ZELAN

ZELAN BERHAD
27676-V

annual report 2014

Contents

1. International Islamic University Malaysia (Phase 3), Gambang Campus Project
2. Drawbridge Project, Kuala Terengganu
3. Material Off Loading Facilities Jetty, Tg Setapa, Pengerang
4. Tanjung Bin Expansion Project

39th Annual General Meeting of Zelan Berhad

Mahkota II, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur
on Thursday, 14 May 2015 at 10.00 a.m.

Our 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
- 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

Our Portfolio

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

Financial Calendar

FINANCIAL PERIOD ENDED 31 DECEMBER 2014

ANNOUNCEMENT OF RESULTS

First Quarter Ended 30 June 2014	22 August 2014
Second Quarter Ended 30 September 2014	21 November 2014
Third Quarter Ended 31 December 2014	23 February 2015

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

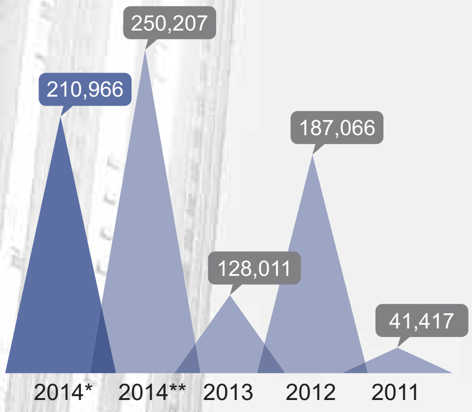
Dispatch of Annual Report and Notice of AGM	22 April 2015

ANNUAL GENERAL MEETING
14 May 2015

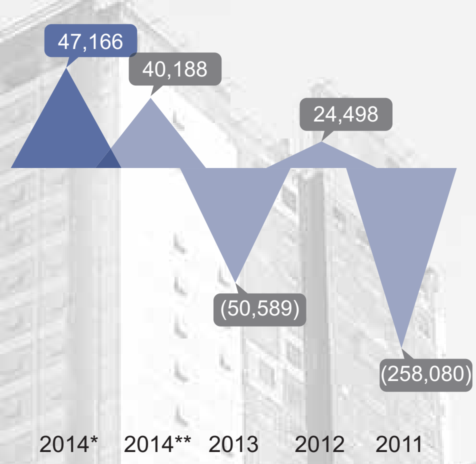
	Nine Months Period Ended 31.12.2014 RM'000	Financial Year Ended 31.03.2014 RM'000	Financial Year Ended 31.03.2013 RM'000	Financial Year Ended 31.03.2012 RM'000	Financial Year Ended 31.03.2011 RM'000
Results					
Revenue *	210,966	250,207	128,011	187,066	41,417
Gross profit/(loss) *	39,617	(9,998)	11,031	70,104	(238,497)
Profit/(loss) before zakat and taxation *	47,166	40,188	(50,589)	24,498	(258,080)
Profit/(loss) attributable to shareholders *	38,475	35,240	(77,796)	11,901	(257,428)
Assets					
Non-Current and Current Assets	583,117	532,790	850,853	831,823	1,083,068
Cash & Cash Equivalents	72,370	34,000	42,832	57,209	18,601
Liabilities and shareholders' funds					
Borrowings	221,940	124,635	389,906	299,039	201,561
Shareholders' funds	176,725	136,897	142,479	229,082	269,471
Financial Ratios (%)					
Debt to equity	125.6	91.0	273.7	130.5	74.8
Pre-tax return on shareholders' funds	26.7	29.4	(35.5)	10.7	(95.8)
Share information					
Net assets/Net tangible assets per share (sen) #	0.21	0.16	0.25	0.41	0.48
Basic earnings per share (sen) #	5	6	(14)	2	(46)
Diluted earnings per share (sen) #	4	6	-	-	-

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

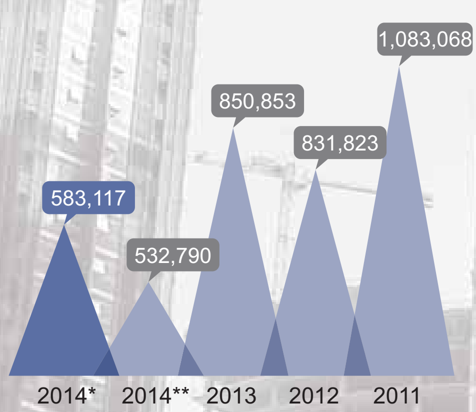
\# Adjusted for rights issue with warrants during the financial year ended 31 March 2014.



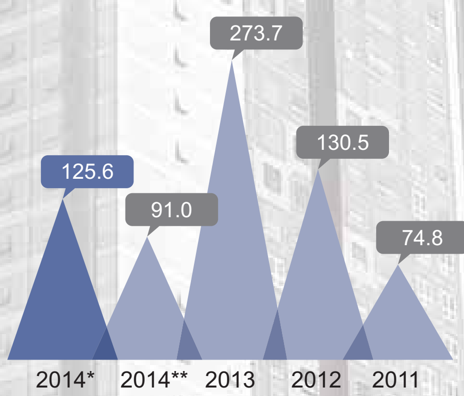
Revenue (RM'000)



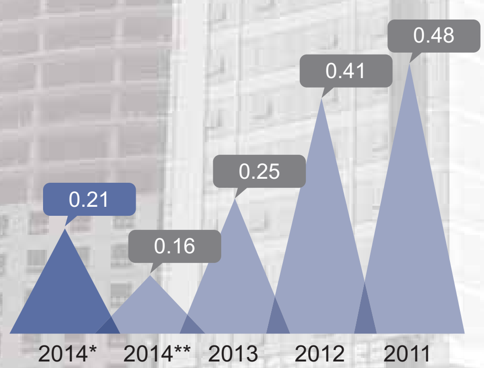
Profit/(Loss) Before Zakat and Tax (RM'000)



Gross Assets (RM'000)



Debt to Equity (%)



Net Assets (Sen)

Notes :

- * For financial period ended 31 December 2014
- ** For financial year ended 31 March 2014

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Zelan Berhad ("Zelan" or the "Group"), I hereby present to you Zelan's Annual Report and Audited Financial Statements for the Nine (9) Months period ended 31 December 2014.

OVERVIEW

The financial period under review has been a productive period for Zelan. We had successfully secured two major infrastructure projects through open tenders, while we continued with our efforts to implement other existing projects.

Zelan Construction Sdn Bhd ("ZCSB"), our wholly-owned subsidiary, secured from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd, the contract for the basic design, detail engineering, procurement, construction and commissioning of the Material Off-Loading Facilities ("MOLF") jetty at Tanjung Setapa, Johor for the Refinery & Petrochemical Integrated Development ("RAPID") project in Pengerang, Johor. The contract price awarded is approximately RM248.5 million and the contract duration is 18 months. The MOLF Jetty is scheduled to complete on 20 January 2016 and is intended to be used for the import of heavy lift oversized ("HLO") and super HLO equipment and materials as well as some break-bulk and containerised cargo during the implementation of the RAPID project.

The other project secured by ZCSB was awarded by East Coast Economic Region Development Council ("ECERDC") to Zelan – Hasrat Sedaya Consortium (a 70 : 30 joint venture in which ZCSB is the lead member). The contract is for the construction of the drawbridge connecting Muara North and Muara South in Kuala Terengganu City Centre at a contract price of approximately RM248.7 million with a scheduled completion date of 14 March 2017. The drawbridge will serve as a bridge link to connect the two reclaimed areas on the north and south of the Terengganu River and to create a strategic connection between the Kuala Terengganu City Centre across the two areas, all the way to the Kuala Terengganu's Sultan Mahmud Airport. The drawbridge will have an overall length of 632m, a width of 23m and a clean span of 50m.

The construction of the Centre of Foundation Studies (Phase 3) of the International Islamic University Malaysia ("IIUM"), Gambang Campus, in Pahang, which was secured pursuant to the Concession Agreement we entered into with the Government of Malaysia (the "Goverment") and IIUM in July 2012, started in January 2013 and is expected to be completed in January 2016. Upon handing over of the completed centre to

IIUM, we will undertake the asset management services of the said centre and its facilities for the next 20 years in accordance with the Concession Agreement.

In respect of the two subcontract packages which the Group secured under the expansion of Tanjung Bin's 1 x 1,000 MW Coal Fired Power Plant Project in Johor, ZCSB and its joint venture partner, Balanced Engineering & Construction Pte Ltd, from Singapore have successfully completed the design and build of chimney in January 2015. The final contract value for the said subcontract package is approximately RM31.3 million. As for the subcontract package of design and construction of cooling water intake and cooling water discharge culvert for the lump sum price of RM215.25 million, the work is scheduled to be completed in July 2015.

For the Gombak Integrated Transport Terminal in Selangor, the Government has extended the timeline for the fulfillment of the remaining condition precedent, which is the upliftment of the Malay Reservation land status to 13 September 2015. In respect of the construction of the Integrated Immigration, Custom, Quarantine and Security Complex in Kedah which has been awarded to ZCSB and Kiara Teratai Sdn Bhd on a joint venture basis, we are still awaiting the notice on the date for commencement of work to be issued by the concession company, Northern Gateway Infrastructure Sdn Bhd.

Outside of Malaysia, following the Second Supplementary Agreement ("SSA") which was entered into between Meena Holdings LLC ("MH") and Zelan Holdings (M) Sdn Bhd ("ZHSB") on 15 April 2014 in relation to Meena Plaza Mixed Use Development Project in Abu Dhabi, UAE, MH paid to ZHSB a total amount of AED121.6 million (approximately RM108.2 million) on 1 September 2014, being the refund of AED92.5 million (approximately RM82.4 million) under the performance bond liquidated by MH in November 2012 and the payment of AED29.1 million (approximately RM25.8 million) for outstanding progress claim owed to ZHSB. Upon receipt of the said payment, ZHSB had settled the outstanding amount owed to the issuing bank arising from the aforementioned liquidation of the performance bond. ZHSB has since recommenced work for the project on 1 October 2014 in accordance with the provisions of the SSA.

"Zelan is optimistic about securing more engineering and construction projects in the country during year 2015."

GROUP'S RESULTS

For the 9 months period ended 31 December 2014, the Group registered a total net revenue of RM211.0 million as compared to RM250.2 million in the preceding financial year. The major contributor of revenue for the period under review is the IIUM project mentioned above. The Group recorded a net profit of RM38.4 million in the current financial period as compared to RM35.2 million in the preceding financial year.

DIVIDEND

In view of the financial position of the Group, the Board does not recommend payment of any dividend for the financial period ended 31 December 2014.

CORPORATE GOVERNANCE

To ensure transparency, accountability and protection of shareholders' interest, 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 set out on pages 25 to 32 of the Annual Report.

RELATED PARTY TRANSACTIONS

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

"For the 9 months period ended 31 December 2014, the Group registered a total net revenue of RM211.0 million as compared to RM250.2 million in the preceding financial year."

BUSINESS OUTLOOK AND STRATEGY

Despite the recent sharp fall in crude oil prices worldwide, our country's economy is expected to register a steady growth of 4.5% to 5.5% in 2015. The outlook for construction sector remains positive due to its resilience and strong domestic demand. Consistent with this, Zelan is optimistic about securing more engineering and construction projects in the country during year 2015.

CHANGE OF FINANCIAL YEAR END

As we have announced in May 2014, our financial year end has been changed from 31 March to 31 December.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all our shareholders for the steadfast support and encouragement given to Zelan, providing us with the strength and motivation to steer forward.

I would also like to thank all our other stakeholders such as our clients, business associates, partners, bankers and financiers, for the continuous trust, collaboration and co-operation which helped to create effective synergies in our efforts to strengthen the Group's business performance.

Last but not least, I would like to extend my appreciation to all the Board members for their valuable advice and guidance, and to all the employees of the Group, for their efforts and commitment.

We believe that Encik Suhaimi bin Halim, a civil engineer by profession, who has been appointed as a Board member on 11 September 2014, will be able to contribute to the Board's composition and mix of professional experience for the benefit of the Group.

We would like to take this opportunity to place on record our appreciation to one of our long serving Board members, Cdr Mohd Farit Bin Ibrahim RMN (R), who has resigned from the Board on 13 February 2015 in order to attend to his other commitments.

The Board, the management and everyone else of the Group will continue to work hand in hand towards our common goal to enhance the performance and value of Zelan.

Yours faithfully,

DATO' ANWAR BIN AJI
Chairman

Board of Directors

Dato' Anwar bin Aji
Independent, Non-Executive Chairman

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

Datuk Ooi Teik Huat
Independent, Non-Executive Director

Datuk Puteh Rukiah binti Abd Majid
Independent, Non-Executive Director

Dato' Sri Che Khalib bin Mohamad Noh
Non-Independent, Non-Executive Director

Suhaimi bin Halim
Independent, Non-Executive Director

Adnan bin Mohammad
Managing 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

Principal Bankers

Bank Pembangunan Malaysia Berhad
Bank Kerjasama Rakyat Malaysia Berhad
AmBank (M) Berhad
HSBC Bank Malaysia Berhad
HSBC Bank Middle East Limited
Malayan Banking Berhad

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2283

UAE Operations

Zelan Holdings (M) Sdn. Bhd. (Regional Office) - Abu Dhabi Branch
Suite 37, 5th Floor
Al Mariah Mall Building
Al Najda Street
P.O. Box 106813
Abu Dhabi, UAE
Tel: +971 2 6715577
Fax: +971 2 6781164

Saudi Arabia Operations

Zelan Construction Arabia Company Limited
P.O. Box 3900, Jeddah 21481
Unit 213, 02nd Floor, Dar Al Tijarah
Opposite Ministry of Affair
Madinah Road / Al Baghdedeyyah
Jeddah Kingdom of Saudi Arabia
Tel: +966 2 644 0989
Fax: +966 2 642 2676

Indonesia Operations

PT Zelan Indonesia
Wisma Bayuadji 3rd Floor - Room 307
Jl. Gandaria Tengah III
No. 44, Jakarta Selatan 12130, Indonesia
Tel: +62 21 7232268
Fax: +62 21 7248867

India Operations

Zelan Construction (India) Private Limited
I Block, 2nd Floor, Sakthi Towers
No. 766, Anna Salai, Chennai
600 002, India
Tel: +9144 42612089
Fax: +9144 42612091

from left:

Encik Adnan bin Mohammad
Managing Director

Datuk Puteh Rukiah binti Abd Majid
Independent, Non-Executive Director

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

Dato' Anwar bin Aji
Independent, Non-Executive Chairman

Dato' Sri Che Khalib bin Mohamad Noh
Non-Independent, Non-Executive Director

Datuk Ooi Teik Huat
Independent, Non-Executive Director

Encik Suhaimi bin Halim
Independent, Non-Executive Director

Dato' Anwar bin Aji, aged 65, a Malaysian, was appointed to the Board as an Independent, Non-Executive Chairman on 11 December 2008. He was re-designated as Executive Chairman on 19 January 2011. On 1 December 2012, Dato' Anwar was re-designated as Non-Executive Chairman. He is also the Chairman of the Nomination and Remuneration Committee.

Dato' Anwar graduated from University of Malaya with Bachelor of Economics (Honours) Degree in 1973 and obtained his Master of Arts in International Studies from Ohio University, United States of America in 1982.

Dato' Anwar started his career with the Government of Malaysia and has held various positions 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 departure in May 2004.

Dato' Anwar is currently a member of the Board of CIMB-Principal Asset Management Berhad and several private limited companies.

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

Dato' Abdullah bin Mohd Yusof, aged 76, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director on 1 August 2002. He is the member of the Audit Committee and the Nomination and Remuneration Committee. Dato' Abdullah is currently the Senior Independent Director of the Board.

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, and a member of the Board of MMC Corporation Berhad and THR Hotel (Selangor) Berhad and several private limited companies.

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

Datuk Ooi Teik Huat

Independent,
Non-Executive Director

Datuk Ooi Teik Huat, aged 55, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director on 10 July 2009. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Datuk Ooi Teik Huat is a member of the 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 Hong Leong 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.

Datuk Ooi Teik Huat's directorships in other public companies include MMC Corporation Berhad, DRB-HICOM Berhad, Tradewinds (M) Berhad, Tradewinds Plantation Berhad, Malakoff Corporation Berhad, Johor Port Berhad, Gas Malaysia Berhad, Padiberas Nasional Berhad and Mardec Berhad.

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

Datuk Puteh Rukiah binti Abd Majid, aged 62, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director on 15 April 2013. She is also a member of the Audit Committee.

Datuk Puteh Rukiah holds a Bachelor of Economics (Honours) Degree from University of Malaya and a Master Degree in Economics from Western Michigan University, United States of America.

