results of associates		**(168)**	16,896	**-**	-
(Gain) / loss on liquidations of:					
- an associate		**-**	23	**-**	-
- a subsidiary		**(3,168)**	-	**(4,738)**	-
- a jointly controlled entity		**-**	127	**-**	-
		52,631	(263,233)	**(4,804)**	(7,726)

		Group		Company	
	Note	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
OPERATING ACTIVITIES *(CONTINUED)*					
Changes in working capital:					
Inventories		**114**	343	**-**	-
Receivables, deposits and prepayments		**189,306**	98,666	**(194)**	-
Payables		**(310,199)**	(69,952)	**6,480**	(159)
Cash (used in) / generated from operations		**(68,148)**	(234,176)	**1,482**	(7,885)
Tax (paid) / refund		**(2,484)**	(7,167)	**(1,670)**	2,121
Net cash flows used in operating activities		**(70,632)**	(241,343)	**(188)**	(5,764)
INVESTING ACTIVITIES					
Proceeds from the disposals of:					
- available-for-sale financial assets		**-**	256,510	**-**	256,510
- plant and equipment		**5,537**	6,503	**65**	365
- an associate		**-**	617	**-**	617
- a subsidiary classified as disposal group held-for-sale	5(a)	**-**	7,413	**-**	-
- other investments		**-**	557	**-**	-
Redemption of preference shares in an associate company		**2,200**	-	**-**	-
Proceeds from liquidation of an associate company		**-**	22	-	-
Advances to a subsidiary company		**-**	-	**(163,388)**	(248,763)
Dividends received from:					
- associate		**1,000**	-	**-**	-
- other investment		**7,301**	11,005	**7,301**	11,005
Interest from deposits and investment received		**14,645**	17,829	**1,045**	182
Purchases of plant and equipment		**(949)**	(141)	**(1)**	(4)
Additional investments in:					
- a subsidiary	17	**-**	-	**(185)**	-
- an associate	18	**-**	(10)	**-**	(10)
Net cash flows generated from / (used in) investing activities		**29,734**	300,305	**(155,163)**	19,902

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
FINANCING ACTIVITIES					
Interest paid		**(12,511)**	(9,524)	**(9,898)**	(6,542)
Dividends paid to non-controlling interest of a subsidiary company		**-**	(473)	**-**	-
Repayments of borrowings		**(363,427)**	(72,285)	**(260,000)**	(10,428)
Proceeds from borrowings		**455,607**	-	**455,607**	-
Deposits pledged as security		**(49,100)**	580	**(30,359)**	(46)
Repayment of hire purchase creditors		**(95)**	-	**(60)**	-
Increase in hire purchase creditors		**832**	-	**-**	-
Net cash flows generated from / (used in) financing activities		**31,306**	(81,702)	**155,290**	(17,016)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(9,592)**	(22,740)	**(61)**	(2,878)
CURRENCY TRANSLATION DIFFERENCES		**(900)**	(4,574)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**16,632**	43,946	**1,279**	4,157
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	24	**6,140**	16,632	**1,218**	1,279

Included in the consolidated statement of cash flows is RM937,000 (2011: Nil) which relates to purchases of motor vehicles under hire purchase arrangements (Note 27).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are described in Note 17 to the financial statements and comprise 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.

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 and principal place of business of the Company is located at 24th Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 July 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities 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 judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(a) Basis of preparation (*continued*)

In respect of the project in Indonesia which was undertaken by the Group through a Consortium in which the Group has 70% interest, the Group achieved the commercial operation dates for both Unit 1 and Unit 2 on 10 December 2011. The date of the Taking Over for Unit 1 has been agreed between the parties to be 1 February 2012. Accordingly, the Consortium had, on 21 February 2012, reached a negotiated sum under a Negotiation Agreement with the owner of the project amounting to USD13.9 million (approximately RM42.0 million) in relation to liquidated ascertained damages and deviations / variations from the engineering, procurement and construction contract. Both parties are currently negotiating certain other deduction works and adequate provision has been made for any further claims which may be subsequently agreed with the owner of the project. An amendment agreement will be entered into between the Consortium and the owner of the project to finalise the revised contract price, and the said agreement is expected to be signed by the second quarter of the next financial year.

In the previous year, the total provisions for liquidated ascertained damages ("LAD") and deviations recorded for the project in Indonesia was USD30.8 million and USD10.2 million (approximately RM97.1 million and RM32.1 million respectively). As a result of the negotiation agreement dated 21 February 2012 with the owner as disclosed above, the provisions for LAD and certain deviations amounting to USD21.6 million (RM66.0 million) and USD1.0 million (RM3.1 million) were written back during the financial year to record the negotiated sum of USD9.2 million (RM28.2 million) and USD9.2 million (RM28.2 million) respectively.

As of the date of the signing of the financial statements, the Consortium is in the midst of obtaining the taking over certificates for Unit 1 and Unit 2 from the owner.

The Group had, in the previous financial year, recognised an estimated LAD receivable of USD22.5 million (approximately RM68.0 million) from a subcontractor / supplier as a result of its delay in completing its scope of works as set out in the agreement for supply for the above project. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement, which is supported by external legal advice.

In respect of the Group's on-going project in the Middle East, the project has a revised completion date of 21 months from the re-commencement date of 16 July 2011 based on a supplementary agreement entered into with the owner of the project on 9 June 2011. Accordingly, the project has a revised contractual completion date of 15 April 2013. Based on the current progress of the project of less than 50% completion as at the date of the signing of the financial statements, the Group will need to expedite the work on site in order to achieve the revised contractual completion date of 15 April 2013. The Board of Directors does not anticipate any foreseeable losses for this project nor any provision for LAD at this stage as the Group is in the midst of negotiations with the owner of the project to get its commitment to certify the progress billings issued without undue delay and make timely payments on the certified billings, which would then facilitate the progress of the work on site to meet the revised contractual completion date on 15 April 2013. The Directors are also confident that the Group would be able to obtain an extension of time if required, as the delays were attributed to the owner. In addition, the Board of Directors anticipate that, with the owner's commitment to make timely payments on certified billings, there will not be any additional funding required from the Group in order to complete the project.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(a) Basis of preparation (*continued*)

Refer to Note 4 and Note 23 to the financial statements for further details in respect of the project and the critical estimates and key assumptions as a result of the delays experienced in the Group's project in the Middle East.

As at 31 March 2012, the Group has bank balances amounting to RM15.2 million which were restricted and mainly comprise balances which will be released upon the completion of certain remedial works of a completed project and the settlement of an on-going litigation with a sub-contractor of another completed project in the Middle East. The Group is currently in the midst of completing remedial works and the Board of Directors is currently working on the settlement of the litigation. The Board of Directors anticipates that the completion of the remedial works and the settlement of the on-going litigation will take place in August 2012 which would then result in the bank balances to be unrestricted.

One of the subsidiaries had, prior to 31 March 2012, obtained a waiver for credit facilities from the bank on its compliance with the covenant clauses for a period covering the financial year ended 31 March 2012 through to 21 June 2012. The Group has subsequently obtained indulgence from the bank for further extension to 30 September 2012.

In addition, the Group has a term loan amounting to AED17 million (approximately RM14.2 million) which was due for repayment as at 31 March 2012, but has subsequently restructured the term loan via 6 monthly instalment payments, with the first instalment payment being due on 31 July 2012. The Group obtained an extension of time from the bank and the first instalment payment is deferred to 31 August 2012 together with the second instalment. The term loan is classified as current liabilities as at 31 March 2012.

Based on the cash flows projections prepared by management which incorporate the above assumptions, the Group will be in a positive cash flows situation for the next twelve months from the reporting date. However, in the event that the timing of the cash inflows differs from the cash flows projections, the Group may be at a negative cash flows position. The timeliness of receipts of cash from the existing projects in Indonesia and Middle East together with the release of the restricted bank balances indicate the existence of a material uncertainty about the Group's and the Company's ability to continue as going concerns and, therefore may be unable to realise their assets and discharge their liabilities in the normal course of business.

With the various action plans by the Board as disclosed above, the Directors are of the view that the Group will have sufficient cash flows for the next 12 months from the end of the reporting period to meet the operating and financing cash flow requirements. In the event that the Group experiences negative cash flows position for the next 12 months, subject to the shareholders' approval, the Board may consider disposing the available-for-sale financial assets for additional cash flows. The Board of Directors therefore believes that it is appropriate to prepare the financial statements of the Group and the Company on going concerns basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(a) Basis of preparation (*continued*)

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group and the Company for the financial year beginning on or after 1 April 2011 are as follows:

- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Amendment to FRS 132 "Financial Instruments: Presentation – Classification of Rights Issues"
- IC Interpretation 4 "Determining Whether An Arrangement Contains a Lease"
- IC Interpretation 12 "Service Concession Arrangements"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distribution of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfers of Assets From Customers"
- Improvements to FRSs (2010)
  - FRS 3 "Business Combinations"
  - FRS 101 "Presentation of Financial Statements"
  - FRS 128 "Investment in Associates"
  - FRS 132 "Financial Instruments: Presentation"
  - FRS 139 "Financial Instruments: Recognition and Measurement"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"

The adoption of the new accounting standards, amendments and improvements to publish standards and interpretation does not have a significant impact to the financial statements of the Group and the Company.

(ii) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company but not yet effective

In the next financial year, the Group and the Company will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). In adopting the new framework, the Group and the Company will be applying MFRS 1 "First-time adoption of MFRS".

The Group and the Company will apply the new standards, amendments to standards and interpretations in the respective financial year set out below:

(a) Financial year beginning on/after 1 April 2012

Applicable to the Group and the Company

- MFRS 139 "Financial Instruments: Recognition and Measurement"
- The revised MFRS 124 "Related Party Disclosures"
- Amendment to MFRS 112 "Income Taxes"
- Amendment to MFRS 7 "Financial Instruments: Disclosures on Transfers of Financial Assets"

The Group and the Company is assessing the impact on the transition to MFRS on the financial statements of the Group and the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(a) Basis of preparation (*continued*)

(a) Financial year beginning on/after 1 April 2012 (*continued*)

Not applicable to the Group and the Company

- Amendments to IC Interpretation 14 "MFRS 119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction"
- Amendment to MFRS 1 "First Time Adoption on Fixed Dates and Hyperinflation"
- MFRS 141 "Agriculture"
- IC Interpretation 15 "Agreements For Construction of Real Estates"
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"

(b) Financial year beginning on/after 1 April 2013

Applicable to the Group and the Company

- MFRS 9 "Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities"
- MFRS 10 "Consolidated Financial Statements"
- MFRS 12 "Disclosures of Interests in Other Entities"
- MFRS 13 "Fair Value Measurement"
- The revised MFRS 127 "Separate Financial Statements"
- The revised MFRS 128 "Investments in Associates and Joint Ventures"
- Amendments to MFRS 101 "Presentation of Items of Other Comprehensive Income"

The initial application of the standards and amendments to standards will not have a material impact to the financial statements of the Group and the Company.

Not applicable to the Group and the Company

- MFRS 11 "Joint Arrangements"
- IC Interpretation 20 "Stripping Costs in the Production Phase of a Surface Mine"
- Amendment to MFRS 119 "Employee Benefits"

(b) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(b) Economic entities in the Group (*continued*)

(i) Subsidiaries (*continued*)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition 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 consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in the profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the profit or loss.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting date, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. The profit or loss attribution to non-controlling interest for prior years is not restated.

Change in accounting policy

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

Previously, the Group had stopped attributing losses to the non-controlling interest because the losses exceeded the carrying amount of the non-controlling interest. The Group has applied this policy prospectively. On the date of adoption of the new policy, the non-controlling interest reflects its previous carrying amount (that is, zero).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(b) Economic entities in the Group (*continued*)

(i) Subsidiaries (*continued*)

Change in accounting policy (*continued*)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment 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 is recognised in the profit or loss attributable to the parent.

(ii) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling 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 non-controlling interests, differences between any proceeds received and the relevant share of non-controlling 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 voting rights. Significant influence is power to participate in financial and operating policy decisions of associates but not power to exercise control over those policies.

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the 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 nil, 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 (*CONTINUED*)

(b) Economic entities in the Group (*continued*)

(iii) Associates (*continued*)

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

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 the 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).

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

Where necessary, in applying the equity method 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.

(v) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value is its fair value on initial recognition 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(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 include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2(p) on borrowing costs).

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 de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

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.

At the end of the 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. Refer 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(d) Investment properties (*continued*)

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 de-recognised.

Investment property is de-recognised 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. Refer 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 de-recognised (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

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

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.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in the profit or loss over the lease term on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(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.

(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 the 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 the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(i) Property development activities

Land held for property development

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

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. Refer accounting policy Note 2(h) on impairment of non-financial assets.

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

Property development costs

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(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 comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Other inventories

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

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

(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.

Contract costs are recognised as expenses in the financial year in which they are incurred.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting date as a percentage of total estimated costs for each 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(k) Construction contracts (*continued*)

On the statement of financial position, the Group reports the net contract position of each contract as either an asset or a liability. 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 statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(o) Share capital (*continued*)

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 the 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 costs 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.

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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

(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. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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 the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(r) Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the 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 date 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(s) Provisions (*continued*)

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 costs.

(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 the profit or loss.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(u) Foreign currencies (*continued*)

Transactions and balances (*continued*)

For translation differences on financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets, refer to accounting policy Note 2(y).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(v) Revenue recognition (*continued*)

Dividend income

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

Interest income

Interest income from deposits at licensed financial institution 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. Refer 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. Refer accounting policy Note 2(i) for further details.

Other incomes

Other incomes earned by the Group are recognised on the following bases:
- Car park 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(w) Financial instruments (*continued*)

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.

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.

(y) Financial assets

Classification

The Group classifies its financial assets in the following categories:
- loans and receivables,
- 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) Loans 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 (or longer than the normal operating cycle of the business) after the end of the reporting date which are presented as non-current assets respectively. The Group's loans and receivables are as disclosed in Notes 22 and 24 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(y) Financial assets (*continued*)

(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.

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. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement – gains and losses

Available-for-sale financial assets are carried at fair value. Loans 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 (refer 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 date 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(y) Financial assets (*continued*)

Subsequent measurement – impairment of financial assets (*continued*)

Assets carried at amortised cost (*continued*)

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 asset 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 the 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(y) Financial assets (*continued*)

Subsequent measurement – impairment of financial assets (*continued*)

De-recognition

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.

(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 profit or loss.

The Group's other financial liabilities include trade and other payables and borrowings. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Account payables are classified as current liabilities of payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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 de-recognised, 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 de-recognition 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

(za) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Fair value changes for derivatives that do not qualify for hedge accounting are recognised in the profit or loss.

(zb) Warranties

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. This provision is calculated based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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 overseas projects / operations and exposed to changes in foreign currency exchange rates due to transactions denominated in currencies other than the location's functional currency.

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

The Company is not exposed to any significant foreign currency exchange risk in the current and previous financial year.

The Group and the Company do not apply hedge accounting.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(i) Foreign currency exchange risk (*continued*)

The Group's exposure to foreign currencies - US Dollars ("USD"), Singapore Dollars ("SGD") and other currencies in respect of its financial assets and financial liabilities for functional currency in RM are as follows:

	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
Group				
At 31 March 2012				
Financial assets				
Cash and cash equivalents	387	-	21	408
Trade receivables	9,734	-	-	9,734
	10,121	**-**	**21**	**10,142**
Less: **Financial liabilities**				
Trade and other payables	48,823	94	-	48,917
	48,823	**94**	**-**	**48,917**
Net financial (liabilities)/assets	(38,702)	(94)	21	(38,775)
Currency exposure	**(38,702)**	**(94)**	**21**	**(38,775)**

	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**
Less: **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)**

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(i) Foreign currency exchange risk (*continued*)

As at the reporting date, 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 in the profit / (loss) after tax for the financial year:

	Increase/(decrease)	
	2012	**2011**
	RM'000	**RM'000**
Group		
Functional currency RM		
- US Dollar	**774**	194
- Singapore Dollar	**2**	2

The overseas subsidiaries incorporated in the respective countries and unincorporated consortium with functional currency of its country of incorporation / operations respectively and exchange differences arising from the translation to RM is recognised in other comprehensive income as foreign exchange reserve at the reporting date.

A 1% increase in the functional currency of the subsidiaries will result in an increase/ (decrease) the Group's foreign exchange reserve account as set out below:

	Increase/(decrease)	
	2012	**2011**
	RM'000	**RM'000**
Functional currency of Indian Rupee ("INR")	**14**	19,799
Functional currency of United Arab Emirates Dirham ("AED")	**(639)**	(572)
Functional currency of Indonesian Ruppiah ("IDR")	**(2,348)**	(2,353)
Functional currency of Saudi Arabian Riyal ("SAR")	**(3,001)**	(3,005)

A 1% weakening of the above currencies against the RM would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

(ii) Price risk

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

The Group and the Company have equity investment in an entity which is publicly traded in Bursa Malaysia.

The following table 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 index 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:

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(ii) Price risk (*continued*)

	Impact on other comprehensive income	
	2012 RM'000	2011 RM'000
Index		
Bursa Malaysia	**37,365**	42,542

(iii) Cash flows interest rate risk

The Group and the Company are exposed to cash flows interest rate risk arising from:

- **The Group's short-term deposits**

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

  The Group's and the Company's borrowings

  Borrowings issued at variable interest rates expose the Group and the Company to cash flows interest rate risk which is partially offset by interest income earned by the Group's deposit placement at variable rates. As at 31 March 2012, the Group's borrowings at variable interest rate are denominated in RM, US Dollar ("USD") and Arab Emirates Dirham ("AED").

  At the reporting date, if interest rates on borrowings had been 1% higher / lower with all other variables held constant, this would have the following impact on the profit or loss after tax for the financial year:

	Increase/ (decrease)	
	2012 RM'000	2011 RM'000
Group		
Borrowings denominated in USD	**-**	306
Borrowings denominated in AED	**87**	240
Borrowings denominated in RM	**17,850**	96
Company		
Borrowings denominated in RM	**17,850**	96

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(iv) Liquidity risk

The Group's and the Company's cash flows 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 at the end of the reporting date based on undiscounted contractual payments are as set out below:

	2012		2011	
	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
Group				
Financial payables				
Trade payables	99,076	30,881	136,320	32,110
Amounts due to related companies	-	-	41	-
Amount due to an associate	7,790	-	4,840	-
Other payables and accruals	99,384	260	117,875	6,978
Borrowings	16,497	301,042	207,297	38
	222,747	332,183	466,373	39,126

	2012		2011	
	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
Company				
Financial payables				
Amounts due to subsidiaries	8,649	-	5,014	-
Amounts due to related companies	-	-	41	-
Other payables and accruals	334	-	162	-
Borrowings	773	283,191	90,578	38
	9,756	283,191	95,795	38

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(iv) Liquidity risk (*continued*)

One of the subsidiaries had, prior to 31 March 2012, obtained a waiver for trade facilities from the bank on its compliance with the covenant clauses for a period covering the financial year ended 31 March 2012 through to 21 June 2012. The Group has subsequently obtained indulgence from the bank for further extension to 30 September 2012. Refer Note 27(c) for further details.

Another subsidiary has entered into Rescheduling Agreement with the bank to reschedule the repayment of the outstanding credit facilities amounting to AED17 million (approximately RM14 million) which were utilised to finance its operations in the Middle East. The repayment was extended and restructured into 6 monthly instalments commencing from 31 July 2012 to 31 December 2012. The Group has subsequently obtained an extension of time from the bank and the first instalment is deferred to 31 August 2012 together with the second instalment. Refer Note 27(a)(i) for further details.

In order to ensure that the Group would have sufficient cash flows in the next twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet the working capital and covenant clauses requirements, and the investing and financing activities, the Group may consider disposing the available-for-sale financial assets, subject to the shareholders' approval.