Datuk Puteh Rukiah started her career with the Government of Malaysia in 1976 and has held various positions in the Economic Planning Unit, Prime Minister's Department and the Implementation and Coordination Unit, Prime Minister's Department. In 1990, she served the Ministry of Finance until 2011 and her last position was the Deputy Secretary General (Systems and Controls) at the Ministry of Finance.

Datuk Puteh Rukiah's directorship in other public companies includes Gas Malaysia Berhad, Pos Malaysia Berhad and Pelaburan Hartanah Berhad.

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

Dato' Sri Che Khalib bin Mohamad Noh, aged 50, a Malaysian, was appointed to the Board as a Non-Independent, Non-Executive Director on 27 June 2013.

Dato' Sri Che Khalib is a qualified accountant, a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

Dato' Sri Che Khalib began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, he joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. On 1 July 2004, Dato' Sri Che Khalib was appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad (TNB) where he served TNB for eight years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as Chief Operating Officer of Finance, Strategy and Planning in July 2012.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from 2000 until 2004. He also served as a Board member within the United Engineers Malaysia Berhad Group of companies and Bank Industri & Teknologi Malaysia Berhad. Dato' Sri Che Khalib currently sits on the Board of MMC Corporation Berhad, Gas Malaysia Berhad, Malakoff Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Pos Malaysia Berhad, Bank Muamalat Malaysia Berhad, Port Dickson Power Berhad, NCB Holdings Berhad and several private limited companies.

Dato' Sri Che Khalib 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.

Encik Suhaimi bin Halim, aged 59, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director on 11 September 2014.

Encik Suhaimi holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia and a Bachelor of Science (Civil Engineering) (Hons.) from University of Glasgow, Scotland.

Encik Suhaimi started his career as Technical Assistant, with Jabatan Kerja Raya, Seremban District in 1976 prior to pursuing degree course in United Kingdom. In 1981, he joined Lembaga Kemajuan Pahang Tenggara and later GKM Development Sdn. Bhd. before he started his carrier with UEM Group.

He joined UEM Group in September 1988 where he served various companies within the UEM stables, namely Opus Group Berhad, Linkedua Berhad and Expressway Lingkaran Tengah Berhad. He also sat on various Boards in UEM stables as a Director. He has international exposures in countries where Opus Group is involved namely South Africa, Vietnam, India and New Zealand.

In his more than 30 years' experience, he has had the opportunity to be involved in various major infrastructure projects specifically in the expressway and transportation sectors at both construction and operations level. The North South Expressway, ELITE, Linkedua and Putra LRT are example of projects he was involved in. His focus in the last 10 years of working career was mainly on expressway maintenance especially in reducing life-cycle cost of the pavement and ensuring the service levels are maintained. He was the Managing Director, Designate, of the Assets and Facility Management Group of Companies in UEM Group Berhad, prior to his retirement on 30th June 2013.

Encik Suhaimi currently sits on Board of MMC Engineering Services Sdn. Bhd., Astabina Sdn. Bhd., Castmet Sdn. Bhd. and Allwell Fortune Sdn. Bhd.

Encik Suhaimi 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.

Encik Adnan bin Mohammad, aged 55, a Malaysian, was appointed to the Board as Managing Director on 17 March 2014.

Encik Adnan holds a Bachelor of Business Administration Degree majoring in Finance from University of Missouri, Kansas City, United States of America and a Diploma in Banking Studies from Universiti Teknologi MARA (UiTM). In 2005, he attended the Harvard Business School's Premier Business Management Programme. He is a member of Malaysian Institute of Management.

Encik Adnan started his career with Malayan Banking Berhad and later served Bank Kerjasama Rakyat Malaysia Berhad in 1989 before moving to Bumiputra Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) as a Corporate Banking Officer in 1990. He later left the banking industry and joined the UEM Group serving Projek Lebuhraya Utara-Selatan Berhad (PLUS) where he rose from Project Finance Assistant Manager to Senior General Manager of Finance Division in 2000.

Over his 22 years of service in UEM Group, he served various senior management positions including Managing Director of TIME dotNet Berhad, Chief Operating Officer of Intria Berhad (now known as UEM Builders Berhad), Managing Director of Park May Berhad, Chief Executive Officer of E-Idaman Sdn. Bhd. and Chief Operating Officer of UEM Builders Berhad. His last position held in the UEM Group was the Managing Director of Faber Group Berhad in April 2007 until January 2014, before his present appointment.

Having held numerous positions during his years of service, Encik Adnan exposure and experience covers a wide range of business sectors namely, finance, expressway, information and communications technology (ICT), engineering and construction, transportation, environment, property development, hospitality and healthcare.

Encik Adnan 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.

ADNAN BIN MOHAMMAD
Managing Director

CORPORATE SERVICES

VINCENT YAP LENG KHIM
Director, Corporate Services

JULIZA BINTI JALIL
Chief Financial Officer

MOHD NASIR BIN HJ. MD SAAD
Head of Internal Audit

GERARD DOMINIC FERNANDEZ
General Manager, Corporate Resources

NORLIDA BINTI JAMALUDIN
Company Secretary

OPERATIONS

HAZIMI BIN BAHARUM
Chief Operating Officer

KAMARUDDIN BIN ABD KARIM
Head of Project Planning, Monitoring & Control

MOHD ALI BIN ABD AZIZ
Head of Commercial & Procurement

TEO SIN HORNG
Head of Local Projects

AHMAD NASARUDDIN BIN MOHAMMED AMIN
Head of Technical

LIM CHIN KEAT
General Manager, Civil & Structure

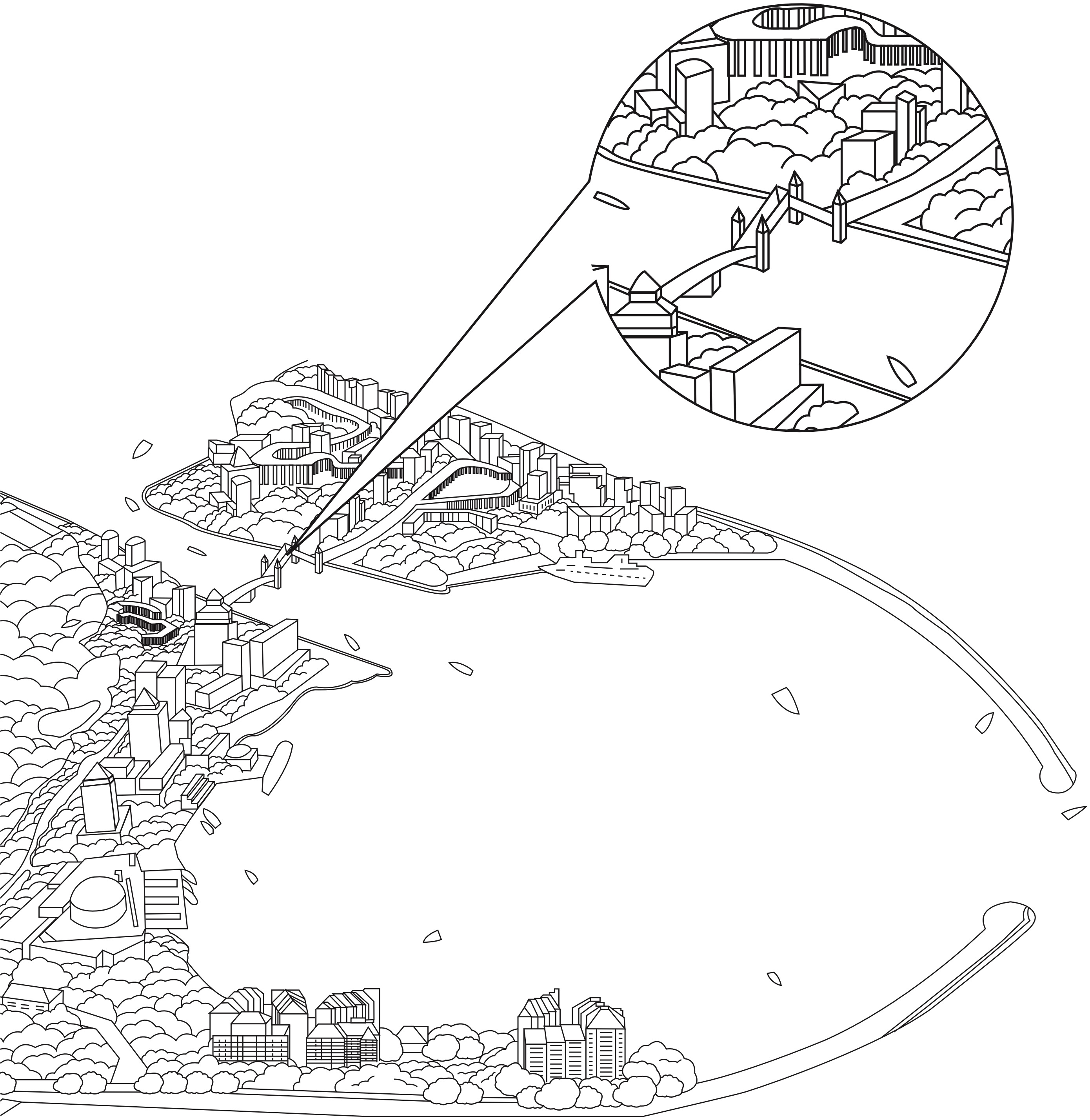
YEE GOON HOONG
General Manager, Operations

CHEANG KAH HOONG
General Manager, Commercial & Procurement

FAIZAL BIN YUSOF
Project Director, UAE

ZELAN BERHAD
27676-V

- **100% ZELAN HOLDINGS (M) SDN. BHD.**
  - **ENGINEERING & CONSTRUCTION**
    - **100%** ZELAN CONSTRUCTION SDN. BHD.
      - **100%** ZELAN AM SERVICES SDN. BHD.
    - **100%** ZELAN CONSTRUCTION (INDIA) PTE. LTD.
    - **100%** ZELAN CONSTRUCTION ARABIA CO. LTD.
    - **100%** ZELAN CONSOLIDATED (OVERSEAS) SDN. BHD.
    - **95%** PT ZELAN INDONESIA
    - **40%** ZELAN ARABIA CO. LTD.
    - ABU DHABI BRANCH
    - DUBAI BRANCH
    - INDONESIA BRANCH
  - **PROPERTY & DEVELOPMENT**
    - **100%** ZELAN CORPORATION SDN. BHD.
      - **100%** ZELAN DEVELOPMENT SDN. BHD.
      - **100%** ZELAN PROPERTY SERVICES SDN. BHD.
      - **100%** PANDUAN PELANGI SDN. BHD.
      - **100%** PADUAN LIMA SEJATI SDN. BHD.
    - **100%** SEJARA BINA SDN. BHD.
      - **50%** ESSENTIAL AMITY SDN. BHD.
  - **OTHERS**
    - **100%** ZELAN ENTERPRISE SDN. BHD.
      - **100%** VISPA SDN. BHD.
      - **100%** EMINENT HECTARES SDN. BHD.
- **OTHERS**
  - **100%** TRONOH CONSOLIDATED (OVERSEAS) SDN. BHD.
  - **100%** KONSESI PUSAT ASASI GAMBANG SDN. BHD.
  - **95%** TERMINAL BERSEPADU GOMBAK SDN. BHD.
  - **40%** MMC ZELAN SDN. BHD.



Drawbridge Project, Kuala Terengganu

The Drawbridge Connecting Muara North and Muara South In Kuala Terengganu City Centre For The East Coast Economic Region Development Council ('ECERDC')

Quality, Environmental, Safety And Health (“QESH”) Policy

The Group is committed to provide a healthy, safe and friendly working environmental to ensure all our activities shall not have any detrimental safety and health impact on our employees, sub-contractors’ employees, customers or any member of community at large.

We are determined to provide effective Construction, Engineering and Management Services that are well coordinated and controlled to satisfy customer’s requirements with quality products and services. This can be achieved through the implementation of the QESH Management system which will bring Zelan Group of Companies into a position well recognised internationally. Our QESH Management system is a coherent system of ISO 9001 : 2015, ISO 14001 : 2015 and OHSAS 18001 : 2015.

The Group is dedicated and committed to:

- Comply with applicable legal requirements and regulations
- Manage operations efficiently to prevent environmental pollution, injury and ill health.
- Implement, control and maintain an efficient QESH Management Systems and to continually improve our management systems and business performance.

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 to 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 by 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 and Risk Management Committee periodically review these internal control systems together with recommendations from internal auditors.

- **Customer Satisfaction**

The Group is committed to provide effective Construction, Engineering and Management Services that are well coordinated and controlled to satisfy customer's requirements with quality products and services. We are determined to provide a safe and healthy working enviroment working environment to ensure all our activities shall not have any detrimental impact on our employees, sub-contractors' employee, customers or any member of community at large.

The management of Zelan Group of Companies is dedicated and committed to:

(i) Comply with applicable legal requirements and other requirements

(ii) Manage our operations to prevent environmental pollution, injury and ill health

(iii) Implement, control and maintain an efficient QESH Management System and to continually improve our management systems and business performance.

This can be achieved through the implementation of the QESH Management System in a coherent system of ISO 9001, ISO 14001 and OHSAS 18001 which will bring the Group into a position well recognised internationally.

- **Investors Relations**

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

- **Our People**

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

Whilst we continuously seek to keep morale high and improve the performance of our people, we also strive to create a balanced workforce whereby social gatherings and recreational activities are encouraged. On 1 November 2014, Zelan has participated in MMC Games 2014 which 12 companies have competed to emerge as the Champion.









- **Caring for the Communities**

As a socially conscious corporate citizen, the Group has continued to place efforts in its philanthropic endeavours through monetary and resources contributions to the community and various charitable organisations. This also includes maximisation of usage of local labour and materials to spur economic activities through the implementation of our projects. The following are part of the events that the Company has participated throughout the financial period:

(i) Contribution to the flood victims, DUN Seberang Takir, Terengganu

(ii) Contribution to the "Majlis Bantuan Nelayan dan Persatuan Penambang" DUN Seberang Takir, Kuala Terengganu

(iii) Participation in MMC Group 'Flood Relief Initiatives'

- **Caring for the Environment**

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

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

The Board of Directors of Zelan Berhad ("Zelan" or the "Company") confirms that throughout the financial period ended 31 December 2014 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 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 Company is led by a Board of Directors which comprises of members with relevant experiences and expertise drawn from various fields such as engineering, corporate finance, accounting, public services and legal. 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. The Board also recognises the importance of gender diversity. The composition of the Board is as such that no individual or small group of individuals can dominate the Board's decision making.

As at the date of this report, the Board has seven (7) members. There are five (5) 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 Independent, Non-Executive Directors on the Board fulfill their roles by exercising independent judgement and objective participation in the Board's deliberation.

The Code requires an Independent Director who has served the Board for a period of nine (9) years cumulatively, to be re-designated as a Non-Independent Director. However, subject to the assessment by the Nomination and Remuneration Committee and shareholders' approval at the Annual General Meeting, the Independent Director may remain as an Independent Director after serving in that capacity for more than nine (9) years.

YBhg. Dato' Abdullah bin Mohd Yusof has served the Board as an Independent Director for more than nine (9) years cumulatively. A justification on the continuation of Dato' Abdullah bin Mohd Yusof as Independent Director is provided in the notice of AGM. YBhg. Dato' Abdullah bin Mohd Yusof is the Senior Independent Non-Executive Director to whom the shareholders may communicate with.

The roles of the Non-Executive Chairman and the Managing Director are distinct and separate with clear division of responsibilities to ensure the balance of power and authority. The Non-Executive Chairman is entrusted with the overall task of running of the Board to ensure its effectiveness whereas the Managing Director is responsible for the efficient and effective management of the business and day-to-day operations of the Company with all powers and delegations properly authorised by the Board, as well as implementation of policies and strategies adopted by the Board.

The profile of each Director is set out on pages 12 to 18 of this Annual Report.

2. Code and Policy

Whistleblower Policy

Zelan Berhad is committed to promote and maintain high standards of transparency, accountability, ethics and integrity among its employees. The Company takes a serious view of any misconduct on the part of any of its employees, management, directors and other stakeholders in particular with respect to their obligations to the Company's interest.

The Company has established and implemented the Whistleblower Policy in response to the Whistleblower Protection Act, 2010. The policy is designed to support the Company's integrity values and facilitate employees' disclosure of possible improprieties at the earliest opportunity to ensure such matters can be raised without fear of reprisal or detrimental action.

3. Board Policy Manual

The Board Policy Manual sets out the Board's strategic intent and outlines the following:

(i) Board roles and functions;
(ii) Board composition, operation and processes;
(iii) Division of responsibilities between the Board and Management; and
(iv) Functions of the Board committees.