(v) Credit risk

The Group's and the Company's exposure to credit risk arises primarily from trade receivables. The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of its receivables. Credit evaluations are performed on all contract customers. 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 three corporate debtors which represent 99.8% of the Group's total trade receivables, in which these balances are monitored closely. 50% of these trade receivables mainly relates to retention sums receivable from the owners of the Group's projects. 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.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets presented in the statements of financial position, including deposits placement with licensed banks, cash and bank balances, trade and other receivables, and related party balances.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(v) Credit risk (*continued*)

Exposure to credit risk (*continued*)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Not past due	**193,599**	223,414	**26,921**	10,848
Past due but not impaired	**226**	89,926	**-**	-
Impaired	**843**	3,409	**510,545**	366,068
	194,668	316,749	**537,466**	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 and the Company.

Included in other receivables is a deposit amounting to RM10 million which is restricted due to court order from its on-going litigation with the Indonesia Tax Office and the Group is confident that the amount is recoverable, as based on the advice of the tax consultants, management is of the view that the Group has good grounds to win the case at the Supreme Court. Refer Note 32(a) for further details.

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

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade and other receivables				
Past due 0 to 3 months	**16**	13,402	**-**	-
Past due 3 to 6 months	**1**	62,851	**-**	-
Past due over 6 months	**209**	1,784	**-**	-
Amounts due from related companies				
Past due over 6 months	**-**	11,889	**-**	-
	226	89,926	**-**	-

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(v) Credit risk (*continued*)

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

No impairment has been made on these amounts as the Group is closely monitoring these receivables and these customers have no prior history of bad or doubtful debts.

In the prior year, no impairment was made on amounts due from related companies which were past due but not impaired as the Group was certain of the recoverability of these receivables.

(c) Financial assets that are impaired

Details of the financial assets that are impaired at the reporting date are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other receivables	**843**	3,409	**-**	59
Amounts due from subsidiaries	**-**	-	**510,545**	366,009
	843	3,409	**510,545**	366,068

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other receivables				
At 1 April 2011/2010	**3,409**	-	**59**	59
Allowance made	**843**	-	**-**	-
Write-offs against provisions	**(3,409)**	3,409	**(59)**	-
At 31 March (Note 22)	**843**	3,409	**-**	59

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts due from subsidiaries				
At 1 April 2011/2010	**-**	-	**366,009**	125,847
Allowance made	**-**	-	**147,510**	240,162
Write-offs against provisions	**-**	-	**(2,974)**	-
At 31 March (Note 22)	**-**	-	**510,545**	366,009

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(vi) Capital risk

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure. Implementation of optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity.

The Group monitors the capital risk on the basis of a gearing ratio and shall maintain a debt to shareholders' fund ratio of not more than 1.5 times. The debt to shareholders' fund ratio is defined as total interest bearing borrowings over shareholders' funds.

(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 the Group and the Company) and borrowings except as disclosed in Note 27(b).

Fair value estimation

The 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 and a term loan embedded with equity collar for the Group and the Company that are measured at fair value at the reporting date, is as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2012				
Available-for-sale financial assets	373,652	-	-	373,652
Derivative financial liability on equity collar	-	-	32,419	32,419
31 March 2011				
Available-for-sale financial assets	425,420	-	-	425,420

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*CONTINUED*)

(vii) Fair value (*continued*)

The fair value of equity 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, except as set out below:

- The fair value on derivative financial liability arising from a term loan embedded with equity collar (Note 27).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Critical accounting estimates and assumptions

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

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

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 going concerns.

(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 judgment 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 judgment, the Directors took into consideration the current circumstances and relied on input from external consultants, where appropriate, and past experience.

Refer to Note 23 to the financial statements for further details on the projects of the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (*CONTINUED*)

(iii) Recoverability of tax recoverable and exposure of tax litigation

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.

Included in the tax recoverable amount is a deposit paid to the Tax Authority of Indonesia of RM10 million in respect to the revised tax assessment disputed by the Group. Refer to Note 32(a) to the financial statements for further details.

Subsequent to the reporting date, the Group received some refunds from the tax authorities on the tax recoverable. In the event that the remaining tax recoverable cannot be recovered, the Group's results will decrease by RM23,393,000.

The exposure of tax litigation to the Group on a worst case scenario basis, is approximately RM29.8 million.

(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.

(v) Fair value on term loan embedded with equity collar

The fair value on the derivative arising from the term loan embedded with equity collar is valued using Black Scholes valuation technique with observable inputs such as bank's internal volatility rate and market interest rate curve.

The fair value of the equity collar is estimated to be RM1,529,106 higher or lower should the expected volatility and expected rate of return on underlying share price per annum respectively used in the Black Scholes model differs by 1% from management's estimates.

5 DISPOSALS / LIQUIDATION AND DISCONTINUED OPERATION

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

In the prior 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 was 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 in the prior year, for a consideration of RM10,000,000 and resulting in a loss on disposal of RM4,033,000. The loss on disposal was included within expenses in the profit or loss 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 was as follows:

		Group
	2012 RM'000	2011 RM'000
Revenue	-	6,476
Other income	-	185
Expenses (including loss on disposal from discontinued operation)	-	(10,830)
Loss before tax from discontinued operation	-	(4,169)
Taxation	-	(170)
Loss for the financial year from discontinued operation	-	(4,339)

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

		Group
	2012 RM'000	2011 RM'000
Allowance for doubtful debts	-	1,333
Auditors' remuneration – statutory audit	-	18
Depreciation of property, plant and equipment	-	118
Directors' remuneration:		
- Salaries and bonus	-	6
Interest expense – hire purchase	-	1
Property, plant and equipment written off	-	1
Staff costs:		
- Wages, salaries and bonus	-	586
- Defined contribution retirement plan	-	75
Interest income	-	(48)
Write back of allowance for doubtful debts	-	(146)
Net realised gain on foreign exchange	-	(58)

5 DISPOSALS / LIQUIDATION AND DISCONTINUED OPERATION (*CONTINUED*)

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

The cash flows attributable to the EPM were as follows:

	Group	
	2012 RM'000	2011 RM'000
Operating cash flows	-	1,943
Investing cash flows	-	573
Financing cash flows	-	8
Total cash flows	-	2,524

(b) Liquidation and disposal of the Group

On 24 October 2011, Golden Solitaire (Australia) B.V, a subsidiary of which the Company has 66.7% equity interest, was dissolved by way of members' voluntary winding-up. As a result, the Group and the Company recorded a gain on liquidation of RM3,168,000 and RM4,738,000 respectively, for the financial year ended 31 March 2012.

In the prior year, the Group had made the following disposal and liquidations:

(i) The Company, together with MMC Corporation Berhad ("MMC"), entered into an agreement with Kuda Sejati Sdn Bhd in December 2010 to dispose off 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 proceeds of RM616,000 and accordingly, the Company de-recognised its investment in Timah Dermawan Sendirian Berhad. 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 resulting in a loss on 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 resulting in a loss on liquidation of RM127,000 at the Group level.

6 REVENUE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Construction contracts, gross	**112,355**	116,629	**-**	-
Less: Writeback of / (Allowance for) provision for liquidated ascertained damages (Note 29)	**66,077**	(97,134)	**-**	-
Construction contracts, net	**178,432**	19,495	**-**	-
Dividend income	**7,301**	13,725	**7,301**	13,725
Car park income	**754**	833	**-**	-
Rental income	**403**	379	**-**	-
Sale of completed properties	**174**	504	**-**	-
Membership fees	**2**	5	**-**	-
	187,066	34,941	**7,301**	13,725

7 COST OF SALES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Construction contract costs	**116,666**	275,011	**-**	-
Cost of properties sold	**114**	343	**-**	-
Others	**182**	175	**-**	-
	116,962	275,529	**-**	-

The construction contract costs in the prior year includes an amount of RM69,015,000 (2011: RM68,133,000) 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 its scope of work as set out in the supply agreement based on legal advice. Refer to Note 22 to the financial statements for further details.

8 FINANCE INCOME AND FINANCE COSTS

	Group			Company
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Finance income				
Interest income	**1,088**	3,328	**1,045**	108
Profit from Islamic deposits	**1**	4	**-**	74
Accretion of financial assets	**13,556**	14,497	**-**	-
	14,645	17,829	**1,045**	182
Finance costs				
Interest expense	**9,424**	9,567	**9,234**	6,542
Accretion of financial liabilities	**11,667**	10,713	**-**	-
Fair value adjustment to borrowings at inception	**664**	-	**664**	-
Less: interest expense included in cost of sales (Note 23)	**(9,244)**	(10,756)	**-**	-
	12,511	9,524	**9,898**	6,542

9 PROFIT / (LOSS) BEFORE TAXATION

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations				
Allowance for doubtful debts	**843**	-	**147,510**	240,162
Auditors' remuneration – statutory audit	**583**	506	**63**	60
Depreciation of investment properties	**142**	142	**-**	-
Directors' remuneration (Note 11)	**1,330**	1,625	**1,330**	1,320
Property, plant and equipment: (Note 15)				
- written off	**-**	24	**-**	-
- depreciation	**6,831**	16,111	**76**	152
- impairment loss	**-**	252	**-**	-
- (gain)/loss on disposals	**(289)**	544	**(63)**	(75)
Gain on foreign exchange:				
- unrealised	**(3,508)**	(4,265)	**-**	(99)
Loss on foreign exchange:				
- realised	**72**	5	**-**	-
- unrealised	**3,741**	35,535	**-**	-
Rental of land and premises	**570**	5,346	**17**	17
Rental of office equipment	**361**	361	**26**	24
Staff costs (Note 10)	**29,246**	62,598	**3,020**	3,293
Net loss / (gain) on disposal of:				
- non-current asset held-for-sale	**-**	4,033	**-**	-
- a jointly controlled entity and an associate	**-**	166	**-**	(560)
- available-for-sale financial assets	**-**	(53,866)	**-**	(85,482)
(Gain) / loss on liquidation of:				
- a subsidiary	**(3,168)**	-	**(4,738)**	-
- an associate	**-**	23	**-**	-
- a jointly controlled entity	**-**	127	**-**	-
Rental income on premises	**(681)**	(276)	**-**	-
Impairment loss on investment in an associate	**10**	-	**10**	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM403,000 (2011: RM307,000).