It also acts as a source of reference and primary induction literature to new Board members and Senior Management. The Board Policy Manual which is made available on the Company's website is reviewed from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the roles and responsibilities of the Board.

4. 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 ensuring 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 to discharge of their responsibilities whilst the caliber of the Non-Executive Directors brings an independent judgement in the decision making process; and

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

5. Supply of Information

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

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

In addition to that, the Directors and Senior Management will also be notified on the restrictions imposed by Bursa Malaysia on dealing in the securities of the Company during closed period, at least thirty (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.

6. 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 comprises of three (3) Independent, Non-Executive Directors. The membership of the Audit Committee is as follows:

- Datuk Ooi Teik Huat *(Chairman)*
- Dato' Abdullah bin Mohd Yusof
- Datuk Puteh Rukiah binti Abd Majid

The terms of reference and summary of activities of the Audit Committee are reported on pages 34 to 37 of the Annual Report. For the financial period ended 31 December 2014, the Audit Committee met five (5) times.

(b) Nomination and Remuneration Committee ("NRC")

The NRC comprises of one (1) Non-Executive Chairman and two (2) Independent Non-Executive Directors. The membership of the NRC is as follows:-

- Dato' Anwar bin Aji *(Chairman)*
- Dato' Abdullah bin Mohd Yusof
- Datuk Ooi Teik Huat

The NRC is empowered by the Board and its terms of reference include the responsibility for recommending to the Board, suitable candidates for appointment of Directors and also include recommending to the Board the structure and remuneration policy of the Executive Directors. NRC is also responsible to consider and recommend measures to assess the effectiveness of the Board, its Committee and contribution of each individual Director.

For the financial period ended 31 December 2014, the NRC met once.

7. 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 any corporate proposal or business issue that requires expeditious decision from the Board.

During the financial period ended 31 December 2014, the Board met six (6) times, of which four (4) were Board meetings and two (2) were Special Board meetings.

The record of attendance of each Director at Board and Committee Meetings held during the financial period ended 31 December 2014 are as follows:

Name of Director	Board	Audit Committee	Nomination & Remuneration Committee
Dato' Anwar bin Aji	6/6	N/A	1/1
Dato' Abdullah bin Mohd Yusof	6/6	5/5	1/1
Cdr Mohd Farit bin Ibrahim RMN (Retd) (Resigned on 13 February 2015)	4/6	N/A	N/A
Datuk Ooi Teik Huat	6/6	5/5	1/1
Datuk Puteh Rukiah binti Abd Majid	6/6	5/5	N/A
Dato' Sri Che Khalib bin Mohamad Noh	6/6	N/A	N/A
Encik Suhaimi bin Halim (appointed on 11 September 2014)	1/2	N/A	N/A
Encik Adnan bin Mohammad	6/6	N/A	N/A

8. Appointment of Director

The Nomination and Remuneration 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.

9. 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.

10. 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 period under review, Directors have attended the following training sessions:

Director	Training/Workshop/Seminar Attended	Organiser
Dato' Anwar bin Aji	Board Chairman Series: The Role of Chairman	The Iclif Leadership and Governance Centre & Bursa Malaysia Securities Berhad
Dato' Abdullah bin Mohd Yusof	Enterprise Risk Management - Driving Sustainability and Innovation	Friday Concept (Asia)
Datuk Ooi Teik Huat	Enhancing Internal Audit Practice	Bursa Malaysia Securities Berhad
	Enterprise Risk Management - Driving sustainability and Innovation	Friday Concept (Asia)
Datuk Puteh Rukiah binti Abd Majid	Evaluating Overseas Investment Strategies	Bursatra Sdn. Bhd.
Dato' Sri Che Khalib bin Mohamad Noh	Audit Committee Conference - Stepping Up for Better Governance	Malaysian Institute of Accountants / The Institute of Internal auditors Malaysia
	Enterprise Risk Management - Driving Sustainability and Innovation	Friday Concept (Asia)
Adnan bin Mohammad	CIDB Green Card Training	Construction Industry Development Board Malaysia
	Enterprise Risk Management - Driving Sustainability and Innovation	Friday Concept (Asia)
	Quality, Environment and Safety & Health Management System Awareness	Zelan Berhad

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 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.

2. Policy and Procedure

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

The Nomination and Remuneration Committee in consultation with the Board will set and recommend the basic salary of the Executive Director or Chairman. This is done by taking into consideration the performance of the Executive Director or 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 period ended 31 December 2014 are as follows:

Category	**Executive Director (RM'000)**	**Non-Executive Directors (RM'000)**
Fee	-	314
Salaries & bonuses	510	-
EPF contribution	71	-
Other emoluments	21	292

The number of Directors of the Company, whose total remuneration fall within the following bands for the financial period ended 31 December 2014, are as follows:

Range of Remuneration	**Executive Director**	**Non-Executive Directors**
RM0 to RM50,000	-	4
RM50,001 to RM100,000	-	3
RM300,001 to RM350,000	-	1
RM500,001 to RM600,000	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 and the Group'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 statements annually and quarterly condensed financial statements 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 and of the results and cash flows of the Group on the Company for the financial year. The Directors' Statement in compliance with the requirements under the Act is set out on page 45 of this Annual Report.

The Board is responsible in ensuring the Group and the Company keeps 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 available 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 Statement on Risk Management and Internal Control Statement is set out on page 38 to 39 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 34 to 37 of this Annual Report.

E. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

Zelan Group has complied with the principles of corporate governance and best practices in corporate governance throughout the financial period ended 31 December 2014.

Conflict of Interest

None of the Directors has 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 Dato' Sri Che Khalib bin Mohamad Noh, being the nominee director nominated by MMC Corporation Berhad. At the date of this report MMC Corporation Berhad is a major shareholder of the Company.

Convictions for Offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences.

Utilisation of Proceeds

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

Share Buy-Back

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

Options, warrants or convertible securities

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

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

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

Imposition of Sanctions and/or Penalties

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

Non-Audit Fee

During the financial period ended 31 December 2014, a non-audit fee of RM97,660 was paid by the Company to the External Auditors, Messrs. PricewaterhouseCoopers, Malaysia for services rendered in connection with the review of the Group's quarterly results, tax and other technical and non-assurance engagements.

Profit Estimation, Forecast or Projection

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

Profit Guarantee

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

Material Contracts

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

Contracts Relating to Loan

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

This Statement on Corporate Governance is made in accordance with the Resolution of the Board dated 25 March 2015.

The Audit Committee of Zelan Berhad is pleased to present the Audit Committee Report for the Group's financial period from 1 April 2014 to 31 December 2014 as follows:

1. MEMBERSHIP AND MEETING

The Audit Committee comprises of three (3) Independent, Non-Executive Directors with Datuk Ooi Teik Huat presiding as the Chairman.

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

Name of Director	Designation	Meetings Attended
Datuk Ooi Teik Huat	Independent Non-Executive Director	5/5
Dato' Abdullah bin Mohd Yusof	Independent Non-Executive Director	5/5
Datuk Puteh Rukiah binti Abd Majid	Independent Non-Executive Director	5/5

During the financial period ended 31 December 2014, the Audit Committee held a total of five (5) meetings. The External Auditors attended five (5) meetings and had also held two (2) private sessions with the Audit Committee without the presence of Management during the financial period under review.

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

2.1 Membership

The Audit Committee members shall be appointed by the Board amongst the Directors and shall consist of not less than three (3) 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 ('MIA'), Datuk Ooi Teik Huat is a member of MIA; 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.

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (Cont'd)

2.2 Meetings and Minutes

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Senior Management as and when required by the Audit Committee. The External Auditors are also requested to attend the Audit Committee meetings as and when required. 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. Both Internal and External auditors, may request a meeting with the Audit Committee if they consider necessary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board at the quarterly Board meetings.

2.3 Quorum

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

2.4 Secretary

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

2.5 Authority

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

i) to investigate any matters within its Terms of Reference;

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

iii) to conduct investigations on irregularities once reported;

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

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

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

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

2.6 Duties

The duties of the Audit Committee are as follows:

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

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

iii) to discuss the impact of any proposed changes in accounting principles on future financial statements;

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE (Cont'd)

2.6 Duties (Cont'd)

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

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

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

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

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

viii) to ensure that the Internal Audit function is adequately resourced and has appropriate standing within the 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 to review the Management's Representation letter to the External Auditors.

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

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

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

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

3. SUMMARY OF ACTIVITIES

During the financial period 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 financial period. 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 Representation letter, 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 submission to the Board for its consideration and approval;

3. SUMMARY OF ACTIVITIES (Cont'd)

v) reviewed the Group's compliance in particular the quarterly and period-end financial statements with the Listing Requirements of the Bursa Malaysia, 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 period 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 improvements in internal control, procedures and risk management; and

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

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is undertaken by the Internal Audit Department with the primary objective to independently review the efficiency and effectiveness of the system of internal control and risk management framework set by the Management. The Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities by undertaking regular independent and systematic reviews of the system of internal control and risk management framework so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

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 the financial period, audit assignments and follow-up reviews were carried-out on units of operations and subsidiaries of Zelan Berhad 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 period ended 31 December 2014 included the following:

i) Prepared the Annual Audit Plan for approval by the Audit Committee;

ii) Performed Risk Based Internal Audit in accordance to the Approved Annual Audit Plan including follow-up on matters arising from previous audit reports;

iii) Issued Internal Audit Reports to the management on risk management, internal control and governance issues identified from the audit assignments together with recommendations for improvements;

iv) Reported on a quarterly basis to the Audit Committee on the audit reports and status of audit activities; and

v) Conducted ad-hoc tasks and special assignments as and when requested by the senior management.

The total cost incurred in undertaking the Internal Audit function during current financial period is approximately RM214,000.

This Audit Committee Report is made in accordance with the Resolution of the Board dated 25 March 2015.

1. INTRODUCTION

The Board of Directors (Board) is responsible for the Group's system of risk management and internal controls and their 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") which requires the Board to disclose the main features of the company's risk management and internal controls in the annual report. In preparing the Statement of Risk Management and Internal Control, the Board is guided by BMSB's Statement on Risk Management and Internal Control; Guidance for Directors of Public Listed Companies.

2. RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of risk management and 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.

3. GROUP'S RISK MANAGEMENT POLICY AND FRAMEWORK

Risk management is firmly embedded in the Group's management system and it is the responsibility and accountability of every employee. The Board has formally approved the Enterprise Risk Management ("ERM") Policy and Framework ("ERM Policy and Framework") for the Group. The ERM Policy and Framework sets out the process for managing risks and outlines how the company ensure risks are managed effectively and efficiently across the Group. Since then, the systematic risk management structures and processes have been fully implemented within the Group. The objective of the ERM Policy and Framework are as follows:

- Provide a policy and organisational structure for the management of risks within the Group;
- Define risk management roles and responsibilities within the Group and outlining procedures to mitigate risks;
- Ensure consistent and acceptable risk management practices throughout the Group;
- Define the reporting framework to ensure clear communication on all risk management activities and reporting;
- Accommodate the changing risk management needs of the Group while maintaining control of the overall risks;
- Details the approved methodology for the risk assessment; and
- Provide centralised consolidation of risk management data and reporting.

The ERM Policy and Framework would assist the Risk Management Committee ("RMC"), comprising the Managing Director, Chief Operating Officer, Chief Financial Officer, Director of Corporate Services and Head of Departments, in reviewing and assessing overall risks related to the Groups business.

Operating Companies and Zelan Berhad Head Office are responsible for the appointment of the Risk Coordinator ("RC") who will be responsible for risk reporting, risk monitoring, risk advisory and risk communication for the Company and departments in the Company.

The RC plays an important role together with the Risk Management Department in ensuring the successful establishment and implementation of the ERM framework throughout Zelan Berhad Group of Companies.

The Board, working together with 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 objectives.

4. INTERNAL CONTROL

During the period under review, the Audit Committee has reviewed the internal control framework that currently exists within the Group, and has assessed the applicability of the existing controls with regards to their effectiveness and efficiency.

5. 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 Board and discussed at the Board of Directors 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;
- Limits of Authority;
- Monitoring of related party transactions; and
- Safety Committee to ensure that all relevant safety measures are in place towards achieving zero Lost 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 the internal auditors; 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. Feasibility studies will be thoroughly evaluated internally, 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.

6. ASSOCIATES

Representatives of the Company are appointed to the Board of Directors of the associate companies and attended Board meetings of the associates companies, where key financial information is reviewed and significant risks are reported to the Board of the Group.

7. CONCLUSION

The Board believes that the development of risk management system and internal controls is an ongoing process and will continue to take steps to improve the 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. Accordingly, the risk management process and internal control system of the Group has been reviewed and found to be operating adequately and effectively in all material respects and the Board has received assurance from the Managing Director and Chief Financial Officer of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the Resolution of the Board dated 31 March 2015.

Financial Statements

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 nine months financial period ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries are described in Note 17 to the financial statements and comprise investment holding, property development, civil engineering and building turnkey contractor, piling and civil engineering contractor, civil technical design and construction of civil and building works, concession operator, asset and facilities management services and management of residential properties.

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

CHANGE IN FINANCIAL YEAR END

On 21 May 2014, the Group and the Company changed its financial year end from 31 March to 31 December. Consequently, the statements of comprehensive income, changes in equity and cash flows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of nine months from 1 April 2014 to 31 December 2014 are not comparable to those of the previous twelve months ended 31 March 2014. The next financial statements will be for a period of twelve months from 1 January 2015 to 31 December 2015.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial period attributable to:		
- equity holders of the Company	38,475	(4,866)
- non-controlling interests	(21)	-
Net profit/(loss) for the financial period	38,454	(4,866)

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 any final dividend for the nine months ended 31 December 2014.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Dato' Anwar bin Haji @ Aji	
Adnan bin Mohammad	
Dato' Sri Che Khalib bin Mohamad Noh	
Dato' Abdullah bin Mohd. Yusof	
Datuk Ooi Teik Huat	
Datuk Puteh Rukiah binti Abd Majid	
Suhaimi bin Halim	(appointed on 11 September 2014)
Mohd Farit bin Ibrahim RMN (Retd)	(resigned on 13 February 2015)

DIRECTORS' BENEFITS

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

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 10 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 the Director 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 period held any interests in shares in the Company and its related corporations.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of 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 provision for impairment of trade receivables and satisfied themselves that all known bad debts had been written off and that adequate provision for impairment had been made for trade receivables; 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 provision for impairment of trade receivables in the financial statements of the Group and the Company inadequate to any substantial extent; or

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Group or 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 period 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 period other than those disclosed in Note 32 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 period were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Significant events during the financial period 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 March 2015.

DATO' ANWAR BIN HAJI @ AJI
CHAIRMAN

ADNAN BIN MOHAMMAD
MANAGING DIRECTOR

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Anwar bin Haji @ Aji and Adnan bin Mohammad, two of the Directors of Zelan Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 48 to 114 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results and cash flows of the Group and of the Company for the nine months ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

The supplementary 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 Disclosures 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 March 2015.

DATO' ANWAR BIN HAJI @ AJI
CHAIRMAN

ADNAN BIN MOHAMMAD
MANAGING DIRECTOR

Statutory Declaration

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

I, Juliza binti Jalil, the Officer primarily responsible for the financial management of Zelan Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 114 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.

JULIZA BINTI JALIL

Subscribed and solemnly declared by the abovenamed Juliza binti Jalil, at Kuala Lumpur on 31 March 2015.