10 STAFF COSTS

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages, salaries and bonus	**25,727**	54,152	**2,565**	2,719
Defined contribution retirement plan	**1,143**	1,644	**336**	360
Other employee benefits	**2,376**	6,802	**119**	214
	29,246	62,598	**3,020**	3,293
Staff costs for the financial year are allocated as follows:				
Administrative expense	**10,077**	12,850	**3,020**	3,293
Cost of sales (Note 23)	**19,169**	49,748	**-**	-
	29,246	62,598	**3,020**	3,293

11 DIRECTORS' REMUNERATION

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

Executive Director
Dato' Anwar bin Haji @ Aji, Executive Chairman

Non-Executive Directors
Dato' Abdullah bin Mohd. Yusof
Datuk Haji Hasni bin Harun
Mohd Farit bin Ibrahim
Ooi Teik Huat
Dato' Mohd Nor bin Idrus (appointed on 26 March 2012)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-Executive Directors:				
- fees	**301**	407	**301**	407
- other emoluments	**65**	113	**65**	113
Executive Director:				
- salaries and bonus	**780**	953	**780**	670
- defined contribution retirement plan	**117**	86	**117**	86
- other employee benefits	**67**	66	**67**	44
	1,330	1,625	**1,330**	1,320

12 AUDITORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
PricewaterhouseCoopers Malaysia*				
- Statutory audit	**318**	324	**63**	60
- Fees for other services	**128**	172	**128**	172
	446	496	**191**	232
Statutory audit:				
- Other member firms of PricewaterhouseCoopers International Limited*	**46**	101	**-**	-
- Firms other than member firms of PricewaterhouseCoopers International Limited	**219**	81	**-**	-

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

13 TAXATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Current tax:				
Malaysian tax:				
- Current financial year	**283**	1,855	**137**	1,764
- Under / (over) provisions in the prior years	**1,176**	(2,634)	**1,670**	1
	1,459	(779)	**1,807**	1,765
Foreign tax:				
- Current financial year	**11,261**	1,047	**-**	-
- Under provision in the prior years	**-**	-	**-**	-
	11,261	1,047	**-**	-
Deferred tax (Note 28):				
- Origination and reversal of temporary differences	**(21)**	(887)	**-**	-
- Over provisions in the prior years	**-**	(77)	**-**	-
	(21)	(964)	**-**	-
Total tax expense / (credit) from continuing operations	**12,699**	(696)	**1,807**	1,765
Discontinued operation				
Current tax:				
Malaysian tax:				
- Current financial year	**-**	170	**-**	-
Total tax expense from discontinued operation (Note 5(a))	**-**	170	**-**	-
Tax expense / (credit)	**12,699**	(526)	**1,807**	1,765
The explanation of the relationship between tax charge / (credit) and profit / (loss) before taxation is as follows:				
Profit/ (loss) before taxation from:				
- continuing operations	**26,211**	(253,911)	**(181,570)**	(154,459)
- discontinued operation	**-**	(4,169)	**-**	-
	26,211	(258,080)	**(181,570)**	(154,459)

13 TAXATION (*CONTINUED*)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax calculated at the Malaysian tax rate of 25% (2011: 25%)	**6,552**	(64,520)	**(45,393)**	(38,615)
Tax effects of:				
- share of results of associates	**41**	(4,224)	**-**	-
- expenses not deductible for tax purposes	**13,031**	46,885	**47,608**	62,223
- income not subject to tax	**(18,074)**	(23,423)	**(2,014)**	(21,823)
- different tax rates in other countries	**11,751**	40,580	**-**	-
- temporary differences and tax losses not recognised	**(1,778)**	6,887	**(64)**	(21)
Under / (over) provisions in the prior years	**1,176**	(2,711)	**1,670**	1
Tax expense / (credit)	**12,699**	(526)	**1,807**	1,765

14 EARNINGS /(LOSS) PER SHARE

(a) Basic

The calculation of basic earnings / (loss) per share of the Group is calculated by dividing the earnings attributable to the ordinary equity holders of the Company for the financial year of RM13,614,000 (2011: loss of RM257,428,000) by the weighted average number of ordinary shares in issue during the financial year of 563,262,970 (2011: 563,262,970).

	Group	
	2012	**2011**
	RM'000	**RM'000**
Earnings / (loss) attributable to equity holders of the Company:		
- from continuing operations	**13,614**	(253,138)
- from discontinued operation	**-**	(4,290)
Earnings / (loss) attributable to equity holders of the Company	**13,614**	(257,428)
	'000	'000
Weighted average number of shares in issue	**563,263**	563,263
	Sen	**Sen**
Basic earnings / (loss) per share, attributable to equity holders of the Company, for:		
- continuing operations	**2.42**	(44.94)
- discontinued operation	**-**	(0.76)
Total basic earnings / (loss) per share attributable to equity holders of the Company	**2.42**	(45.70)

14 EARNINGS / (LOSS) PER SHARE (*CONTINUED*)

(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 earnings / (loss) per share is the same as basic earnings / (loss) per share.

	Group	
	2012	**2011**
	Sen	**Sen**
Total diluted earnings / (loss) per share attributable to equity holders of the Company	**2.42**	(45.70)

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
Group								
Net book value								
At 1 April 2011	7,334	137	1,427	2,733	17,468	624	9,630	39,353
Additions	-	1	937	-	-	7	4	949
Disposals		(67)	(182)	(145)	(4,586)	-	(268)	(5,248)
Depreciation charge	(153)	(157)	(436)	(492)	(2,408)	(146)	(3,039)	(6,831)
Translation differences	-	645	(397)	(829)	2,048	(170)	(1,572)	(275)
At 31 March 2012	**7,181**	**559**	**1,349**	**1,267**	**12,522**	**315**	**4,755**	**27,948**
At 31 March 2012								
Cost	8,425	1,689	4,625	8,951	70,508	1,595	19,707	115,500
Accumulated depreciation and impairment loss	(1,244)	(1,130)	(3,276)	(7,684)	(57,986)	(1,280)	(14,952)	(87,552)
Net book value	**7,181**	**559**	**1,349**	**1,267**	**12,522**	**315**	**4,755**	**27,948**

15 PROPERTY, PLANT AND EQUIPMENT (*CONTINUED*)

	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
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	8,425	1,562	4,939	4,305	92,652	1,717	21,561	135,161
Accumulated depreciation and impairment loss	(1,091)	(1,425)	(3,512)	(1,572)	(75,184)	(1,093)	(11,931)	(95,808)
Net book value	**7,334**	**137**	**1,427**	**2,733**	**17,468**	**624**	**9,630**	**39,353**

	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company				
Net book value				
At 1 April 2011	-	95	46	141
Additions	-	-	1	1
Disposals	-	(1)	-	(1)
Depreciation charge	-	(63)	(13)	(76)
At 31 March 2012	**-**	**31**	**34**	**65**
At 31 March 2012				
Cost	40	316	470	826
Accumulated depreciation	(40)	(285)	(436)	(761)
Net book value	**-**	**31**	**34**	**65**
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**

15 PROPERTY, PLANT AND EQUIPMENT (*CONTINUED*)

	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 March 2011				
Cost	40	589	469	1,098
Accumulated depreciation	(40)	(494)	(423)	(957)
Net book value	**-**	**95**	**46**	**141**

Depreciation charge for the financial year is allocated as follows:

		Group		Company
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations:				
- administrative expenses	**962**	6,184	**76**	152
- cost of sales	**5,869**	9,927	**-**	-
Continuing operations (Note 9)	**6,831**	16,111	**76**	152
Discontinued operation (Note 5(a))	**-**	118	**-**	-
	6,831	16,229	**76**	152
Net book value of certain assets acquired under hire purchase arrangements:				
- Motor vehicles	**954**	488	**32**	95

16 INVESTMENT PROPERTIES

		Group		Company
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost				
At start and end of the financial year	**6,350**	6,350	**-**	-
Accumulated depreciation				
At start of the financial year	**(793)**	(651)	**-**	-
Depreciation charge	**(142)**	(142)	**-**	-
At end of the financial year	**(935)**	(793)	**-**	-
Net book value	**5,415**	**5,557**	**-**	**-**

As at 31 March 2012, the fair value of the investment properties was estimated at RM8,660,000 (2011: RM8,660,000) based on valuation by an independent professional qualified valuer. Valuations were based on open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms.

17 INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	2011
	RM'000	RM'000
Unquoted shares outside Malaysia, at cost	**-**	18,055
Less: Accumulated impairment losses	**-**	(18,055)
	-	-
Unquoted shares in Malaysia, at cost	**140,710**	140,525
Less: Accumulated impairment losses	**(140,425)**	(140,425)
	285	100
	285	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
		2012 %	2011 %	
Tronoh Consolidated (Overseas) Sdn. Bhd. #	Malaysia	**100**	100	Dormant
Golden Solitaire (Australia) B.V.	Netherlands	**-**	67	Liquidated
Zelan Holdings (M) Sdn. Bhd. #	Malaysia	**100**	100	Investment holding, civil engineering and building turnkey contractor
Terminal Bersepadu Gombak Sdn. Bhd.#	Malaysia	**95**	100	Concession operator
Konsesi Pusat Asasi Gambang Sdn. Bhd. # (Formerly known as TCMB Power Sdn. Bhd.)	Malaysia	**100**	100	Concession operator
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

17 INVESTMENTS IN SUBSIDIARIES (*CONTINUED*)

Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
Subsidiaries of Zelan Holdings (M) Sdn. Bhd.				
Sejara Bina Sdn. Bhd.	Malaysia	**100**	100	Investment holding
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 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 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

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

18 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares in Malaysia, at cost	**385**	2,585	**10**	10
Less: Accumulated impairment losses	**(10)**	-	**(10)**	-
	375	2,585	**-**	10
Unquoted shares outside Malaysia, at cost	**1,971**	1,971	**-**	-
	1,971	1,971	**-**	-
Group's share of post-acquisition reserves	**9,995**	10,827	**-**	-
	12,341	15,383	**-**	10