Before me,

COMMISSIONER FOR OATHS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Zelan Berhad, on pages 48 to 113 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the nine months 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 so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible 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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the nine months then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 114 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 Disclosures 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
(No. AF: 1146)
Chartered Accountants

YEE WAI YIN
(No. 2081/08/16 (J))
Chartered Accountant

Kuala Lumpur
31 March 2015

Statements of Comprehensive Income

For the Nine Months Period Ended 31 December 2014

	Note	Group		Company	
		9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Revenue	5	**210,966**	250,207	**-**	6,083
Cost of sales	6	**(171,349)**	(260,205)	**-**	-
Gross profit/(loss)		**39,617**	(9,998)	**-**	6,083
Administrative expenses		**(9,087)**	(20,324)	**(4,460)**	(6,730)
Other operating (expenses)/income:					
- loss on fair value of derivative		**-**	(14,597)	**-**	(14,597)
- unrealised foreign exchange gain/(loss), net		**3,665**	(3,440)	**-**	(438)
- impairment loss of property, plant and equipment		-	(2,050)	**-**	-
- other operating expenses		**(6,418)**	(13,477)	**(13)**	(14)
- gain on disposal of available-for-sale financial assets		**-**	106,345	**-**	149,212
- other operating income		**2,411**	2,849	**2**	-
Finance income	7	**30,745**	37,613	**339**	240
Finance costs	7	**(13,331)**	(41,836)	**(690)**	(9,958)
Share of results of associates	18	**(436)**	(897)	**-**	-
Profit/(loss) before zakat and taxation	8	**47,166**	40,188	**(4,822)**	123,798
Zakat	12	**(131)**	-	**(44)**	-
Taxation	13	**(8,581)**	(4,987)	**-**	-
Net profit/(loss) for the financial period/year		**38,454**	35,201	**(4,866)**	123,798
Other comprehensive income/(loss):					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Available-for-sale financial assets:					
- fair value gain	20	**-**	19,761	**-**	19,761
- reclassification of adjustment included in the profit or loss		**-**	(106,345)	**-**	(149,212)
Currency translation differences:					
- net movement during the financial period/year		**1,356**	3,542	**-**	-
Other comprehensive income/(loss) for the financial period/year, net of tax		**1,356**	(83,042)	**-**	(129,451)
Total comprehensive income/(loss) for the financial period/year		**39,810**	(47,841)	**(4,866)**	(5,653)

	Note	Group 9 months financial period ended 31.12.2014 RM'000	Group 12 months financial year ended 31.3.2014 RM'000	Company 9 months financial period ended 31.12.2014 RM'000	Company 12 months financial year ended 31.3.2014 RM'000
Net profit/(loss) for the financial period/year attributable to:					
- equity holders of the Company		**38,475**	35,240	**(4,866)**	123,798
- non-controlling interests		**(21)**	(39)	**-**	-
Net profit/(loss) for the financial period/year		**38,454**	35,201	**(4,866)**	123,798
Total comprehensive income/(loss) attributable to:					
- equity holders of the Company		**39,828**	(47,827)	**(4,866)**	(5,653)
- non-controlling interests		**(18)**	(14)	**-**	-
Total comprehensive income/(loss) for the financial period/year		**39,810**	(47,841)	**(4,866)**	(5,653)

Earnings per share attributable to the equity holders of the Company during thefinancial period/year:			
		Sen	**Sen**
Basic earnings per share:	14	4.55	5.78
Diluted earnings per share:	14	4.28	5.78

The notes set out on pages 57 to 113 form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2014

	Note	Group		Company	
		31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	**10,538**	11,426	**195**	24
Investment properties	16	**5,024**	5,131	**-**	-
Investments in subsidiaries	17	**-**	-	**65,950**	5,950
Investments in associates	18	**(406)**	30	**-**	-
Receivables, deposits and prepayments	22	**364,785**	213,454	**-**	-
Deposits, cash and bank balances (restricted)	24	**3,829**	10,438	**-**	3,724
		383,770	240,479	**66,145**	9,698
CURRENT ASSETS					
Inventories	21	**8,965**	9,080	**-**	-
Receivables, deposits and prepayments	22	**121,841**	257,497	**113**	66
Amounts due from subsidiaries	22	**-**	-	**52,199**	113,741
Tax recoverable		**-**	2,172	**-**	-
Deposits, cash and bank balances	24	**68,541**	23,562	**20,517**	10,759
		199,347	292,311	**72,829**	124,566
LESS: CURRENT LIABILITIES					
Financial payables	27	**105,522**	215,213	**13,429**	4,717
Other liabilities	27	**72,572**	49,748	**-**	-
Borrowings	28	**7,743**	31,222	**7,194**	6,330
Current tax liabilities		**3,464**	3,812	**-**	-
		189,301	299,995	**20,623**	11,047
NET CURRENT ASSETS/(LIABILITIES)		**10,046**	(7,684)	**52,206**	113,519
TOTAL ASSETS LESS CURRENT LIABILITIES		**393,816**	232,795	**118,351**	123,217

	Note	Group 31.12.2014 RM'000	Group 31.3.2014 RM'000	Company 31.12.2014 RM'000	Company 31.3.2014 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:					
Share capital	25	**84,489**	84,489	**84,489**	84,489
Reserves	26	**92,236**	52,408	**33,862**	38,728
		176,725	136,897	**118,351**	123,217
Non-controlling interests		**(202)**	(184)	**-**	-
TOTAL EQUITY		**176,523**	136,713	**118,351**	123,217
NON-CURRENT LIABILITIES					
Borrowings	28	**214,197**	93,413	**-**	-
Deferred tax liabilities	29	**3,096**	2,669	**-**	-
		217,293	96,082	**-**	-
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**393,816**	232,795	**118,351**	123,217

The notes set out on pages 57 to 113 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

For the Nine Months Period Ended 31 December 2014

	Attributable to equity holders of the Company									
	Share capital RM'000	Share premium RM'000	Warrants reserve# RM'000	Foreign exchange reserve RM'000	Capital reserve* RM'000	General reserve* RM'000	(Accumulated losses)/ retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2014	84,489	-	14,082	6,222	35,457	4,254	(7,607)	136,897	(184)	136,713
Net profit/(loss) for the financial period	-	-	-	-	-	-	38,475	38,475	(21)	38,454
Other comprehensive income:										
Currency translation differences:										
- net movement during the financial period	-	-	-	1,353	-	-	-	1,353	3	1,356
Total comprehensive income/ (loss) for the financial period	-	-	-	1,353	-	-	38,475	39,828	(18)	39,810
At 31 December 2014	84,489	-	14,082	7,575	35,457	4,254	30,868	176,725	(202)	176,523

	Attributable to equity holders of the Company										
	Share capital RM'000	Share premium RM'000	Warrants reserve# RM'000	Foreign exchange reserve RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2013	281,632	124,396	-	2,705	86,584	35,457	4,254	(392,549)	142,479	(170)	142,309
Net profit/(loss) for the financial year	-	-	-	-	-	-	-	35,240	35,240	(39)	35,201
<u>Other comprehensive income/(loss):</u>											
Currency translation differences:											
- net movement during the financial year	-	-	-	3,517	-	-	-	-	3,517	25	3,542
Available-for-sale financial assets:											
- fair value gain	-	-	-	-	19,761	-	-	-	19,761	-	19,761
- reclassification of adjustment included in the profit or loss	-	-	-	-	(106,345)	-	-	-	(106,345)	-	(106,345)
Total comprehensive income/(loss) for the financial year	-	-	-	3,517	(86,584)	-	-	35,240	(47,827)	(14)	(47,841)
<u>Transactions with owners</u>											
Par value and share premium reduction	(225,306)	(124,396)	-	-	-	-	-	349,702	-	-	-
Rights issue with warrants	28,163	-	14,082	-	-	-	-	-	42,245	-	42,245
At 31 March 2014	84,489	-	14,082	6,222	-	35,457	4,254	(7,607)	136,897	(184)	136,713

* 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.

This reserve relates to issuance of free detachable warrants.

The notes set out on pages 57 to 113 form an integral part of these financial statements.

Company Statement of Changes In Equity

For the Nine Months Period Ended 31 December 2014

		Non-distributable						
	Share capital RM'000	Share premium RM'000	Warrants reserve# RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
At 1 April 2014	84,489	-	14,082	-	18,456	3,258	2,932	123,217
Net loss for the financial period	-	-	-	-	-	-	(4,866)	(4,866)
Total comprehensive loss for the financial period	-	-	-	-	-	-	(4,866)	(4,866)
At 31 December 2014	84,489	-	14,082	-	18,456	3,258	(1,934)	118,351

		Non-distributable						
	Share capital RM'000	Share premium RM'000	Warrants reserve# RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
At 1 April 2013	281,632	124,396	-	129,451	18,456	3,258	(470,568)	86,625
Net profit for the financial year	-	-	-	-	-	-	123,798	123,798
Other comprehensive income/ (loss):								
Available-for-sale financial assets:								
- fair value gain	-	-	-	19,761	-	-	-	19,761
- reclassification of adjustment included in the profit or loss	-	-	-	(149,212)	-	-	-	(149,212)
Total comprehensive (loss)/ income for the financial year	-	-	-	(129,451)	-	-	123,798	(5,653)
Transactions with owners								
Par value and share premium reduction	(225,306)	(124,396)	-	-	-	-	349,702	-
Rights issue with warrants	28,163	-	14,082	-	-	-	-	42,245
At 31 March 2014	84,489	-	14,082	-	18,456	3,258	2,932	123,217

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

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

\# This reserve relates to issuance of free detachable warrants.

The notes set out on pages 57 to 113 form an integral part of these financial statements.

	Note	Group 9 months financial period ended 31.12.2014 RM'000	Group 12 months financial year ended 31.3.2014 RM'000	Company 9 months financial period ended 31.12.2014 RM'000	Company 12 months financial year ended 31.3.2014 RM'000
OPERATING ACTIVITIES					
Net profit/(loss) for the financial period/year, attributable to equity holders of the Company		**38,475**	35,240	**(4,866)**	123,798
Adjustments for:					
Taxation		**8,581**	4,987	**-**	-
Zakat		**131**	-	**44**	-
Finance costs		**13,331**	41,836	**690**	9,958
Finance income		**(30,745)**	(37,613)	**(339)**	(240)
Non-controlling interests		**(21)**	(39)	**-**	-
Depreciation of investment properties		**107**	142	**-**	-
Loss on fair value of derivative		**-**	14,597	**-**	14,597
Property, plant and equipment written off		**-**	27	**-**	5
Net allowance for doubtful debts		**58**	32,904	**1**	9
Net (gain)/loss on unrealised foreign exchange		**(3,665)**	3,440	**-**	438
Dividend income		**-**	(6,083)	**-**	(6,083)
Property, plant and equipment:					
- gain on disposals		**(45)**	(47)	**-**	-
- impairment loss		-	2,050	**-**	-
- depreciation		**1,667**	2,553	**11**	5
Gain on disposal of available-for-sale financial assets		**-**	(106,345)	**-**	(149,212)
Share of results of associates		**436**	897	**-**	-
		28,310	(11,454)	**(4,459)**	(6,725)
Changes in working capital:					
Inventories		**115**	-	**-**	-
Receivables, deposits and prepayments		**1,800**	(75,764)	**(47)**	(426)
Payables		**(76,460)**	(48,517)	**1,674**	(28,286)
Cash used in operations		**(46,235)**	(135,735)	**(2,832)**	(35,437)
Zakat paid		**(131)**	-	**(44)**	-
Tax paid		**(3,452)**	(1,016)	**-**	(60)
Net cash flows used in operating activities		**(49,818)**	(136,751)	**(2,876)**	(35,497)

	Note	Group 9 months financial period ended 31.12.2014 RM'000	Group 12 months financial year ended 31.3.2014 RM'000	Company 9 months financial period ended 31.12.2014 RM'000	Company 12 months financial year ended 31.3.2014 RM'000
INVESTING ACTIVITIES					
Proceeds from disposals of:					
- available-for-sale financial assets		**-**	381,096	**-**	381,096
- plant and equipment		**45**	59	**-**	-
Repayments from/(advances) to subsidiaries		**-**	-	**8,603**	(100,434)
Dividends received from other investment		**-**	6,083	**-**	6,083
Interest received from deposits and investment		**1,282**	487	**339**	240
Purchases of property, plant and equipment		**(537)**	(229)	**(182)**	(5)
Net cash flows generated from investing activities		**790**	387,496	**8,760**	286,980
FINANCING ACTIVITIES					
Interest paid		**(1,401)**	(19,571)	**(690)**	(9,958)
Proceeds from rights issue		**-**	42,245	**-**	42,245
Rights issue expenses		**-**	(1,746)	**-**	(1,746)
Repayments of borrowings		**(59,012)**	(431,631)	**(19,830)**	(312,607)
Proceeds from borrowings		**143,271**	151,433	**20,670**	19,830
(Additional)/upliftment of deposits pledged as security		**(14,582)**	21,242	**(15,995)**	20,644
Repayment of hire purchase creditors		**(377)**	(418)	**-**	-
Net cash flows generated from/ (used in) financing activities		**67,899**	(238,446)	**(15,845)**	(241,592)
Net movement in cash and cash equivalents		**18,871**	12,299	**(9,961)**	9,891
Cash and cash equivalents at the beginning of the financial period/year		**19,835**	7,434	**10,759**	868
Currency translation differences		**4,928**	102	**-**	-
Cash and cash equivalents at the end of the financial period/year	24	**43,634**	19,835	**798**	10,759

Included in the consolidated statements of cash flows is RM180,000 (31.3.2014: RM420,000) which relates to purchases of motor vehicles under hire purchase arrangements. Refer to Note 28 to the financial statements for further details.

The notes set out on pages 57 to 113 form an integral part of these financial statements.

1 GENERAL INFORMATION

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries are described in Note 17 to the financial statements and comprise investment holding, property development, civil engineering and building turnkey contractor, piling and civil engineering contractor, civil technical design and construction of civil and building works, concession operator, asset and facilities management services and management of residential properties.

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

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

The address of the registered office of the Company is 24th Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur. The address of the principal place of business is 23rd 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 March 2015.

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 Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

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

During the financial period, the Group and the Company changed its financial year end from 31 March to 31 December. Consequently, the statements of comprehensive income, changes in equity and cash flows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of nine months from 1 April 2014 to 31 December 2014 are not comparable to those of the previous twelve months ended 31 March 2014. The next financial statements will be for a period of twelve months from 1 January 2015 to 31 December 2015.

The preparation of financial statements in conformity with MFRS 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 reported financial period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable to the Group and the Company for the financial period beginning on or after 1 April 2014 are as follows:

- Amendments to MFRS 132 "Offsetting Financial Assets and Financial Liabilities"
- Amendments to MFRS 136 "Recoverable Amount Disclosures for Non-Financial Assets"
- Amendments to MFRS 10,12 & 127 "Investment Entities"
- Amendments to MFRS 139 "Novation of Derivatives and Continuation of Hedge Accounting"

The adoption of the above new accounting standards, amendments and improvements to published standards did not result in any material impact on the financial statements of the Group and the Company.

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

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

(i) Financial year beginning on/or after 1 January 2015

- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011- 2013 Cycle
- Amendments to MFRS 119 "Deferred Benefits Plans: Employee Contributions"

(ii) Financial year beginning on/or after 1 January 2016

- Amendments to MFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 101 "Disclosure Initiative"
- Amendments to MFRS 116 and MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to MFRS 10 "Sale or Contribution of Assets between an Investor and its Associates or Joint Venture"
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Annual Improvements to MFRSs 2012 - 2014 Cycle

(iii) Financial year beginning on/or after 1 January 2017

- MFRS 15 "Revenue from Contracts with Customers"

(iv) Financial year beginning on/after 1 January 2018

- MFRS 9 "Financial Instruments"

The Group is in the process of assessing the impact of the adoption of these standards, amendments to published standards and interpretations to existing standards on the financial statements of the Group and the Company in the year of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to exercise control over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in the profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances, unrealised gains on transactions between group of companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the profit and loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, 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. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

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

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the profit or loss.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

<u>Joint ventures</u>

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(iii) Joint arrangements (continued)

Joint operations

In relation to the Group's interest in the joint operation, the Group recognises its assets (including its share of any assets held jointly), liabilities (including its share of any liabilities held jointly), revenue from the sale of its share of the output arising from the joint operation (including share of the revenue from the sale of the output by the joint operation) and expenses (including its share of any expenses incurred jointly).

(c) Property, plant and equipment

Property, plant and equipment are initially 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(n) 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 the profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight line method to allocate the cost, to their residual values over their estimated useful lives, summarised as follows:

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting date. The Group carries out an assessment on residual values and useful lives of assets on an annual basis and there was no adjustment arising from the assessment performed in the financial period.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and is recognised in the profit or loss.

At the end of the reporting period, 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 to accounting policy Note 2(h) on impairment of non-financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties

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

Investment properties are measured initially at its cost, including related transaction costs and borrowing costs if the investment properties meet the definition of qualifying asset.

At initial recognition, investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties 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.

Gain or loss arising from the disposal of investment property is determined as the difference between the estimated net disposal proceeds and the carrying amount and is recognised in the profit or loss.

At the end of the reporting period, 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 to accounting policy Note 2(h) on impairment of non-financial assets.

(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 retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the 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 when incurred.

(f) Investment in subsidiaries, joint ventures and associates in separate financial statements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the acquisition date fair value of 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 net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Refer to accounting policy Note 2(h) on impairment of non-financial assets.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

In respect of associates and joint arrangements, the carrying amount of goodwill is included in the carrying amount of investments in the associates and joint arrangements. 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 each reporting date. The impairment loss is charged to the profit or loss. An impairment loss is reversed only to the extent of previously recognised impairment losses for the same asset. The reversal is recognised in the profit or loss.

(i) 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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 period in which they are incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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 period as a percentage of total estimated costs for each contract. Costs incurred in the financial period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other receivables, depending on their nature.

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

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).

(k) 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(w) on financial assets.

(l) 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.

In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits and bank overdraft.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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 period in which the dividends are approved.