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

	Group	
	2012 RM'000	2011 RM'000
Revenue	**6,486**	19,328
Profit / (loss) after taxation (including non-controlling interest)	**168**	(16,896)
Non-current assets	**16**	43
Current assets	**13,492**	17,631
Current liabilities	**(1,144)**	(2,097)
Non-current liabilities	**(23)**	(194)
Net assets	**12,341**	15,383

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 2012 %	Group's effective interest 2011 %	Principal activities
MMC Zelan Sdn. Bhd.	Malaysia	**40**	40	Undertake, construct, maintain, manage/ execute any Light Rail Transit project in Malaysia or elsewhere and to carry out all related works thereto

18 INVESTMENTS IN ASSOCIATES (*CONTINUED*)

Name of company	Country of incorporation	Group's effective interest 2012 %	2011 %	Principal activities
Associate of Zelan Holdings (M) Sdn. Bhd.				
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

19 JOINT VENTURES

The Group's interest in joint ventures are accounted under equity method of accounting, details of which are as follows:

Name of company	Principal activities	Share of interest 2012 %	2011 %
IJM-Zelan-Sunway Builders-LFE Consortium	Design, execution, completion of towers	**25**	25
Zelan - Murray Roberts Joint Venture	Dormant	**50**	50

The construction contract undertaken by IJM-Zelan-Sunway Builders-LFE Consortium ("Consortium") has a contractual completion date of September 2010. However, as at 31 March 2011, the completion of the contract was delayed due to non-payment of overdue progress billings by the owner of the project. Accordingly, the Group had written back its share of profits recognised in respect of this project amounting to RM17.9 million in the previous financial year. The Group did not record any share of results in this entity for the current financial year.

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of the financial year	**425,420**	562,509	**425,420**	562,509
Disposals during the financial year	**-**	(238,632)	**-**	(238,632)
Fair value (loss) / gain during the financial year	**(51,768)**	101,543	**(51,768)**	101,543
At end of the financial year	**373,652**	425,420	**373,652**	425,420
Market value of quoted shares in Malaysia	**373,652**	425,420	**373,652**	425,420
Restricted – pledged to a term loan (Note 27)	**373,269**	425,176	**373,269**	425,176
Not restricted	**383**	244	**383**	244
	373,652	425,420	**373,652**	425,420

As at 31 March 2011, the available-for-sale financial assets (restricted) amounting to RM425,176,000 were pledged as security for the Group's and the Company's borrowings revolving credits as disclosed in the Note 27(c) to the financial statements. The revolving credits were repaid in full during the financial year and accordingly, the available-for-sale financial assets were released from the pledge by the banks.

As at 31 March 2012, the available-for-sale financial assets (restricted) of the Group and the Company are pledged against a term loan as disclosed in Note 27(a)(iii) to the financial statements.

21 INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
Completed properties for sale	**9,080**	9,194

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial receivables				
Current				
Trade receivables	**178,098**	263,799	**-**	-
Amount due from an associate	**1,963**	1,724	**-**	-
Amounts due from related companies	**36**	11,903	**-**	-
	180,097	277,426	**-**	-

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (*CONTINUED*)

	Group		Company	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Other receivables and deposits	**14,571**	39,323	**254**	118
Less: Allowance for doubtful debts	**(843)**	(3,409)	**-**	(59)
	13,728	35,914	**254**	59
Amounts due from subsidiaries	-	-	**537,212**	376,798
Less: Allowance for doubtful debts	-	-	**(510,545)**	(366,009)
	-	-	**26,667**	10,789
	193,825	313,340	**26,921**	10,848
Other receivables				
Non-current				
Amount recoverable from subcontractor	**69,015**	-	**-**	-
Current				
Amounts due from contract customers (Note 23)	**40,412**	66,304	**-**	-
Amount recoverable from subcontractor	**-**	68,133	**-**	-
Advances to subcontractors	**1,572**	71,085	**-**	-
Prepayments	**2,661**	3,058	**-**	-
	44,645	208,580	**-**	-
	113,660	208,580	**-**	-

Retention on contracts, included in trade receivables of the Group, amounted to RM197,736,000 (2011: RM213,698,000).

Amount due from an associate is trade in nature, unsecured, interest free and repayable on demand.

Amounts due from subsidiaries and related companies are unsecured, interest free and repayable on demand.

In the prior year, the Group recognised an amount recoverable from subcontractor of RM69,015,400 (2011: RM68,133,000) in respect of estimated LAD to be recovered from the subcontractor as a result of the delay in completing its scope of work as set out in the agreement for supply. The Group continues to recognise this amount in the current financial year as the Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement. In addition, this is supported by external legal advice.

As the Group does not expect to receive the amount within the next twelve months after the reporting date, the amount recoverable from the subcontractor is classified as a non-current asset as at 31 March 2012.

23 CONSTRUCTION CONTRACTS

	Group	
	2012	**2011**
	RM'000	**RM'000**
Aggregate costs incurred to date	**6,155,099**	7,258,177
Add: Attributable profits	**303,074**	275,453
Less: Foreseeable losses	**(46,771)**	(557,185)
	6,411,402	6,976,445
Less: Progress billings	**(6,371,747)**	(7,034,756)
	39,655	(58,311)
Amounts due from contract customers (Note 22)	**40,412**	66,304
Amounts due to contract customers (Note 26)	**(757)**	(124,615)
	39,655	(58,311)

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

	Group	
	2012	**2011**
	RM'000	**RM'000**
Rental of plant and machinery	**-**	4,828
Rental of premises	**1,609**	5,070
Depreciation of property, plant and equipment (Note 15)	**5,869**	9,927
Interest expense on (Note 8):		
- hire purchase	-	6
- term loans	**7,377**	4,180
- bank overdrafts	-	37
- revolving credits	**1,867**	6,533
	9,244	10,756
Staff costs (Note 10)	**19,169**	49,748

The effective interest rate for borrowing costs in construction contract costs incurred during the financial year is 15.00% (2011: 12.67%) per annum.

23 CONSTRUCTION CONTRACTS (*CONTINUED*)

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 Notes 2 and 31(i) to the financial statements.

In the prior year, the Group provided a total of USD41.0 million (RM129.2 million), comprising LAD of USD30.8 million (RM97.1 million) due to anticipated delays in the completion of the project and certain deviations from the original contract of USD10.2 million (RM32.1 million).

As a result of the negotiation agreement entered in February 2012, the Group revised its provision to an aggregate sum of USD18.4 million (RM56.4 million), mainly arising from LAD and certain deviations from the contract. Management is currently in discussions with the project owner on the amendment agreement which will set out the final contract price and the said agreement is expected to be signed by the second quarter of the next financial year.

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 with a contractual completion date at September 2010. As at 31 March 2011, the project was 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 has since resumed the project.

The Group had, on 17 January 2012, included an addendum to supplementary agreement and agreed that the time of completion shall be no later than 15 April 2013. The addendum also sets out certain changes in the scope of the work.

The Directors are presently focusing their attention on the completion of the project by the contractual completion date, and therefore, do not anticipate any foreseeable losses on this project at this stage.

In the event that the completion of the project is delayed, the Group will be imposed an LAD at AED626,000 per day up to a maximum of AED95 million by the owner of the project. The Directors are, however, confident that the Group would be able to obtain an extension of time, if required, as the delays were attributed to the owner.

Other projects

The Group's other projects in the Kingdom of Saudi Arabia and the Middle East were completed as at 31 March 2011.

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits placed with licensed banks	**51,069**	2,109	**32,149**	1,790
Cash and bank balances	**6,140**	16,492	**1,218**	1,279
Deposits, cash and bank balances	**57,209**	18,601	**33,367**	3,069
Less: Deposits pledged as security	**(51,069)**	(1,969)	**(32,149)**	(1,790)
	6,140	16,632	**1,218**	1,279
Cash and cash equivalents is analysed between:				
Current:				
- Restricted	**10,629**	179	**7,779**	-
- Not-restricted	**6,140**	16,632	**1,218**	1,279
	16,769	16,811	**8,997**	1,279
Non-current:				
- Restricted	**40,440**	1,790	**24,370**	1,790
	57,209	18,601	**33,367**	3,069

Included in deposits placed with licensed banks of the Group is an amount of RM51,069,000 (2011: RM1,969,000) which have been pledged to secure banking facilities, primarily for performance guarantee facility, granted to the Group at the reporting date. Deposits amounting to RM40,440,000 (2011: RM1,790,000) and RM24,370,000 (2011: RM1,790,000) which are secured to certain banking facilities granted to the Group and the Company respectively for a period of more than twelve months after the reporting date are classified as non-current assets as at 31 March 2012.

Included in the cash and bank balances of the Group is RM118,722 (2011: RM116,575) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Contract and Licensing) Act,1966) that may only be used in accordance with the said Act.

Deposits of the Group and the Company at the reporting date have an average maturity of 360 days (2011: 180 days) and 360 days (2011: 180 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	
	2012 %	2011 %	2012 %	2011 %
Deposits placed with licensed banks				
- Licensed banks	**2.93**	2.41	**2.90**	2.41
Bank balances	**1.66**	2.41	**1.48**	2.41

25 SHARE CAPITAL

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

	Group/Company			
	No. of ordinary shares		Amount	
	2012	2011	2012	2011
	'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

26 PAYABLES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Financial payables				
Trade payables	**129,957**	168,430	**-**	-
Amounts due to subsidiaries	**-**	-	**8,649**	5,014
Amounts due to related companies	**-**	41	**-**	41
Amounts due to an associate	**7,790**	4,840	**-**	-
Other payables and accruals	**99,644**	124,853	**334**	162
	237,391	298,164	**8,983**	5,217
Other liabilities				
Amounts due to contract customers				
(Note 23)	**757**	124,615	**-**	-
Advances received on contracts	**134**	79,612	**-**	-
Others	**955**	2,120	**386**	730
	1,846	206,347	**386**	730

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 unsecured, interest free and repayable on demand.