Purchase of own shares

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

(n) 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 end of the reporting period.

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 drawndown. 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 drawndown, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits

Short-term employee benefits

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

Post-employment benefits - defined contribution plan

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

The 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 period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Current and deferred income tax

Tax expense for the financial period comprises current and deferred tax. Tax expense 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.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint arrangements and associates operate and generate taxable income.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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

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

(r) 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.

(s) Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Foreign currencies (continued)

Group entities

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 date of that statement of financial position;

- income and expenses presented in the statement of comprehensive income or separate profit or loss presented 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 partially disposed of or 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 disposal.

(t) Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown 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 Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods and services

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

Dividend income

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

Interest income

Interest income from deposits at licensed financial institutions 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

Construction contracts

The revenue recognition for construction contracts is based on the percentage of completion method. Refer to accounting policy Note 2(j) on construction contracts.

Other income

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

- Car park income - on an accrual basis
- Rental income - on an accrual basis

(u) Financial instruments

Description

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

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

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

Financial instruments recognised on the statement of financial position

The particular recognition method adopted for financial instruments recognised on the statement of financial position is disclosed in the individual policy statement associated with each item.

Fair value estimation for disclosure purposes

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

(v) 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 board of directors that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets

Classification

The Group classifies its financial assets in the following categories:

- loans and receivables, and
- available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition which is consistent with the entity's investment strategy.

(i) 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 period whereby these are presented as non-current assets. The Group's loans and receivables are as disclosed in Notes 22 and 24 to the financial statements.

(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 of the end of 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

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.

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; or
- A breach of contract, such as a default or delinquency in interest or principal payments; or
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- If become probable, that the borrower will enter bankruptcy or other financial reorganisation; or
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Subsequent measurement – impairment of financial assets (continued)

Assets classified as available-for-sale

The Group assesses at the end of the reporting period 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.

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.

(x) 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 MFRS 139, are recognised in the statement of financial position when, and only when, the Group becomes 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 if 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 de-recognised 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)

(y) 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) 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. Changes in fair value of financial instruments are recognised in the profit or loss.

(aa) Warrants reserve

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of the warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

(ab) Zakat

This represents business zakat payable by the Group. Zakat in the form of contribution is calculated based on 2.5% of the net current assets according to the principles of Syariah.

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 entity'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 financial period 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 in respect of its financial assets and financial liabilities as at the reporting date is as follows:

	USD RM'000	Others RM'000	Total RM'000
Group			
At 31 December 2014			
Financial assets			
Cash and cash equivalents	71	20	91
Trade receivables	74	-	74
	145	20	165
Less: **Financial liabilities**			
Trade and other payables	1,640	-	1,640
	1,640	-	1,640
Net financial (liabilities)/assets	(1,495)	20	(1,475)
Currency exposure	(1,495)	20	(1,475)

	USD RM'000	Others RM'000	Total RM'000
Group			
At 31 March 2014			
Financial assets			
Cash and cash equivalents	84	20	104
Trade receivables	1,562	-	1,562
	1,646	20	1,666
Less: **Financial liabilities**			
Trade and other payables	1,865	-	1,865
	1,865	-	1,865
Net financial (liabilities)/assets	(219)	20	(199)
Currency exposure	(219)	20	(199)

As at the reporting date, the Group is not significantly affected by fluctuation in the foreign currency to the functional currency.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk

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

- The Group's and the Company'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 December 2014, the Group's and the Company's borrowings at variable interest rate are denominated in Ringgit Malaysia ("RM").

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 for the financial period/year:

	Impact on profit or loss	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**
Group		
Borrowings denominated in AED	**-**	435
Borrowings denominated in RM	**88**	184

	Impact on profit or loss	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**
Company		
Borrowings denominated in RM	**88**	124

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) 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 their 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:

	31.12.2014		31.3.2014	
	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 liabilities				
Trade payables	85,923	-	169,185	-
Amounts due to related companies	116	-	105	-
Amount due to an associate	4,080	-	3,813	-
Amount due to a joint venture	-	-	3,284	-
Other payables and accruals	15,403	-	38,826	-
Borrowings	8,329	229,794	31,323	93,511
Other liabilities				
Amounts due to contract customers	41,374	-	28,337	-
Other interest payable	21,101	-	20,399	-
	176,326	229,794	295,272	93,511
Company				
Financial liabilities				
Amounts due to subsidiaries	11,724	-	2,676	-
Amounts due to related companies	116	-	105	-
Other payables and accruals	1,589	-	1,936	-
Borrowings	7,759	-	6,348	-
	21,188	-	11,065	-

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity risk (continued)

As at the reporting date, the Company has provided corporate guarantee to the financial institution in respect of the credit facilities obtained by the subsidiaries.

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 certain investments and assets in the future, which may require shareholders' approval, where applicable, to further improve the cash flow position of the Group.

(iv) Credit risk

The Group's exposure to credit risk arises primarily from trade receivables. The Group has 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. The Company's exposure to credit risks arises mainly from the amounts due from subsidiaries.

At the reporting date, the Group has no significant concentration of credit risk other than two corporate debtors which represent 97% (31.3.2014: 96%) of the Group's total trade receivables, in which these balances are monitored closely. 12% (31.3.2014: 35%) 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 deposits receivable and short-term money market instruments 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 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.

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. The Company is also exposed to credit risk arising from corporate guarantees issued to financial institutions in respect of the credit facilities amounting to RM Nil (31.3.2014: RM4.8 million).

Exposure to credit risk

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

	Group		**Company**	
	31.12.2014 RM'000	**31.3.2014 RM'000**	**31.12.2014 RM'000**	**31.3.2014 RM'000**
Not past due	**456,678**	458,947	**52,199**	113,741
Past due but not impaired	**9,975**	85	**93**	46
Impaired	**172**	33,072	**519,033**	519,032
	466,825	492,104	**571,325**	632,819

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

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

Bank deposits are neither past due nor impaired and 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(iv)(b) and Note 3(iv)(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.

(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	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Trade and other receivables				
Past due 0 to 3 months	**9,749**	21	**-**	-
Past due 3 to 6 months	**2**	8	**-**	-
Past due over 6 months	**224**	56	**93**	46
	9,975	85	**93**	46

Included in the trade and other receivables that is past due but not impaired is an amount of RM9,727,000 (31.3.2014: Nil) which is due from the project owner in Abu Dhabi. No impairment has been made by the Group as the project owner has provided the Group with the document from its financiers demonstrating the project owner's readiness of financing the project. The Group is closely monitoring these receivables.

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

(c) Financial assets that are impaired

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

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Other receivables and deposits	**172**	175	**-**	-
Amounts due from subsidiaries	**-**	-	**519,033**	519,032
Amount due from subcontractor	**-**	32,897	**-**	-
	172	33,072	**519,033**	519,032

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

(c) Financial assets that are impaired (continued)

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

	Group		Company	
	31.12.2014 RM'000	**31.3.2014 RM'000**	**31.12.2014 RM'000**	**31.3.2014 RM'000**
Other receivables and deposits				
At the beginning of financial period/year	**175**	180	**-**	-
Allowance made	**61**	7	**-**	1
Write-back against provisions	**(3)**	-	**-**	-
Write-off against provision	**(61)**	(12)	**-**	(1)
At the end of financial period/year (Note 22)	**172**	175	**-**	-
Amounts due from subsidiaries				
At the beginning of financial period/year	**-**	-	**519,032**	519,024
Allowance made	**-**	-	**1**	8
At the end of financial period/year (Note 22)	**-**	-	**519,033**	519,032
Amount due from subcontractor				
At the beginning of financial period/year	**32,897**	-	**-**	-
Write-off against provisions	**(32,897)**	-	**-**	-
Allowance made	**-**	32,897	**-**	-
At the end of financial period/year (Note 22)	**-**	32,897	**-**	-

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

(v) Capital management

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. The Group considers total equity as capital. 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 and the Company are in compliance with all externally imposed capital requirements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

(i) Status of the Group's project in Abu Dhabi

In April 2014, the Group entered into a Second Supplementary Agreement ("SSA") with the project owner in respect of the Group's existing project in Abu Dhabi. The Group has recommenced the project on 1 October 2014 following the receipt from project owner a sum of AED121.6 million (RM108.6 million) on 1 September 2014 in accordance with the terms and conditions of the SSA. The Group has revised the project budget to complete the work based on the scope and terms and conditions stipulated in the SSA. Based on the progress of work to-date, the project budget is sufficient to complete the work as earlier estimated.

As at 31 December 2014, the total receivable balance including retention sums due from the project owner in Abu Dhabi amounted to AED98.4 million (RM93.7 million). The Directors have made an assessment and concluded that the receivable balance including retention sums is recoverable with the recommencement of the project. However, the timing for the receipts of the receivables is expected to be between six and twenty-five months and hence the Group has applied the necessary discounting on the receivables.

(ii) Construction contracts

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

(iii) Recoverability of tax recoverable

The Directors are committed in pursuing the tax recoverable from the tax authorities in various countries and are confident that the tax recoverable will be successfully recovered based on advice by external tax consultants. The Directors will monitor any changes in circumstances that may affect the recoverability of the taxes.

(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 depreciation 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(v) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business. The Group's contingent liabilities and material litigations are as shown in Note 32 to the financial statements.

5 REVENUE

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Construction contracts	**210,119**	242,999	**-**	-
Dividend income	**-**	6,083	**-**	6,083
Others	847	1,125	-	-
	210,966	250,207	**-**	6,083

6 COST OF SALES

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Construction contract costs	**171,075**	260,007	**-**	-
Others	**274**	198	**-**	-
	171,349	260,205	**-**	-

7 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Finance income				
Interest income	**1,029**	370	**89**	126
Profit from Islamic deposits	**253**	117	**250**	114
Unwinding of discounts	**29,463**	37,126	**-**	-
	30,745	37,613	**339**	240
Finance costs				
Interest expense	**1,452**	20,166	**690**	9,958
Unwinding of discounts	**11,930**	22,265	**-**	-
Less: Interest expense included in cost of sales (Note 23)	**(51)**	(595)	**-**	-
	13,331	41,836	**690**	9,958

8 PROFIT/(LOSS) BEFORE ZAKAT AND TAXATION

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

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Allowance for doubtful debts	**61**	32,904	**1**	9
Write back of allowance for doubtful debts	**(3)**	-	**-**	-
Auditors' remuneration – statutory audit:				
- current year	**421**	470	**72**	92
- prior year	**-**	5	**-**	-
Depreciation of investment properties	**107**	142	**-**	-
Directors' remuneration (Note 10)	**1,208**	1,897	**1,208**	1,897
Property, plant and equipment:				
- depreciation	**1,667**	2,553	**11**	5
- impairment loss	**-**	2,050	**-**	-
- gain on disposals	**(45)**	(47)	**-**	-
- write off	**-**	27	**-**	5
Gain on foreign exchange:				
- realised	**(2)**	-	**(2)**	-
- unrealised	**(6,265)**	(542)	**-**	-

8 PROFIT/(LOSS) BEFORE ZAKAT AND TAXATION (CONTINUED)

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

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Loss on foreign exchange:				
- realised	**1,254**	3	**-**	-
- unrealised	**2,600**	3,982	**-**	438
Rental of land and premises	**651**	796	**13**	17
Rental income on office equipment	**(271)**	(361)	**-**	-
Staff costs (Note 9)	**14,386**	17,933	**2,669**	2,751
Gain on disposal of available-for-sale financial assets	**-**	(106,345)	**-**	(149,212)
Rental income on premises	**(2,475)**	(3,311)	**-**	-
Loss on fair value of derivative	**-**	14,597	**-**	14,597
Interest on late payment of revised tax assessment	**-**	5,845	**-**	-
Penalty on revised tax assessment	**-**	8,485	**-**	-

9 STAFF COSTS

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

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Wages, salaries and bonuses	**11,770**	15,119	**2,204**	2,098
Defined contribution retirement plan	**1,096**	1,593	**266**	374
Other employee benefits	**1,520**	1,221	**199**	279
	14,386	17,933	**2,669**	2,751
Staff costs for the financial period/year are allocated as follows:				
- administrative expense	**7,249**	9,581	**2,669**	2,751
- cost of sales (Note 23)	**7,137**	8,352	**-**	-
	14,386	17,933	**2,669**	2,751

10 DIRECTORS' REMUNERATION

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

Executive Director
Adnan bin Mohammad

Non-Executive Directors
Dato' Anwar bin Haji @ Aji, Non-Executive Chairman
Dato' Sri Che Khalib bin Mohamad Noh
Dato' Abdullah bin Mohd. Yusof
Datuk Ooi Teik Huat
Datuk Puteh Rukiah binti Abd Majid
Suhaimi bin Halim (appointed on 11 September 2014)
Mohd Farit bin Ibrahim RMN (Retd) (resigned on 13 February 2015)

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

	Group		**Company**	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Non-Executive Directors:				
- fees	**314**	402	**314**	402
- other emoluments	**292**	157	**292**	157
Executive Director:				
- salaries and bonuses	**510**	1,158	**510**	1,158
- defined contribution retirement plan	**71**	138	**71**	138
- other employee benefits	**21**	42	**21**	42
	1,208	1,897	**1,208**	1,897

11 AUDITORS' REMUNERATION

	Group		**Company**	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
PricewaterhouseCoopers Malaysia				
- statutory audit	**349**	340	**72**	92
- other audit services	**-**	22	**-**	22
- others	**97**	325	**87**	325
	446	687	**159**	439
Statutory audit:				
- Firms other than member firms of PricewaterhouseCoopers International Limited	**72**	135	**-**	-

12 ZAKAT

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000
Zakat liability:				
Current financial period/year expense	**131**	-	**44**	-
Paid during the financial period/year	**(131)**	-	**(44)**	-

13 TAXATION

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000
Current tax:				
Malaysian tax:				
- Current financial year	**6,903**	4,792	**-**	-
- Over accruals in the prior years	**(3,802)**	(4)	**-**	-
	3,101	4,788	**-**	-
Foreign tax:				
- Current financial year	**3**	-	**-**	-
- Under accruals in the prior years	**5,050**	204	**-**	-
	5,053	204	**-**	-
Deferred tax (Note 29):				
- Origination and reversal of temporary differences	**427**	(5)	**-**	-
Total tax expense	**8,581**	4,987	**-**	-

13 TAXATION (CONTINUED)

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
The explanation of the relationship between tax charge and profit/(loss) before taxation and after zakat is as follows:				
Profit/(loss) before taxation and after zakat	**47,035**	40,188	**(4,866)**	123,798
Tax calculated at the Malaysian tax rate of 25% (31.3.2014 : 25%)	**11,759**	10,047	**(1,216)**	30,950
Tax effects of:				
- share of results of associates	**(109)**	(224)	**-**	-
- expenses not deductible for tax purposes	**5,849**	22,938	**1,221**	7,877
- income not subject to tax	**(9,446)**	(28,104)	**(5)**	(38,827)
- temporary differences and tax losses not recognised	**128**	154	**-**	-
- utilisation of current year tax losses	**-**	3	**-**	-
- unutilised tax losses and capital allowance now recognised	**(848)**	(27)	**-**	-
- under accruals in the prior years	**1,248**	200	**-**	-
Tax expense	**8,581**	4,987	**-**	-

14 EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share of the Group is calculated by dividing the net profit attributable to the ordinary equity holders of the Company for the financial period/year of RM38,475,000 (31.3.2014: RM35,240,000) by the weighted average number of ordinary shares in issue during the financial period/year of 844,895,000 (31.3.2014: 610,201,550).

	Group	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**
Net profit attributable to equity holders of the Company	**38,475**	35,240
	'000	'000
Weighted average number of ordinary shares in issue	**844,895**	610,202
	Sen	Sen
Basic earnings per share attributable to equity holders of the Company	**4.55**	5.78

14 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The Group has dilutive potential ordinary shares arising from the Company's warrants.

In assessing the dilutive in earnings per share arising from the warrants issued, the warrants are assumed to have been converted into ordinary shares as at 31 December 2014. A calculation is done to determine the number of ordinary shares that could have been acquired at fair value (determined at the average share price of the Company's shares) based on the exercise price of the warrants. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the warrants. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution.