27 BORROWINGS

		Group		Company	
		2012	**2011**	**2012**	**2011**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Current:					
Term loan – secured	(a)(i)	**14,242**	48,893	**-**	-
Term loan embedded with equity collar	(a)(iii)	**737**	-	**737**	-
Hire purchase liabilities – secured	(b)	**126**	95	**36**	60
Revolving credits – secured	(c)	**-**	152,330	**-**	90,000
Overdraft facility – unsecured		**-**	207	**-**	-
		15,105	201,525	**773**	90,060
Non-current:					
Term loan embedded with equity collar - unsecured	(a)(iii)	**283,191**	-	**283,191**	-
Hire purchase liabilities – secured	(b)	**743**	36	**-**	36
		283,934	36	**283,191**	36
Total:					
Term loan – secured	(a)(i)	**14,242**	48,893	**-**	-
Term loan embedded with equity collar - secured	(a)(iii)	**283,928**	-	**283,928**	-
Hire purchase liabilities – secured	(b)	**869**	131	**36**	96
Revolving credits – secured	(c)	**-**	152,330	**-**	90,000
Overdraft facility – unsecured		**-**	207	**-**	-
		299,039	201,561	**283,964**	90,096

(a) Term loans - secured

(i) Term loan – Middle East project

The term loan of the Group is secured by:

- Marginal deposits and financial guarantees amounting to AED1,283,000 and AED1,160,000 respectively
- Letter of comfort issued by the Company to a subsidiary
- Specific charge over motor vehicles (Refer Note 15)
- Assignments of contract proceeds

The interest rate of the term loan is based on the Based Lending Rate ("BLR") plus a fixed margin and will vary when there is a revision made to the BLR.

27 BORROWINGS (*CONTINUED*)

(a) Term loans – secured (*continued*)

(i) Term loan – Middle East project (*continued*)

As at 31 March 2012, a subsidiary did not meet the repayment of a term loan secured for the Middle East project. The Group had subsequently restructured the term loan via 6 monthly instalment payments, with the first instalment payment being due on 31 July 2012. The Group obtained an extension of time from the bank and the first instalment payment is deferred to 31 August 2012 together with the second instalment.

(ii) Bridging loan facility

The Group had, in June 2011, obtained a bridging loan facility of RM170,000,000 for a tenure of 5 months, and secured on the available-for-sale financial assets of the Group. The bridging loan facility was subsequently repaid in full during the financial year.

(iii) Term loan embedded with equity collar – secured

On October 2011, the Group obtained a term loan facility embedded with equity collar of RM285.6 million for tenure of up to 36 months and is secured by the available-for-sale financial assets. Accordingly, the available-for-sale financial assets are classified as restricted in the statements of financial position as at 31 March 2012. The proceeds of the term loan were utilised to repay certain borrowings of the Group.

The interest rate of the term loan is based on the cost of funds plus a fixed margin.

The fair value of the term loan embedded with equity collar is RM283,191,000 as at 31 March 2012.

(iv) Fair value of the derivative

At the reporting date, the Group performed a valuation of the equity collar embedded in the term loan which is secured by the available-for-sale financial assets (Note 20) in accordance with FRS 139. Based on the valuation, the Group recognised a loss on the fair value of RM32.4 million in the profit or loss for the financial year ended 31 March 2012 arising from the fair value changes on the equity collar.

However, the changes to the fair value of the available-for-sale financial assets are recorded in other comprehensive income as a separate component in the fair value reserve. During the financial year ended 31 March 2012, the Group recorded a fair value loss of RM51,768,000 in the fair value reserve.

The fair value loss of the term loan embedded with equity collar was measured using the Black Scholes valuation model. As at 31 March 2012, the fair value loss of the derivative was valued at RM32,419,000 (2011: Nil). The significant inputs of the valuation are as follows:

	Group / Company	
	2012	2011
	%	%
Significant input of valuation:		
- embedded volatility per annum	**10.95 – 23.01**	-
- Malaysian ringgit interest rate curve	**3.08 – 4.92**	-

27 BORROWINGS (*CONTINUED*)

(b) Hire purchase liabilities – secured

	Group			Company
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase liabilities:				
Payable within one year	**216**	99	**37**	63
Payable between one and two years	**376**	37	**-**	37
Payable between two and three years	**376**	-	**-**	-
	968	136	**37**	100
Less: Finance charges	**(99)**	(5)	**(1)**	(4)
	869	131	**36**	96
Present value of hire purchase liabilities:				
Payable within one year	**180**	95	**36**	60
Payable between one and two years	**329**	36	**-**	36
Payable between two and three years	**360**	-	**-**	-
	869	131	**36**	96
Fair value:				
Hire purchase	**970**	128	**36**	102

(c) Revolving credits

The revolving credit facilities in the prior year were secured by:

- Assignment of proceeds accounts, project proceeds, supplier bonds
- Letters of undertaking and subordination of debts
- Pledge of quoted shares (Note 20) of the Group and the Company

The interest rate of the revolving credits was based on the cost of funds plus a fixed margin.

The Group's standby credit facilities which comprise the Group's revolving credits and the performance bond issued to the owner of Indonesia project were subject to covenant clauses, whereby the Group was required to meet certain key financial ratios based on the terms and conditions set out in the agreement. The Group did not fulfil one of the financial ratios in the previous financial year. The Group had, in June 2011, obtained waiver for non-compliance of the covenants clauses through to June 2012. The Group has subsequently obtained indulgence from the bank for further extension to 30 September 2012.

The Group repaid the revolving credits in full during the financial year.

27 BORROWINGS (*CONTINUED*)

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Term loan - secured	**15.00**	12.67	**-**	-
Hire purchase liabilities	**2.20-2.52**	1.75 - 5.10	**2.20 - 2.52**	2.20 - 2.52
Revolving credits	**-**	4.01 - 5.57	**-**	4.82 - 5.57
Term loan embedded with equity collar	**5.25**	-	**5.25**	-
Overdraft facility	**-**	22.00	**-**	-

28 DEFERRED TAX LIABILITIES

	Group	
	2012	2011
	RM'000	RM'000
Deferred tax liabilities	**2,676**	2,697
Movement during the financial year is as follows:		
At start of the financial year	**2,697**	3,661
Charged / (Credited) to the profit or loss:		
- provisions	**(21)**	(964)
At end of the financial year	**2,676**	2,697

	Group	
	2012	2011
	RM'000	RM'000
Subject to income tax:		
Deferred tax assets (before offsetting)		
- Provisions	**-**	(121)
Offsetting	**-**	121
Deferred tax assets (after offsetting)	**-**	-
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	**2,676**	2,818
Offsetting	**-**	(121)
Deferred tax liabilities (after offsetting)	**2,676**	2,697

28 DEFERRED TAX LIABILITIES (*CONTINUED*)

Subject to the agreement from the tax authorities, 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 the reporting date, are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deductible temporary differences	**52,187**	53,298	**-**	-
Unabsorbed capital allowances	**535**	918	**85**	50
Tax losses	**39,037**	44,084	**-**	-
	91,759	98,300	**85**	50

29 PROVISION FOR LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
At start of the financial year	**93,179**	-
(Writeback) / allowance during the financial year	**(66,077)**	97,134
Exchange translation differences	**1,090**	(3,955)
At end of the financial year	**28,192**	93,179

In the previous year, the Group recognised provisions for liquidated ascertained damages ("LAD") for one of its projects of USD30.8 million (RM97.1 million). As a result of the negotiation agreement entered into by the Group and the owner on 21 February 2012, the Group wrote back an aggregate of USD21.6 million (approximately RM66.0 million) during the financial year. Accordingly, as at the reporting date, the Group recognised a provision for LAD amounting to USD9.2 million (RM28.2 million). Refer to the Note 23 to the financial statements for further details.

30 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Transactions with other related parties:				
Non-trade:				
Rental of office premises receivable from:				
- MMC Engineering Services Sdn. Bhd., a subsidiary of a corporate shareholder of the Company	**165**	165	**-**	-
- Tradewinds Corporation Berhad, a related party of a corporate shareholder of the Company	**405**	379	**-**	-

30 SIGNIFICANT RELATED PARTY DISCLOSURES (*CONTINUED*)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Transaction with subsidiary of the Company				
Non-trade:				
Rental fee payable by Zelan Holdings (M) Sdn Bhd	**-**	-	**17**	17

The outstanding balances arising from the above related party transactions have been disclosed in Note 22 and Note 26 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

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and thus are considered related parties of the Company. Key management personnel of the Company refer to the Directors of the Company (Note 11) and other senior management personnel.

The aggregate amount of compensation received / receivable by key management personnel of the Group and the Company during the financial year was as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries and bonus	**1,719**	2,471	**1,290**	1,054
Defined contribution retirement plan	**247**	296	**183**	140
	1,966	2,767	**1,473**	1,194
Estimated monetary value of benefits-in-kind	**100**	54	**49**	12
	2,066	2,821	**1,522**	1,206

31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS AFTER THE REPORTING DATE

Significant events during the financial year and subsequent events after the reporting date other than those disclose in the financial statements are as follows:

(i) The Company announced that PT PLN (Persero) ("PLN"), the national electricity corporation of the Republic of Indonesia, has on 3 February 2012 issued the Statement of Commercial Operation Date ("COD"), declaring that both Unit 1 and Unit 2 of the 2 x 300 - 400MW Coal Fired Steam Power Plant in Rembang, Central Java, Indonesia ("Project") have achieved the COD on 10 December 2011.

PLN has also declared that the completion and taking over of Unit 1 to be on 1 February 2011, subject to the outstanding punchlists and spare parts. The completion and taking over of Unit 2 will be issued upon the completion of the aforementioned punchlists and spare parts, which is expected to take place within one and a half (1½) months there from.

The design, engineering, procurement, commissioning and construction (EPCC) of the Project have been undertaken by a consortium ("Consortium") led by Zelan Holdings (M) Sdn. Bhd. ("ZHSB"), a wholly owned subsidiary of the Company. The Company and ZHSB collectively hold 70% participating interests in the Consortium, with PT Priamanaya Djan International holds the remaining 30%.

PLN and the Consortium entered into the negotiation agreement dated 21 February 2012. Refer to Note 2 for further details on the negotiation agreement.

(ii) On 27 October 2011, the Company received a Letter of Intent ("LOI") from Mudajaya Corporation Berhad ("Mudajaya"), who is a member of the Consortium comprising Alstom, Mudajaya and Eversendai ("Consortium"), whereby Mudajaya confirmed its intention to subcontract a portion of the civil works to the Company with a total value of not exceeding RM300 million, subject to inter alia the Consortium being appointed as the main engineering, procurement and construction contractor ("EPCC") by Malakoff Corporation Berhad or its subsidiary for the 1000MW Tanjung Bin Coal Fired Power Plant Expansion project ("Tanjung Bin Project"), and the subcontract price being competitive and acceptable to Mudajaya. The LOI will remain valid for 9 months or up to the Consortium's receipt of the letter of award and notice to proceed, whichever is earlier.

On 18 July 2012, the Company received a letter from Mudajaya, confirming the decision to extend the validity period of the LOI from Mudajaya to the Company dated 25 October 2011 to 25 January 2013. The letter also states that all other terms and conditions as stipulated in the LOI shall remain unchanged and enforceable.

Mudajaya re-confirmed in the LOI its intention to subcontract portion of the civil works for the Tanjung Bin Project at Tanjung Bin, Johor, to the Company with a total value of not exceeding RM300 million.

31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS AFTER THE REPORTING DATE (*CONTINUED*)

Significant events during the financial year and subsequent events after the reporting date other than those disclose in the financial statements are as follows: (*continued*)

(iii) On 2 November 2011, the Company received a letter from the Public Private Partnership Unit of the Prime Minister's Department, stating that the Government has selected Zelan as the successful bidder to implement the development of the Centre for Foundation Studies (Phase 3), International Islamic University Malaysia ("IIUM"), Gambang Campus in Pahang by way of Private Finance Initiative ("PFI"), subject to terms and conditions to be agreed upon and the relevant agreement to be executed between the Government and the Company.

The Company has, on the same day, issued its written confirmation to the Government that it accepted the above offer.

On 5 July 2012, the Company announced that its wholly-owned subsidiary company, Konsesi Pusat Asasi Gambang Sdn Bhd (formerly known as TCMB Power Sdn Bhd) ("Concession Company"), entered into a Concession Agreement with the Government of Malaysia and IIUM, whereby IIUM has granted to the Concession Company the concession to undertake the development of the Centre for Foundation Studies (Phase 3), IIUM, Gambang Campus in Pahang on a Build-Lease-Manage-Transfer ("BLMT") basis by way of PFI scheme.

(iv) On 19 December 2011, the Company announced that its subsidiary of 95% equity shareholdings, Terminal Bersepadu Gombak Sdn. Bhd. ("TEGAS"), received a Letter of Intent from the Ministry of Works, Government of Malaysia to appoint TEGAS as the contractor to design and build the proposed upgrading of MRR2 Road, Taman Melati Interchange and Other Associated Works ("Proposed Works").

The letter of intent will remain valid for 6 months subject to terms and conditions and the pricing of the Proposed Works to be agreed upon, failing which the Government of Malaysia has the right to terminate the Letter of Intent without any further notice.

(v) On 2 February 2012, Northern Gateway Infrastructure Sdn Bhd ("NGISB") issued a letter of intent to Zelan-Kiara Teratai JV ("JV"), stating its intention to appoint the JV as the contractor for the proposed development of Integrated Immigration, Custom, Quarantine and Security ("ICQS") Complex at Bukit Kayu Hitam, Kedah ("Project").

Zelan Construction Sdn Bhd ("ZCSB"), a wholly-owned subsidiary of the Company, will have 51% participating interest in the JV while Kiara Teratai Sdn Bhd ("Kiara") will have 49%, subject to the terms and conditions of the joint venture agreement to be entered into between ZCSB and KTSB, contingent upon the award of the Project by NGISB to the JV.

On 28 May 2012, ZCSB entered into a joint venture agreement with Kiara to form a joint venture on an unincorporated basis under the name of Zelan-Kiara Teratai JV for the sole purpose of carrying out the construction of the Project.

NGISB has, by a letter of award dated 28 May 2012, appointed Zelan-Kiara Teratai JV to carry out and complete the Works for a maximum guaranteed lump sum price of RM310 million.

(vi) On 15 March 2012, TEGAS ("Concession Company"), entered into a Concession Agreement with the Government of Malaysia ("Government"), whereby the Government has granted to TEGAS the concession to undertake the development of Gombak Integrated Transport Terminal on a Build-Lease-Manage-Operate-Transfer ("BLMOT") basis by way of Public Private Partnership.

32 CONTINGENT LIABILITIES

Details of the contingent liabilities, which are unsecured unless as stated below, during the financial year are as follows:

(a) A subsidiary's branch ("Branch") in Indonesia received a tax assessment for the 2007 fiscal year on 26 June 2009, which shows a corporation tax liability of IDR60.1 billion (approximately RM22.9 million) and tax penalty of IDR19.9 billion (approximately RM6.9 million). The Branch disputed the assessment and filed for a review of the assessment to the Tax Court in Indonesia. The Group has made a deposit of RM10 million to the Tax Authority in Indonesia.

The Tax Court in Indonesia's hearing was completed in November 2011 and the result was verbally delivered to the Branch's representatives on 29 June 2012 whereby the Court did not rule in favour of the Branch.

The Branch's tax agent in Indonesia advised that, strictly based on the merit and the relevant facts in connection to the case, the Branch has a good ground to win in the case at the Supreme Court. Accordingly, 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 2012.

(b) In year 2010, 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 the Commercial Department, Administrative Court, Aseer Region, KSA. The subsidiary has counterclaim against the supplier an amount of SAR38,720,000.

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 1 September 2012.

(c) A contractor to a subsidiary's branch ("Branch") in Abu Dhabi has filed a claim against the Branch 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 completed project in the United Arab Emirates ("UAE").

During the financial year, the Branch lost the case in court and the claimant had obtained a judgment for the amount of AED12,900,000 and compensation of AED300,000, and the Branch had accordingly made an application to the Execution Court in the UAE to instruct the owner of the project to pay the judgment sum. As the status of the said application to the Execution Court is on-going, the attachment of restricted cash amounting to AED9 million pursuant to an earlier Court Order has not been discharged yet.

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, all the construction costs incurred by the Branch in relation to the project were to be reimbursed from the owner.

33 INSURANCE LIABILITIES

In the ordinary course of business, the Company has given guarantees amounting to RM28,160,060 (2011: RM69,941,000) to the owners of the projects as security for the subsidiaries' performance of their obligations under the relevant projects and the Company does not anticipate any outflows of economic benefits arising from these undertakings.

34 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
	2012 RM'000	2011 RM'000
Less than one year	**1,736**	4,976

35 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 Note 23 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.

35 SEGMENTAL INFORMATION (*CONTINUED*)

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.

Segment results are defined as operating income before writeback for provision for liquidated ascertained damages, allowance for doubtful debts, depreciation, finance income, finance costs, gain on liquidation of a subsidiary company, loss on fair value of derivative, and share of results of associates.

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

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
Year ended 31 March 2012					
Segment revenue	180,205	931	9,363	-	190,499
Less: Inter-segment sales	(2,083)	-	(1,350)	-	(3,433)
Revenue from external customers	**178,122**	**931**	**8,013**	**-**	**187,066**
Results					
Segment results	2,022	547	(7,807)	(5)	(5,243)
Writeback for provision for liquidated ascertained damages	66,077	-	-	-	66,077
Allowance for doubtful debts	(843)	-	-	-	(843)
Depreciation	(6,589)	(93)	(148)	(1)	(6,831)
Finance income	13,590	9	1,046	-	14,645
Finance costs	(12,508)	-	(3)	-	(12,511)
Gain on liquidation of subsidiary company	-	-	3,168	-	3,168
Loss on fair value of derivative	-	-	(32,419)	-	(32,419)
Share of results of associates	167	-	1	-	168
Profit / (loss) before taxation	**61,916**	**463**	**(36,162)**	**(6)**	**26,211**

35 SEGMENTAL INFORMATION (*CONTINUED*)

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Sub-total RM'000	Manufacturing and trading* 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	(181,672)	(622)	(3,426)	(55)	(185,775)	(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 costs	(9,516)	-	-	(8)	(9,524)	(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.

35 SEGMENTAL INFORMATION (*CONTINUED*)

The segment information provided to the Directors for the reportable segments is as follows: (*continued*)

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
At 31 March 2012					
Total assets:					
Segment assets	356,740	12,778	411,244	27	780,789
Investments in associates	12,341	-	-	-	12,341
	369,081	12,778	411,244	27	793,130
Add: Unallocated assets					38,693
					831,823
Total liabilities:					
Segment liabilities	280,711	686	317,484	6	598,887
Add: Unallocated liabilities					3,983
					602,870
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

35 SEGMENTAL INFORMATION (*CONTINUED*)

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 RM'000	UAE RM'000	KSA RM'000	Others RM'000	Total RM'000
At 31 March 2012					
Segment revenue	141,192	37,253	-	8,621	**187,066**
Segment assets	263,846	102,045	16,322	449,610	**831,823**
Segment liabilities	182,444	42,639	22,097	355,690	**602,870**
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**

Segment revenue for Indonesia for the financial year ended 31 March 2012 includes a writeback of provision of LAD amounting to an aggregate amount of USD21.6 million (RM66.0 million). In the prior year, segment revenue for Indonesia included a provision of LAD amounting to RM97.1 million (Note 29).

Total external revenue includes 2 customers (2011: 2 customers) from the engineering and construction business segment who have contributed 78% and 17% (2011: 62% and 31%) respectively to the overall Group's revenue for the financial year ended 31 March 2012.