	Group	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**
Net profit attributable to equity holders of the Company	**38,475**	35,240
Weighted average number of ordinary shares in issue ('000)	**844,895**	610,202
Adjustment for warrants ('000)	**54,916**	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	**899,811**	610,202
Diluted earnings per share (sen)	**4.28**	5.78

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 2014	6,873	155	1,921	352	1,727	124	274	11,426
Additions	-	-	213	321	-	3	180	717
Depreciation charge	(115)	(43)	(454)	(137)	(837)	(31)	(50)	(1,667)
Translation differences	-	-	(8)	84	72	(2)	(84)	62
At 31 December 2014	6,758	112	1,672	620	962	94	320	10,538
At 31 December 2014								
Cost	8,425	1,577	4,595	8,951	26,774	1,563	19,533	71,418
Accumulated depreciation and impairment loss	(1,667)	(1,465)	(2,923)	(8,331)	(25,812)	(1,469)	(19,213)	(60,880)
Net book value	6,758	112	1,672	620	962	94	320	10,538

	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 2013	7,027	342	1,993	705	4,528	169	449	15,213
Additions	-	17	452	147	-	-	33	649
Disposals	-	-	(12)	-	-	-	-	(12)
Write off	-	-	(8)	(5)	-	-	(14)	(27)
Impairment loss	-	(80)	-	(249)	(1,707)	(5)	(9)	(2,050)
Depreciation charge	(154)	(127)	(504)	(261)	(1,281)	(42)	(184)	(2,553)
Translation differences	-	3	-	15	187	2	(1)	206
At 31 March 2014	6,873	155	1,921	352	1,727	124	274	11,426
At 31 March 2014								
Cost	8,425	1,577	4,692	8,630	26,774	1,560	19,353	71,011
Accumulated depreciation and impairment loss	(1,552)	(1,422)	(2,771)	(8,278)	(25,047)	(1,436)	(19,079)	(59,585)
Net book value	6,873	155	1,921	352	1,727	124	274	11,426

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company				
Net book value				
At 1 April 2014	-	-	24	24
Additions	-	-	182	182
Depreciation charge	-	-	(11)	(11)
At 31 December 2014	-	-	195	195
At 31 December 2014				
Cost	40	316	654	1,010
Accumulated depreciation	(40)	(316)	(459)	(815)
Net book value	-	-	195	195
Net book value				
At 1 April 2013	-	-	29	29
Additions	-	-	5	5
Write off	-	-	(5)	(5)
Depreciation charge	-	-	(5)	(5)
At 31 March 2014	-	-	24	24
At 31 March 2014				
Cost	40	316	472	828
Accumulated depreciation	(40)	(316)	(448)	(804)
Net book value	-	-	24	24

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000
Administrative expenses	**1,057**	2,114	**11**	5
Cost of sales (Note 23)	**610**	439	**-**	-
	1,667	2,553	**11**	5

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Net book value of certain assets acquired under hire purchase arrangements	**1,663**	1,908	**-**	-

The properties with net book values amounting to RM6,758,000 (31.3.2014: RM6,873,000) have been pledged against the Group's borrowings as at 31 December 2014.

As a result of the uncertainty surrounding a construction project of the Group, certain construction machineries have been impaired by RM2,050,000 during the last financial year to reflect the recoverable amount of these assets amounting to RM1,754,000, which was determined based on the fair value less cost to sell by comparing with similar assets with similar conditions. The fair value was within Level 2 of the fair value hierarchy. There is no similar impairment made on property, plant and equipment for the current financial period.

16 INVESTMENT PROPERTIES

	Group	
	31.12.2014 RM'000	31.3.2014 RM'000
Cost	**6,350**	6,350
Less: Accumulated depreciation	**(1,326)**	(1,219)
Net book value	**5,024**	5,131

The movement of the carrying value of the investment properties is as follows:

Net book value

At the beginning of the financial period/year	**5,131**	5,273
Less: Depreciation charge	**(107)**	(142)
At the end of the financial period/year	**5,024**	5,131

16 INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties, categorised under Level 2 of the fair value hierarchy, was estimated at RM9,196,000 (31.3.2014: RM8,848,000) based on the valuations by an independent professionally 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.

Direct operating expenses arising from investment properties of the Group are RM196,000 (31.3.2014: RM318,000). Rental income arising from investment properties of the Group are RM656,000 (31.3.2014: RM1,124,000).

The investment properties with net book values amounting to RM5,777,000 (31.3.2014: RM5,883,000) have been pledged against the Group's borrowings as at 31 December 2014.

17 INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2014	**31.3.2014**
	RM'000	**RM'000**
Unquoted shares in Malaysia, at cost	**146,375**	146,375
Amount due from subsidiary	**60,000**	-
Less: Accumulated impairment losses	**(140,425)**	(140,425)
	65,950	5,950

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 31.12.2014 %	Group's effective interest 31.3.2014 %	Principal activities
Tronoh Consolidated (Overseas) Sdn. Bhd.#	Malaysia	**100**	100	Dormant
Zelan Holdings (M) Sdn. Bhd. #	Malaysia	**100**	100	Investment holding, civil engineering and building turnkey contractor
Terminal Bersepadu Gombak Sdn. Bhd.#	Malaysia	**95**	95	Concession operator
Konsesi Pusat Asasi Gambang Sdn. Bhd. #	Malaysia	**100**	100	Concession operator

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest 31.12.2014 %	31.3.2014 %	Principal activities
Subsidiaries of Zelan Holdings (M) Sdn. Bhd.				
Zelan Corporation Sdn. Bhd. #	Malaysia	**100**	100	Property development and management and operation of motor vehicles parking facilities
Sejara Bina Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
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
PT 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

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest 31.12.2014 %	Group's effective interest 31.3.2014 %	Principal activities
Subsidiaries of Zelan Enterprise Sdn. Bhd.				
Vispa Sdn. Bhd.*	Malaysia	**100**	100	Dormant
Eminent Hectares Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
Subsidiary of Zelan Construction Sdn. Bhd.				
Zelan AM Services Sdn. Bhd.#	Malaysia	**100**	100	Asset and facilities management services

Note:

Audited by PricewaterhouseCoopers, Malaysia.

* Audited by a firm other than the member firm of PricewaterhouseCoopers International Limited.

18 INVESTMENTS IN ASSOCIATES

	Group 31.12.2014 RM'000	Group 31.3.2014 RM'000	Company 31.12.2014 RM'000	Company 31.3.2014 RM'000
Unquoted shares in Malaysia, at cost	**385**	385	**10**	10
Less: Accumulated impairment losses	**(10)**	(10)	**(10)**	(10)
	375	375	**-**	-
Unquoted shares outside Malaysia, at cost	**1,971**	1,971	**-**	-
Group's share of post-acquisition reserves	**(2,752)**	(2,316)	**-**	-
	(406)	30	**-**	-

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

The associates are individually not material to the Group. The Group's share of revenue, results, assets and liabilities of the associates are as follows:

	Group	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**
Revenue	**550**	390
Loss after taxation/Total comprehensive loss (including non-controlling interests)	**(436)**	(897)

	Group	
	31.12.2014 RM'000	**31.3.2014 RM'000**
Non-current assets	**-**	5
Current assets	**56,582**	57,970
Current liabilities	**(56,988)**	(57,945)
Net (liabilities)/assets	**(406)**	30

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

Name of company	**Country of incorporation**	**Group's effective interest 31.12.2014 %**	**Group's effective interest 31.3.2014 %**	**Principal activities**
MMC Zelan Sdn. Bhd.	Malaysia	**40**	40	Dormant
Associates of Zelan Holdings (M) Sdn. Bhd.				
IJM-Zelan-Sunway Builders-LFE Consortium	Malaysia	**25**	25	Design, execution and completion of towers
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 INVESTMENTS IN JOINT OPERATIONS

The Group's interests in the joint operations are as follows:

Name of company	Principal activities	Share of interest 31.12.2014 %	Share of interest 31.3.2014 %
Zelan BEC Consortium	Design and construction of chimney	**51**	51

The accounting policy on the Group's joint operations is disclosed in Note 2b(iii) to the financial statements.

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

	Group 9 months financial period ended 31.12.2014 RM'000	Group 12 months financial year ended 31.3.2014 RM'000
Revenue	**3,753**	8,667
(Loss)/profit after taxation	**(199)**	664

	Group 31.12.2014 RM'000	Group 31.3.2014 RM'000
Non-current assets	**1,788**	1,651
Current assets	**2,705**	9,817
Current liabilities	**(3,998)**	(10,773)
Net assets	**495**	695

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 31.12.2014 RM'000	Group 31.3.2014 RM'000	Company 31.12.2014 RM'000	Company 31.3.2014 RM'000
Quoted shares in Malaysia				
At beginning of the financial period/year	**-**	361,335	**-**	361,335
Disposals during the financial period/year	**-**	(381,096)	**-**	(381,096)
Fair value gain during the financial period/year	**-**	19,761	**-**	19,761
At end of the financial period/year	**-**	-	**-**	-

21 INVENTORIES

	Group	
	31.12.2014 RM'000	31.3.2014 RM'000
Completed properties for sale	8,965	9,080

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Financial receivables				
Non-current				
Trade receivables	**342,426**	213,454	**-**	-
Amounts due from contract customers (Note 23)	**22,359**	-	**-**	-
Total receivables (non-current)	**364,785**	213,454	**-**	-
Current				
Trade receivables	**20,373**	170,581	**-**	-
Amount due from an associate	**5,151**	4,579	**-**	-
Amounts due from related companies	**16**	15	**-**	-
Other receivables and deposits	**12,803**	17,367	**93**	46
Less: Accumulated impairment losses	**(172)**	(175)	**-**	-
	12,631	17,192	**93**	46
Amount due from subcontractor	**-**	69,668	**-**	-
Less: Accumulated impairment losses	**-**	(32,897)	**-**	-
	-	36,771	**-**	-
Subtotal	**38,171**	229,138	**93**	46
Advances to subcontractors	**15,094**	10,792	**-**	-
Amounts due from contract customers (Note 23)	**63,697**	16,440	**-**	-
Prepayments	**4,879**	1,127	**20**	20
Subtotal	**83,670**	28,359	**20**	20
Total receivables, deposits and prepayments (current)	**121,841**	257,497	**113**	66
Total receivables, deposits and prepayments	**486,626**	470,951	**113**	66
Amounts due from subsidiaries	**-**	-	**571,232**	632,773
Less: Accumulated impairment losses	**-**	-	**(519,033)**	(519,032)
	-	-	**52,199**	113,741

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Included in trade receivables of the Group is the retention sum on contract of RM46,606,000 (31.3.2014: RM98,374,000).

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

Amounts due from subsidiaries are mainly advances and payment made on behalf of the subsidiaries which are unsecured, interest free and repayable on demand.

The amount recoverable from a subcontractor of RM36,771,000 during the last financial year was in respect of the estimated liquidated ascertained damages to be recovered from the subcontractor as a result of the delay in completing its scope of work in the Group's construction project in Indonesia as set out in the agreement for supply. An impairment loss of RM32,897,000 was recognised during the last financial year based on the Group's settlement arrangement with the subcontractor. The impairment loss recorded during the last financial year was within the Engineering and Construction segment. The recoverable amount of RM36,771,000 had been set off with against trade payables during the financial period. No further impairment loss was recognised during the financial period.

23 CONSTRUCTION CONTRACTS

	Group	
	31.12.2014 RM'000	**31.3.2014 RM'000**
Aggregate costs incurred to-date	**6,732,739**	5,473,376
Add: Attributable profits	**184,768**	126,552
Less: Foreseeable losses	**(542,983)**	(511,991)
	6,374,524	5,087,937
Less: Progress billings	**(6,329,842)**	(5,099,834)
	44,682	(11,897)
Amounts due from contract customers (Note 22)		
- non-current	**22,359**	-
- current	**63,697**	16,440
	86,056	16,440
Amounts due to contract customers (Note 27)	**(41,374)**	(28,337)
	44,682	(11,897)

23 CONSTRUCTION CONTRACTS (CONTINUED)

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

	Group	
	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000
Rental of premises	**84**	57
Depreciation of property, plant and equipment (Note 15)	**610**	439
Interest expense on (Note 7):		
- hire purchase	**51**	64
- term loan	**-**	531
	51	595
Staff costs (Note 9)	**7,137**	8,352

The effective interest rate for borrowing costs in construction contract costs incurred during the financial period/year is at the weighted average of 7.60% (31.3.2014: 6.3%) per annum.

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Deposits placed with licensed banks	**28,995**	29,228	**19,719**	13,754
Cash and bank balances	**43,375**	4,772	**798**	729
Deposits, cash and bank balances	**72,370**	34,000	**20,517**	14,483
Less: Deposits pledged as security	**(28,736)**	(14,154)	**(19,719)**	(3,724)
Overdraft facilities (Note 28)	**-**	(11)	**-**	-
	43,634	19,835	**798**	10,759

Deposits, cash and bank balances are between:

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Current:				
- Restricted	**24,907**	3,716	**19,719**	-
- Not-restricted	**43,634**	19,846	**798**	10,759
	68,541	23,562	**20,517**	10,759
Non-current:				
- Restricted	**3,829**	10,438	**-**	3,724
	72,370	34,000	**20,517**	14,483

24 CASH AND CASH EQUIVALENTS (CONTINUED)

Included in deposits placed with licensed banks of the Group and the Company are amounts of RM28,736,000 (31.3.2014: RM14,154,000) and RM19,719,000 (31.3.2014: RM3,724,000), respectively, which have been pledged to secure banking facilities, primarily for performance guarantee facilities, granted to the Group and the Company as at the reporting date.

Included in the cash and bank balances of the Group is RM125,000 (31.3.2014: RM123,000) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Contract and Licensing) Act,1966) that may only be used in accordance with the said Act.

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

	Group		**Company**	
	31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
	%	**%**	**%**	**%**
Deposits placed with licensed banks	**3.15**	3.11	**3.14**	3.40
Bank balances	**2.83**	2.32	**2.83**	2.32

25 SHARE CAPITAL

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

	Group/Company			
	Number of ordinary shares		**Amount**	
	31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
	'000	**'000**	**RM'000**	**RM'000**
Authorised:				
At the beginning of the financial period/year at RM0.10/RM0.50 each	**4,000,000**	800,000	**400,000**	400,000
Created during the financial period/year at RM0.10 each	**-**	3,200,000	**-**	-
At end of the financial period/year at RM0.10 each	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
At the beginning of the financial period/year	**844,895**	563,263	**84,489**	281,632
Par value reduction	**-**	-	**-**	(225,306)
Issuance during the financial period/year	**-**	281,632	**-**	28,163
At end of the financial period/year	**844,895**	844,895	**84,489**	84,489

25 SHARE CAPITAL (CONTINUED)

During the last financial year, pursuant to the completion of the Par Value and Share Premium Reduction Exercise on 15 November 2013, the Company reduced its issued and paid up capital from RM281,631,485 comprising 563,262,970 ordinary shares of RM0.50 each ("Zelan Shares") to RM56,326,297 comprising 563,262,970 ordinary shares of RM0.10 each ("New Zelan Shares") through cancellation of RM0.40 from the existing par value of RM0.50 of each Zelan Share.

Following the completion of the Rights Issue with Detachable Warrants exercise on 31 January 2014, the Company issued 281,631,485 new ordinary shares of RM0.10 each at an issue price of RM0.15 per share for the Company's renounceable rights issue on the basis of one Rights Share for every two New Zelan Shares held.

26 RESERVES

		Group		Company	
	Note	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Warrants reserve	(a)	**14,082**	14,082	**14,082**	14,082
Foreign exchange reserve	(b)	**7,575**	6,222	**-**	-
Capital reserve	(c)	**35,457**	35,457	**18,456**	18,456
General reserve	(c)	**4,254**	4,254	**3,258**	3,258
Retained earnings/(accumulated losses)		**30,868**	(7,607)	**(1,934)**	2,932
		92,236	52,408	**33,862**	38,728

(a) The warrants reserve arose from the issuance of 281,631,485 free detachable warrants following the completion of the Rights Issue with Detachable Warrants exercise on 31 January 2014.

Each warrant entitles its registered holder to subscribe for 1 ordinary share at an exercise price of RM0.25 per warrant, at any time within 5 years commencing on and including the issuance date i.e. 28 January 2014, subject to the provisions in the Deed Poll. Any warrants not exercised during the period will thereafter lapse and cease to be valid.

No warrants were exercised during the financial period ended 31 December 2014. As at the end of the reporting date, 281,631,485 warrants remained unexercised.

(b) Exchange translation differences have arisen from the translation of net assets of foreign branches and foreign subsidiaries.

(c) 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.

27 PAYABLES

	Group		Company	
	31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial payables				
Trade payables	**85,923**	169,185	**-**	-
Amounts due to subsidiaries	**-**	-	**11,724**	2,676
Amounts due to related companies	**116**	105	**116**	105
Amount due to a joint venture	**-**	3,284	**-**	-
Amount due to an associate	**4,080**	3,813	**-**	-
Other payables and accruals	**15,403**	38,826	**1,589**	1,936
	105,522	215,213	**13,429**	4,717
Other liabilities				
Amounts due to contract customers (Note 23)	**41,374**	28,337	**-**	-
Advances received on contracts	**10,097**	1,012	**-**	-
Other provisions	**21,101**	20,399	**-**	-
	72,572	49,748	**-**	-

Included in trade payables of the Group as at reporting date is retention sum payable to a subcontractor amounting to RM Nil (31.3.2014: RM66,103,000 in respect of the Group's project in Indonesia which was subsequently reduced by RM10,550,000 following a settlement agreement entered into by the Group with the subcontractor in June 2014).