36 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
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	**(1,443,869)**	(1,334,067)	**(458,887)**	(275,510)
- unrealised	**(28,225)**	(59,889)	**-**	-
	(1,472,094)	(1,393,956)	**(458,887)**	(275,510)
Total share of accumulated losses of the associates:				
- realised	**10,525**	(5,880)	**-**	-
- unrealised	**(1,137)**	(903)	**-**	-
	(1,462,706)	(1,400,739)	**(458,887)**	(275,510)
Less: Consolidated adjustments	**1,095,659**	1,020,078	**-**	-
Total consolidated Group accumulated losses per accounts	**(367,047)**	(380,661)	**(458,887)**	(275,510)

List of properties held

as at 31 March 2012

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	7,181	12	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	2,768	12	1995
Basement, 4th,5th and 6th Floor Wisma Zelan No. 1 Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	50,176	Car park	2090	2,647	12	2005

Disclosure of Recurrent Related Party Transactions
as at 8 August 2012

Transacting Companies in Zelan Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of RRPT	Estimated Value of RRPT disclosed in Circular to Shareholders dated 30 August 2012 (RM'000)	Actual Value of RRPT Transacted from 15 August 2011 up to 8 August 2012 (RM'000)
Zelan Construction Sdn. Bhd.	Seaport Terminal (Johore) Sdn. Bhd. (STSB), Indra Cita 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	-
			Rental of office premises*	-	138
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	338

* *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 8 August 2012

Class of Securities	:	Ordinary Shares of 50 sen each
Authorised Share Caital	:	RM400,000,000
Issued and Paid-up Capital	:	RM281,631,485
Voting Right	:	One (1) vote for every ordinary share
No. of Shareholders	:	9,906

CATEGORY	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	167	1.68	3,686	0.00
100 - 1,000	798	8.06	639,199	0.11
1,001 - 10,000	4,817	48.62	29,021,522	5.15
10,001 - 100,000	3,617	36.52	123,789,993	21.98
100,001 to less than 5% of issued shares	506	5.11	188,755,184	33.51
5% and above of issued shares	1	0.01	221,053,386	39.25
TOTAL	**9,906**	**100.00**	**563,262,970**	**100.00**

ANALYSIS SHAREHOLDINGS AS AT 8 AUGUST 2012

TYPE OF OWNERSHIP	SHAREHOLDERS	%	SHAREHOLDINGS	%
1) GOVERNMENT AGENCY	1	0.01	3,020	0.00
2) BUMIPUTRA :				
a) Individuals	577	5.82	19,544,045	3.47
b) Companies	22	0.22	3,051,100	0.54
c) Nominees Company	1,050	10.60	47,028,171	8.35
3) NON-BUMIPUTRA :				
a) Individuals	7,073	71.41	171,993,864	30.54
b) Companies	65	0.66	7,382,902	1.31
c) Nominees Company	882	8.90	283,552,250	50.34
MALAYSIAN TOTAL	**9,670**	**97.62**	**532,555,352**	**94.55**
4) FOREIGN :				
a) Individuals	136	1.37	4,849,300	0.86
b) Companies	4	0.04	178,108	0.03
c) Nominees Company	96	0.97	25,680,210	4.56
FOREIGN TOTAL	**236**	**2.38**	**30,707,618**	**5.45**
GRAND TOTAL	**9,906**	**100.00**	**563,262,970**	**100.00**

Shareholders' Information
as at 8 August 2012

INFORMATION ON SUBSTANTIAL SHAREHOLDERS AS AT 8 AUGUST 2012

NO.	NAMES OF SUBSTANTIAL SHAREHOLDERS	DIRECT HOLDINGS NO.	%
1	MMC CORPORATION BERHAD *Share held through:-* HSBC Nominees ((Tempatan) Sdn Bhd - CDS No. 206-001-043930304	221,053,386	39.25

THIRTY LARGEST SHAREHOLDERS As at 8 August 2012

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 (ASING) SDN BHD CBNY For Dimensional Emerging Markets Value Fund	5,049,100	0.90
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Raziah binti Mohamed Jakel	4,670,100	0.83
5	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (CIMB-P 6939-404)	4,611,400	0.82
6	PUBLIC NOMINEES (ASING) SDN BHD Pledged Securities Account For Ole Hvass Bispelund (E-KLC/ JRC)	4,309,700	0.77

NO.	NAMES	SHAREHOLDINGS	%
7	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An For Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	3,287,400	0.58
8	SBB NOMINEES (TEMPATAN) SDN BHD Lembaga Tabung Haji (CAFM)	2,871,600	0.51
9	TEE KIAM HENG	2,400,000	0.43
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Low Heng Nam (E-TJJ)	2,300,000	0.41
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Tiong Kiew Chiong (CEB)	2,000,000	0.36
12	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Lim Ka Kiat	1,900,000	0.34
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Shaiha binti Mahmud @ Mohd Ali (REM 851-MARGIN)	1,833,200	0.33
14	NG KIAN BING	1,804,800	0.32
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Woong See Moi @ Woon Say Leng	1,770,000	0.31
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledge Securities Account For Stuart Saw Teik Siew	1,750,100	0.31
17	MOHAMED FAROZ BIN MOHAMED JAKEL	1,670,000	0.30
18	CARTABAN NOMINEES (ASING) SDN BHD SSBT Fund J728 For SPDR S&P Emerging Asia Pacific ETF	1,540,200	0.27
19	MOHD ARIS @ NIK ARIFF BIN NIK HASSAN	1,455,100	0.26
20	KOPERASI SRI NILAM BERHAD	1,441,000	0.26
21	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG Singapore For Keen Capital Investments Limited	1,400,000	0.25
22	OSK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Tiong Kiew Chiong	1,398,300	0.25
23	KAF NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Goh Kheng Peow (G0638)	1,355,700	0.24
24	HDM NOMINEES (TEMPATAN) SDN BHD UOB Kay Hian PTE LTD For Chen Joon Lee	1,100,000	0.20

NO.	NAMES	SHAREHOLDINGS	%
25	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Sin Huan Kwang (471295)	1,073,000	0.19
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Goh Kheng Peow (REM 868-Margin)	1,013,700	0.18
27	UOBM NOMINEES (TEMPATAN) SDN BHD United Overseas Bank Nominees (PTE) LTD For Annie Loo Yean Lay	1,000,000	0.18
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Sin Huan Kwang (E-TWU)	1,000,000	0.18
29	CIMSEC NOMINEES (ASING) SDN BHD Pledged Securities Account For Noble Plan Sdn Bhd	1,000,000	0.18
30	MOHD BASARI BIN MOHD NOOR	1,000,000	0.18

TOTAL NO. OF HOLDERS : 30
TOTAL HOLDINGS : 292,088,886
TOTAL PERCENTAGE : 51.9

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Sixth (36th) Annual General Meeting ("AGM") of Zelan Berhad will be held at Mahkota 2, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur on Monday, 24 September 2012 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 2012 together with the Reports of the Directors and Auditors thereon.
   (Please refer to Note A)

2. To re-elect Mr. Ooi Teik Huat who retires by rotation in accordance with Article 78 of the Company's Articles of Association. **Resolution 1**

3. To re-elect Dato' Mohd Nor bin Idrus who retire in accordance with Article 85 of the Company's Articles of association. **Resolution 2**

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

   "That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Abdullah bin Mohd Yusof be appointed as Director of the Company to hold office until the next AGM." **Resolution 3**

5. To approve the Director's fees for the financial year ended 31 March 2012 amounting to RM300,656.00 (2011: RM 406,849.30). **Resolution 4**

6. 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 5**

SPECIAL BUSINESS

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

(i) **AUTHORITY TO ALLOT SHARES** — **Resolution 6**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and is hereby empowered to issue and allot shares of the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Board may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10.0%) of the issued and paid-up share capital of the Company at the time of issue **AND THAT** the Board, is also empowered to obtain the approval of Bursa Malaysia Securities Berhad and any other relevant approvals as may be necessary for the listing of and quotation for the additional shares so issued."

(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 7**

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of revenue or trading nature with MMC Corporation Berhad and its subsidiaries and Tradewinds Corporation Berhad and its subsidiaries, as set out in Section 2 of the Circular to Shareholders dated 30 August 2012 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,

(iii) 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

NORLIDA BINTI JAMALUDIN
L.S. 0006467
Company Secretary

30th August 2012
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 36th 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, 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 36th AGM.

3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the 36th AGM should they subsequently wish to do so.

Explanatory Notes to the Special Business:-

Resolution No. 6

The proposed Resolution 6, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares in the Company up to and not exceeding in total ten per cent (10.0%) of the issued and paid-up capital of the Company pursuant to Section 132D of the Companies Act, 1965. This authority, unless revoked or verified at a general meeting will expire at the next AGM of the Company.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 27 September 2011 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. 7

For further information, please refer to Circular to Shareholders dated 30 August 2012.

STATEMENT ACCOMPANYING
Notice of Annual General Meeting

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

The Directors standing for re-election are as follows:

(a) Mr. Ooi Teik Huat; and

(b) YBhg. Dato' Mohd Nor bin Idrus.

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 17, 18 and 14 of this Annual Report.

PROXY FORM

zelan berhad

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/No _______________________) as my/our proxy to vote for me/us on my/our behalf at the 36th Annual General Meeting of the Company to be held at Mahkota 2, BR level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur on **Monday, 24th September 2012 at **10:00 a.m.** and at any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting.

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.

RESOLUTION	ORDINARY BUSINESS	FOR	AGAINST
	Re-election of Director		
1	(a) Mr. Ooi Teik Huat		
2	(b) YBhg. Dato' Mohd Nor bin Idrus		
	Re-appointment of Director		
3	(a) YBhg. Dato' Abdullah bin Mohd Yusof		
4	Directors' Fees		
5	Re-appointment of Auditors		
	SPECIAL BUSINESS		
6	Ordinary Resolution - Authority to Allot Shares		
7	Ordinary Resolution – Proposed Shareholders' Mandate		

No. of shares held	

Date : __________________ 2012 Signature/Common Seal : ____________________________

* 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, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia (Fax No: +603 7841 8151/8152) 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.

Note to Shareholders

(i) We will forward the hard copy of 2012 Annual Report to the shareholder within four (4) market days from the date of receipt of the shareholder's verbal or written request.
(ii) Our website address is: http://www.zelan.com. In case of any requests/queries regarding our 2012 Annual Report, please contact Cik Nur Haliza Mat Piah at telephone no: +603 91739173 (ext 814).
(iii) This Annual Report could be downloaded from the Company's website at this URL address: http://www.zelan.com.

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STAMP

TO: THE REGISTRAR
ZELAN BERHAD (27676-V)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Fold Here

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Fax : +603-9171 8191
Email : info@zelan.com.my
website : www.zelan.com