Advances received from the contract customers are secured by advance payment bonds issued by financial institutions. The advances are interest free and repayable by deducting from the progress billings certified by the contract customers.

Amounts due to related companies, subsidiaries, associate and joint venture are unsecured, interest-free and repayable on demand.

Other provisions relates mainly to interest on late payments of the revised tax assessment in one of the foreign jurisdictions in which the Group operates.

28 BORROWINGS

		Group		Company	
		31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Current:					
Term loan (secured)	(a)(i)	**-**	19,590	**-**	-
Hire purchase liabilities (unsecured)	(b)	**549**	496	**-**	-
Revolving credits (secured)	(c)	**-**	4,795		-
Islamic Financing (secured)	(d)	**7,194**	6,330	**7,194**	6,330
Overdraft facility (unsecured)		**-**	11	**-**	-
		7,743	31,222	**7,194**	6,330
Non-current:					
Hire purchase liabilities (unsecured)	(b)	**1,158**	1,408	**-**	-
Islamic Financing (secured)	(d)	**213,039**	92,005	**-**	-
		214,197	93,413	**-**	-
Total:					
Term loan (secured)	(a)(i)	**-**	19,590	**-**	-
Hire purchase liabilities (unsecured)	(b)	**1,707**	1,904	**-**	-
Revolving credits (secured)	(c)	**-**	4,795	**-**	-
Islamic Financing (secured)	(d)	**220,233**	98,335	**7,194**	6,330
Overdraft facility (unsecured)		**-**	11	**-**	-
		221,940	124,635	**7,194**	6,330

(a) Term loan – secured

(i) Term loan – Middle East project

The term loan of the Group at the previous reporting date was secured by:

- Assignment of sale proceeds from Zelan Berhad, in respect of 950,000 issued and fully paid up capital ordinary shares of RM1 each in a subsidiary, Terminal Bersepadu Gombak Sdn. Bhd., in favour of the bank.
- Assignment of contract proceeds from a subsidiary, Zelan Construction Sdn. Bhd., in respect of a subcontract awarded by Mudajaya Corporation Berhad for the subcontract package No: TJN/M01 and TJN/M02 Cooling Water Intake, Cooling Water Filtration, Pump Station and Offshore Cooling Water Discharge Culverts, in favour of the bank.
- Marginal deposit for AED728,000 against the guarantees issued.
- Letter of comfort issued by the Company.

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

The term loan has been fully settled as at 31 December 2014.

28 BORROWINGS (CONTINUED)

(b) Hire purchase liabilities – unsecured

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Analysis of hire purchase liabilities:				
Payable within one year	**622**	580	**-**	-
Payable between one and two years	**1,035**	1,111	**-**	-
Payable between two and five years	**190**	395	**-**	-
	1,847	2,086	**-**	-
Less: Finance charges	**(140)**	(182)	**-**	-
	1,707	1,904	**-**	-
Present value of hire purchase liabilities:				
Payable within one year	**549**	496	**-**	-
Payable between one and two years	**973**	1,024	**-**	-
Payable between two and five years	**185**	384	**-**	-
	1,707	1,904	**-**	-

(c) Revolving credits - secured

The revolving credit facilities at the previous reporting date were secured by:

- Assignment of all contract prices in respect of the contract.
- Assignment over the relevant designated accounts.
- Irrevocable letter of undertaking to meet cost overruns and cashflow deficits by providing equity injections or advances.
- A corporate guarantee by the Company.

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

As at 31 December 2014, the revolving credit facilities have not been drawn as these facilities are in the process of cancellation due to the completion of the contract.

(d) Islamic Financing - secured

(i) In November 2012, the Group secured an Islamic Financing Facility (based on the principles of Bai' Al-Inah and Al-Kafalah) amounting to RM63.8 million from a local financial institution. This facility is segregated into two parts, of which RM48.5 million is used to finance the general working capital line of the Group and RM15.3 million is used to finance a project of the Group.

The facility comprises revolving credit and bank guarantee lines, whereby the profit rate for the revolving credit line is based on the base financing rate plus a fixed margin and a fixed margin for the bank guarantee line.

The general working line is secured by a first charge over the properties owned by the Group, whereas the project financing facility is being secured by the assignment of contract proceeds received from the owner of the project.

28 BORROWINGS (CONTINUED)

(d) Islamic Financing - secured (continued)

(ii) In December 2012, the Group secured another Islamic Financing Facility (based on the principles of Bai' Istisna) amounting to RM321.9 million from a local financial institution. This facility is used to finance a local concession project of the Group.

The profit rate of the facility is based on the cost of funds plus a fixed margin.

The facility is secured by:

- The Master Facility Agreement.
- A debenture incorporating a first fixed charge and floating charge over all present and future assets.
- Assignment of rights, title, interest and benefits in respect initial payment, availability charges, asset management services charges, reimbursement of cost, project land, designated accounts and takaful/insurances.
- Irrevocable Letter of Undertaking to complete the project in accordance to the concession agreement.
- Completion guarantee from the main contractor.

The non-current portion of the Islamic Financing is repayable commencing February 2017.

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

	Group		**Company**	
	31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
	%	**%**	**%**	**%**
Term loan	**-**	11.00	**-**	-
Hire purchase liabilities	**2.35 - 10.00**	2.37 - 10.00	**-**	-
Revolving credits	**-**	7.30	**-**	-
Islamic Financing	**7.30 - 7.85**	7.30 - 7.60	**7.85**	7.60
Overdraft facility	**-**	22.00	**-**	-

29 DEFERRED TAX LIABILITIES

	Group		Company	
	31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax liabilities	**3,096**	2,669	**-**	-
Movement during the financial period/year is as follows:				
At start of the financial period/year	**2,669**	2,674	**-**	-
Charged/(credited) to the profit or loss: (Note 13)				
- property, plant and equipment	**427**	(5)	**-**	-
At end of the financial period/year	**3,096**	2,669	**-**	-
Subject to income tax:				
Deferred tax liabilities (before and after offsetting)				
- property, plant and equipment	**3,096**	2,669	**-**	-

Subject to the agreement from the tax authorities, the amounts of deductible temporary differences, unabsorbed capital allowances and unused tax losses, all of which have no expiry date and for which no deferred tax asset is recognised at the reporting date, are as follows:

	Group		Company	
	31.12.2014	**31.3.2014**	**31.12.2014**	**31.3.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unabsorbed capital allowances	**18,770**	18,603	**-**	-
Tax losses	**62,784**	65,475	**-**	-
	81,554	84,078	**-**	-

30 SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.3.2014 RM'000
Significant related party transactions:				
Purchase of materials from a subsidiary of a corporate shareholder of the Company (trade):				
- MMC Engineering Services Sdn. Bhd.	**-**	26,163	**-**	-
Rental of office premises receivable from a subsidiary of a corporate shareholder of the Company (non-trade):				
- MMC Engineering Services Sdn. Bhd.	**191**	187	**-**	-
Rental of land premises payable to a subsidiary of a corporate shareholder of the Company (non-trade):				
- Pelabuhan Tanjung Pelepas Sdn. Bhd.	**639**	748	**-**	-
Rental of office premises receivable from a related party of a corporate shareholder of the Company (non-trade):				
- Tradewinds Corporation Berhad	**24**	380	**-**	-
- Tradewinds Properties Sdn. Bhd.	**11**	14	**-**	-
- Tradewinds Premium Good Sdn. Bhd.	**20**	27	**-**	-
Rental fee payable by subsidiary (non-trade):				
- Zelan Holdings (M) Sdn. Bhd.	**-**	-	**13**	17

	Group		Company	
	31.12.2014 RM'000	31.3.2014 RM'000	31.12.2014 RM'000	31.3.2014 RM'000
Advances given to/(repayment of advances from) subsidiaries (non-trade):				
- Zelan Holdings (M) Sdn. Bhd.	**-**	-	**(21,056)**	80,375
- Konsesi Pusat Asasi Gambang Sdn. Bhd.	**-**	-	**29,850**	19,270
- Terminal Bersepadu Gombak Sdn. Bhd.	**-**	-	**367**	772
- Zelan Construction Sdn. Bhd.	**-**	-	**(17,699)**	-
- Zelan Corporation Sdn. Bhd.	**-**	-	**(65)**	-

30 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant transactions and balances with related parties other than those disclosed elsewhere in the financial statements are as follows: (continued)

	Group		Company	
	31.12.2014 RM'000	**31.3.2014 RM'000**	**31.12.2014 RM'000**	**31.3.2014 RM'000**
Significant related party transactions: (continued)				
Offsetting of amounts due (from)/to subsidiaries (non-trade):				
- Zelan Holdings (M) Sdn. Bhd.	**-**	-	**(805)**	-
- Zelan Construction Sdn. Bhd.	**-**	-	**(3,873)**	(8,841)
- Sejara Bina Sdn. Bhd.	**-**	-	**-**	(1)
- Zelan Corporation Sdn. Bhd.	**-**	-	**175**	224
- Konsesi Pusat Asasi Gambang Sdn. Bhd.	**-**	-	**274**	-
- Terminal Bersepadu Gombak Sdn. Bhd.	**-**	-	**639**	-
- Zelan Enterprise Sdn. Bhd.	**-**	-	**(4)**	-
- Zelan Development Sdn.Bhd.	**-**	-	**(2)**	-

The outstanding balances arising from the above related party transactions have been disclosed in Note 22 and Note 27 to the financial statements.

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 Group and the Company. Key management personnel refer to the Directors of the Company (Note 10 to the financial statements) 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 period/year was as follows:

	Group		Company	
	9 months financial period ended 31.12.2014 RM'000	**12 months financial year ended 31.3.2014 RM'000**	**9 months financial period ended 31.12.2014 RM'000**	**12 months financial year ended 31.3.2014 RM'000**
Salaries and bonuses	**1,447**	2,144	**1,013**	1,636
Defined contribution retirement plan	**202**	300	**142**	71
	1,649	2,444	**1,155**	1,707
Estimated monetary value of benefits-in-kind	**96**	118	**60**	100
	1,745	2,562	**1,215**	1,807

31 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Significant events during the financial period are as follows:

(i) On 4 September 2014, the Company announced that its 95% owned subsidiary, Terminal Bersepadu Gombak Sdn Bhd, has received a letter from Bahagian Pengurusan Hartanah, Jabatan Perdana Menteri, stating that it has agreed to extend the period for the fulfilment of conditions precedent in the Concession Agreement for 12 months from 14 September 2014 to 13 September 2015 in order for both parties to resolve the Malay Reservation status of the Project Land.

(ii) On 15 April 2014, Zelan Holdings (M) Sdn. Bhd. ("ZHSB"), a wholly-owned subsidiary of the Company, entered into a Second Supplementary Agreement ("SSA") with Meena Holdings LLC ("MH"), the owner of Meena Plaza Mixed Use Development Project ("Project") in Abu Dhabi, United Arab Emirates, for the settlement of disputes between the parties, and the continuation of works by ZHSB. Both parties agreed to continue with the Project in accordance with the contract dated 1 April 2008 (the "Contract") and the SSA, as if the Contract has not been terminated.

The salient terms of the SSA include the following:

(a) MH and ZHSB have settled the disputes and differences between them. Both parties agreed to continue with the Project in accordance with the Contract and the SSA, as if the Contract has not been terminated.

(b) MH has agreed to pay a sum of AED121.6 million (approximately RM108.2 million) ("MH's Payment") to ZHSB within 74 days ("Payment Date") from the date of the SSA. The said MH's Payment consists of MH's refund of AED92.5 million (approximately RM82.4 million) received by MH earlier pursuant to its demand on ZHSB's performance bond in November 2012 and MH's payment of outstanding progress claims for works done amounting to AED29.1 million (approximately RM25.8 million) due to ZHSB.

(c) MH and ZHSB have agreed to increase the original Contract Price of AED950.0 million (approximately RM844.7 million) to the revised Contract Price of AED980.0 million (approximately RM871.4 million) as a result of an agreed variation order for additional fit out work of AED30.0 million (approximately RM26.7 million). The parties have also agreed that the contract value of works completed as at November 2012 is AED464.5 million (approximately RM413.1 million), and therefore the contract value of the remaining works to be undertaken by ZHSB is AED515.5 million (approximately RM458.3 million) ("Balance Contract Price").

(d) In exchange of MH's Payment to ZHSB on the Payment Date, ZHSB will provide MH a new performance bond of AED51.5 million (approximately RM45.8 million), equivalent to 10% of the Balance Contract Price, valid for fifteen months, plus an extension of twelve months for defects liability period, and a rectification bond of AED40.9 million (approximately RM36.4 million), valid for six and a half months, as performance security for rectification works at the basement level of approximately AED15.0 million (approximately RM13.3 million) to be carried out by ZHSB.

(e) ZHSB will recommence works for the Project 30 days after the Payment Date ("Recommencement Date") and the completion period for the remaining works is fifteen months from the Recommencement Date.

(ii) On 1 September 2014, ZHSB received a sum of AED121.6 million (RM108.6 million) in accordance with the terms and conditions of the SSA from MH. Accordingly, the project has recommenced on 1 October 2014.

31 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during the financial period are as follows: (continued)

(iii) On 31 July 2014, the Company announced that its wholly-owned subsidiary, Zelan Construction Sdn. Bhd. ("ZCSB"), received a Letter of Acceptance from East Coast Economic Region Development Council ("ECERDC"), confirming ECERDC's acceptance of the tender submitted by "Zelan – Hasrat Sedaya Consortium" for the Proposed Construction and Completion of the Drawbridge connecting Muara North and Muara South in Kuala Terengganu City Centre for the ECERDC. The Contract Sum is RM248 million. The contract duration is 135 weeks, commencing on the date for possession of the site on 13 August 2014. The date of completion for the Project is 14 March 2017.

"Zelan – Hasrat Sedaya Consortium" consists of ZCSB which holds 70% participating interest and acts as the Lead Member, and Hasrat Sedaya Sdn Bhd, ("HSSB") which holds the remaining 30% participating interest. On 9 September 2014, Zelan Construction Sdn Bhd ("ZCSB') and Hasrat Sedaya Sdn Bhd entered into an agreement whereby Hasrat Sedaya Sdn Bhd irrevocably transfers its twenty nine percent (29%) participation interest in the Consortium to ZCSB and the remaining one percent (1%) shall immediately be transferred to and vested into ZCSB upon full payment of the agreed sum. HSSB relinquishes, assigns and transfers to ZCSB all its rights, benefit, interest, future profits, risks, liabilities, obligation, responsibilities and undertakings under the agreement.

(iv) On 24 July 2014, the Company announced that its wholly-owned subsidiary, Zelan Construction Sdn. Bhd. ("ZCSB"), has received a Letter of Award from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd ("PRPCSB") for Contract No.: RAPID/CTC/21-2013-P20B1 for the Provision of Basic Design, Detail Engineering, Procurement, Construction & Commissioning ("BEPCC") of Material Off Loading Facilities ("MOLF") Jetty at Tanjung Setapa for Refinery and Petrochemical Integrated Development ("RAPID") Project at Pengerang, Johor ("Works"). The Contract Price is RM248 million for the Scope of Works which is based on: (a) lump sum with breakdown as per itemised cost given in Schedule of Prices; and (b) provisional sum based on Bill of Quantity and Schedule of Rates. The contract duration for the Works is 18 months.

32 CONTINGENT LIABILITIES

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

(a) In June 2010, a supplier of ready mixed concrete in the Kingdom of Saudi Arabia ("KSA") had filed a claim of SAR67.4 million (approximately RM58.7 million) 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 counterclaimed an amount of SAR38.7 million (approximately RM33.7 million) against the supplier.

No provision has been made in the financial statements based on the legal advice of the solicitors in KSA, as 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 9 April 2015.

(b) A contractor of the Branch has filed a claim against the Branch at Abu Dhabi First Instance Court for a sum of AED51.7 million (approximately RM49.2 million) and return its performance bond bank guarantee in relation to a project in Abu Dhabi where the Branch was the main contractor. However, the Court has issued a preliminary judgement which states that the documents filed by the said contractor are not sufficient for the Court to form an opinion and to have a full clarification of the dispute. The Court has therefore made the decision to delegate the assignment to three technical experts to inter alia value the work done by the contractor at site and to determine if the work has been carried out in accordance with the contract. At the hearing date fixed for judgement on 25 February 2014, the Court has cancelled the case due to non-attendance of the contractor. The contractor appealed on the cancellation of the case at the Court of Appeal. On 3 June 2014, the Court of Appeal allowed the contractor's appeal and the case was reverted to First Instance Court for hearing.

32 CONTINGENT LIABILITIES (CONTINUED)

Details of the contingent liabilities, which are unsecured unless as stated below, during the financial period/year are as follows: (continued)

(c) On 23 December 2014, the First Instance Court delivered its judgment and ordered, inter alia, that the contract entered into between the contractor and the Branch is cancelled and the Branch is to pay the contractor a total sum of AED5.8 million (approximately RM5.5 million), out of which AED3.0 million (approximately RM2.8 million) is for work done and materials supplied by the contractor and AED2.8 million (approximately RM2.7 million) is compensation for the termination of the contract by the Branch.

The Branch has filed an appeal at the Court of Appeal against the First Instance Court's finding that the termination was by the Branch and the award of AED2.8 million (approximately RM2.6 million) as compensation in favour of the contractor. The next hearing has been fixed on 13 April 2015.

No further provision has been recorded in the financial statements as at the reporting date apart from the progress claims previously submitted by the contractor.

33 PERFORMANCE BONDS

In the ordinary course of business, the Company has given guarantees amounting to RM66,113,000 (31.3.2014: RM23,148,000) 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

(i) The Group as a lessee

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

	Group	
	31.12.2014	**31.3.2014**
	RM'000	**RM'000**
Less than one year	**509**	843

The operating lease commitments relates to leases of office and land under non-cancellable operating lease agreement. The leases have varying terms and renewal rights.

(ii) The Group as lessor

There are no future minimum lease receivables under non-cancellable operating lease as at the reporting date.

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

The engineering and construction business segment includes the Group's projects in Indonesia, Middle East and Malaysia.

The property and development business segment includes rental income and car park income and management fees. Investment and others business segment includes dividend income and other segment which is not within the 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 the segments because this is managed centrally by the Group.

Inter-segment revenue comprise construction of buildings for property development segment and purchase of raw materials for the engineering and construction segment as well as dividend income for the investment segment.

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 current tax liabilities) 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 current tax liabilities) are measured in a manner which is consistent with the financial statements.

Segment results are defined as operating income before write back for provision for liquidated ascertained damages, allowance for doubtful debts, depreciation, finance income, finance costs, 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
Period ended 31 December 2014					
Segment revenue	363,066	759	333	-	364,158
Less: Inter-segment sales	(152,947)	-	(245)	-	(153,192)
Revenue from external customers	**210,119**	**759**	**88**	**-**	**210,966**
Results					
Segment results	35,592	349	(4,574)	(15)	31,352
Depreciation of property, plant and equipment and investment properties	(985)	(102)	(76)	(1)	(1,164)
Finance income	30,403	3	339	-	30,745
Finance costs	(12,641)	-	(690)	-	(13,331)
Share of results of associates	(436)	-	-	-	(436)
Profit/(loss) before zakat and taxation	**51,933**	**250**	**(5,001)**	**(16)**	**47,166**

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
Year ended 31 March 2014					
Segment revenue	346,504	793	16,242	-	363,539
Less: Inter-segment sales	(103,505)	-	(9,827)	-	(113,332)
Revenue from external customers	**242,999**	**793**	**6,415**	**-**	**250,207**
Results					
Segment results	(42,107)	603	(596)	(27)	(42,127)
Allowance for doubtful debts	-	(6)	(1)	-	(7)
Depreciation of property, plant and equipment and investment properties	(1,942)	(151)	(162)	(1)	(2,256)
Impairment of property, plant and equipment	(2,050)	-	-	-	(2,050)
Finance income	37,370	3	240	-	37,613
Finance costs	(31,878)	-	(9,958)	-	(41,836)
Gain on disposal of available-for-sale financial assets	-	-	106,345	-	106,345
Loss on fair value of derivative	-	-	(14,597)	-	(14,597)
Share of results of associates	(897)	-	-	-	(897)
(Loss)/profit before taxation	**(41,504)**	**449**	**81,271**	**(28)**	**40,188**

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
At 31 December 2014					
Total assets:					
Segment assets	543,266	12,690	27,557	10	583,523
Investments in associates	(406)	-	-	-	(406)
	542,860	12,690	27,557	10	583,117
Total liabilities:					
Segment liabilities	388,455	786	10,789	4	400,034
Add: Unallocated liabilities					6,560
					406,594

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 2014					
Total assets:					
Segment assets	495,983	12,770	21,822	13	530,588
Investments in associates	30	-	-	-	30
	496,013	12,770	21,822	13	530,618
Add: Unallocated assets					2,172
					532,790
Total liabilities:					
Segment liabilities	377,382	730	11,481	3	389,596
Add: Unallocated liabilities					6,481
					396,077

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 four main geographical areas:

(i) Malaysia – engineering and construction
(ii) Indonesia – engineering and construction
(iii) United Arab Emirates ("UAE") – engineering and construction
(iv) Kingdom of Saudi Arabia ("KSA") – engineering and construction

	Malaysia RM'000	Indonesia RM'000	UAE RM'000	KSA RM'000	Others RM'000	Total RM'000
At 31 December 2014						
Segment revenue	179,847	-	31,119	-	-	210,966
Segment assets	446,751	15,449	121,061	(499)	355	583,117
Segment liabilities	326,349	39,533	25,737	13,179	1,796	406,594
At 31 March 2014						
Segment revenue	255,313	-	(5,106)	-	-	250,207
Segment assets	290,062	71,621	168,603	(159)	2,663	532,790
Segment liabilities	224,694	101,810	53,409	14,399	1,765	396,077

Total external revenue includes 2 customers (31.3.2014: 2 customers) from the engineering and construction business segment who have contributed 77% and 13% (31.3.2014: 62% and 31%) respectively to the overall Group's revenue for the financial period ended 31 December 2014.

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

The following analysis of realised and unrealised retained earnings/(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**	
	31.12.2014 RM'000	**31.3.2014 RM'000**	**31.12.2014 RM'000**	**31.3.2014 RM'000**
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:				
- realised	**(854,526)**	(882,105)	**(1,934)**	2,932
- unrealised	**3,665**	(386)	**-**	-
	(850,861)	(882,491)	**(1,934)**	2,932
Total share of retained earnings/ (accumulated losses) of the associates:				
- realised	**(4,641)**	6,502	**-**	-
- unrealised	**1,889**	(4,898)	**-**	-
	(2,752)	1,604	**-**	-
Less: Consolidation adjustments	**884,481**	873,280	**-**	-
Total consolidated retained earnings/ (accumulated losses) per the financial statements	**30,868**	(7,607)	**(1,934)**	2,932

The disclosure of realised and unrealised retained earnings/(accumulated losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

As at 31 December 2014

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	6,758	15	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	2,537	15	1995
Basement, 4th, 5th and 6th Floor Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	54,370	Car park	2090	2,487	15	2005

Disclosure of Recurrent Related Party Transactions

As at 31 December 2014

Transacting Companies in Zelan Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of RRPT (RM'000)	Estimated Value of RRPT disclosed in Circular to Shareholders dated 22 April 2014 (RM'000)	Actual Value of RRPT Transacted from 29 August 2014 up to 31 December 2014 (RM'000)
Zelan Construction Sdn. Bhd. ("ZCSB")	MMC Corporation Berhad ("MMC") Group	Seaport Terminal (Johore) Sdn. Bhd. ("STSB"), Indra Cita Sdn. Bhd. ("ICSB") and Tan Sri Syed Mokhtar Shah bin Syed Nor ("TSSM")	Construction contracts, project management and property development	1,000,000	180
ZCSB, Zelan Corporation Sdn. Bhd.			Rental of office premises*	200	106
ZCSB	DRB-HICOM Berhad Group	Etika Strategi Sdn. Bhd. and TSSM	Construction contracts, project management and property development	1,000,000	-
ZCSB	Tradewinds Corporation Berhad Group	Perspective Lane (M) Sdn. Bhd., Restu Jernih Sdn. Bhd., Kelana Venture Sdn. Bhd., MMC, STSB, ICSB and TSSM	Construction contracts, project management and property development	1,000,000	-

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

Class of Securities	:	Ordinary Shares of 10 sen each
Authorised Share Capital	:	RM400,000,000
Issued and Paid Up Capital	:	RM84,489,446
Voting Right	:	One (1) vote for every ordinary share
No. of Shareholders	:	9,933

DIRECTORS SHAREHOLDING

None of the directors has any direct or indirect interest in the Company or in a related Corporation.

ANALYSIS BY SIZE OF SHAREHOLDINGS

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	195	1.96	4 ,416	0.00
100 - 1,000	630	6.34	447,318	0.05
1,001 - 10,000	3,745	37.70	22,573,840	2.67
10,001 - 100,000	4,539	45.70	164,369,491	19.45
100,001 to less than 5% of issued shares	823	8.29	325,919,311	38.58
5% and above of issued shares	1	0.01	331,580,079	39.25
TOTAL	**9,933**	**100.00**	**844,894,455**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	SHAREHOLDERS	%	SHAREHOLDINGS	%
1) GOVERNMENT AGENCY	1	0.01	3,020	0.00
2) BUMIPUTRA :				
a) Individuals	537	5.41	18,489,595	2.19
b) Companies	19	0.19	335,990,079	39.77
c) Nominees Company	1,070	10.77	90,047,048	10.66
3) NON-BUMIPUTRA :				
a) Individuals	7,179	72.28	292,844,931	34.66
b) Companies	47	0.47	7,920,524	0.94
c) Nominees Company	890	8.96	75,808,582	8.97
MALAYSIAN TOTAL	**9,743**	**98.09**	**821,103,779**	**97.19**
4) FOREIGN :				
a) Individuals	126	1.27	4,916,929	0.58
b) Companies	4	0.04	139,308	0.01
c) Nominees Company	60	0.60	18,734,439	2.22
FOREIGN TOTAL	**190**	**1.91**	**23,790,676**	**2.81**
GRAND TOTAL	**9,933**	**100.00**	**844,894,455**	**100.00**

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

NOS.	NAMES OF SUBSTANTIAL SHAREHOLDERS	DIRECT HOLDINGS NO.	%
1	MMC CORPORATION BERHAD (COMPANY NO. 30245-H)	331,580,079	39.25

THIRTY LARGEST SHAREHOLDERS

No.	Names	Holdings	%
1.	MMC CORPORATION BERHAD	331,580,079	39.25
2.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OLE HVASS BISPELUND	6,979,600	0.83
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW HAN NGIN	6,700,000	0.79
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)	6,673,700	0.79
5.	TEE KIAM HENG	5,500,000	0.65
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG GOON KHING	5,000,000	0.59
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU TZE YOUNG	4,500,000	0.53
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KIEW CHIONG	4,200,000	0.50
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON PING	3,812,900	0.45
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG PIANG KOK	3,633,900	0.43
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND	3,185,400	0.38
12.	NG KIAN BING	3,075,000	0.36
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE LI SEE	2,900,000	0.34
14.	NG MOOI LAN	2,900,000	0.34
15.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KA KIAT	2,900,000	0.34
16.	KOPERASI SRI NILAM BERHAD	2,561,500	0.30

No.	Names	Holdings	%
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEW MING SIE	2,500,000	0.30
18.	CHOW CHENG YEE	2,300,000	0.27
19.	UOB KAY HIAN NOMINESS (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	2,251,200	0.27
20.	MOHD ARIS @ NIK ARIFF BIN NIK HASSAN	2,182,650	0.26
21.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILIP CAPITAL MANAGEMENT SDN BHD	2,122,066	0.25
22.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KHAI RIC	2,070,000	0.25
23.	OON LAY TIN	1,887,000	0.22
24.	ONG SI TENG	1,844,800	0.22
25.	TAN ENG HAI	1,790,800	0.21
26.	KOK JIN KHUM	1,700,100	0.20
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KOK WAI	1,700,000	0.20
28.	TEE JIN GEE ENTERPRISE SDN BHD	1,680,000	0.20
29.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KIEW CHIONG	1,650,000	0.20
30.	KAF NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KHENG PEOW	1,605,700	0.19

TOTAL NO. OF HOLDERS	:	30
TOTAL HOLDINGS	:	423,386,395
TOTAL PERCENTAGE	:	50.11

Warrant Holders Information

As at 2 April 2015

No. of Warrants in issued	:	281,631,485
Exercise Price for Warrants	:	RM0.25
Expiry Date of Warrants	:	25 January 2019
Voting Right	:	One (1) vote per warrant held

DIRECTORS SHAREHOLDING

None of the directors has any direct or indirect interest in the Company or in a related Corporation

DISTRIBUTION TABLE A

CATEGORY	NO. OF HOLDERS	%	NO. OF WARRANTS	%
Less than 100	16	0.46	923	0.00
100 - 1,000	291	8.39	203,208	0.07
1,001 - 10,000	1,686	48.59	8,626,549	3.06
10,001 - 100,000	1,201	34.61	44,272,763	15.72
100,001 to less than 5% of issued warrants	275	7.92	118,001,349	41.90
5% and above of issued warrants	1	0.03	110,526,693	39.25
TOTAL	**3,470**	**100.00**	**281,631,485**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	WARRANT HOLDERS	%	WARRANT HOLDINGS	%
1) GOVERNMENT AGENCY	-	-	-	-
2) BUMIPUTRA :				
a) Individuals	99	3.09	5,955,200	2.11
b) Companies	9	0.28	110,750,593	39.32
c) Nominees Company	414	12.91	33,740,250	11.98
3) NON-BUMIPUTRA :				
a) Individuals	2,254	70.28	91,587,324	32.52
b) Companies	21	0.65	2,156,900	0.77
c) Nominees Company	361	11.26	28,060,266	9.96
MALAYSIAN TOTAL	**3,158**	**98.47**	**272,250,533**	**96.66**
4) FOREIGN :				
a) Individuals	22	0.69	1,425,989	0.51
b) Companies	1	0.03	26,200	0.01
c) Nominees Company	26	0.81	7,928,763	2.82
FOREIGN TOTAL	**49**	**1.53**	**9,380,952**	**3.34**
GRAND TOTAL	**3,207**	**100.00**	**281,631,485**	**100.00**

INFORMATION ON SUBSTANTIAL WARRANT HOLDERS

		DIRECT HOLDINGS	
NOS.	NAMES OF SUBSTANTIAL WARRANT HOLDERS	NO.	%
1	MMC CORPORATION BERHAD (COMPANY NO. 30245-H)	110,526,693	39.25

THIRTY LARGEST WARRANT HOLDERS

No.	Names	Holdings	%
1.	MMC CORPORATION BERHAD	110,526,693	39.25
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG PIANG KOK	6,310,500	2.24
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG PIANG KOK	4,206,900	1.49
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)	3,170,700	1.13
5.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OLE HVASS BISPELUND	2,933,200	1.04
6.	CHEAH ENG LAI	2,299,100	0.82
7.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	2,200,000	0.78
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM JEH MING	1,832,000	0.65
9.	AMRAN BIN ABDUL LATIP	1,738,000	0.62
10.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR YEE GOH TIONG	1,674,600	0.59
11.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HOOI KHENG	1,600,000	0.57
12.	CHOW CHENG YEE	1,505,200	0.53
13.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA MEE THIH	1,450,000	0.51
14.	CHIA MEE THIH	1,305,000	0.46
15.	LIAN FONG CHEE	1,300,000	0.46
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN	1,300,000	0.46

As at 2 April 2015 (Cont'd)

No.	Names	Holdings	%
17.	NG KIAN BING	1,270,200	0.45
18.	KHOO KIM HONG	1,200,000	0.43
19.	TANG HUI SIA	1,200,000	0.43
20.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TEONG LEONG	1,200,000	0.43
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD AMRAN BIN ABDUL LATIP	1,087,000	0.39
22.	HONG CHIN CHYE	1,075,000	0.38
23.	RHB NOMINEES (TEMPATAN) SDN BHD RHB ASSET MANAGEMENT SDN BHD FOR CHI ON KANG	1,026,000	0.36
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEK LIAN LYE	1,012,100	0.36
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU TZE YOUNG	1,000,000	0.36
26.	OW PUNG HOCK	989,500	0.35
27.	HO FOI KIM	953,000	0.34
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SEE HEE	870,000	0.31
29.	HEE MOK SANG @ SHEE KWAN MING	800,000	0.28
30.	LIM POH KOK	800,000	0.28

TOTAL NO. OF HOLDERS	:	30
TOTAL HOLDINGS	:	159,834,693
TOTAL PERCENTAGE	:	55.75

NOTICE IS HEREBY GIVEN THAT the Thirty Ninth (39th) Annual General Meeting ("AGM") of Zelan Berhad will be held at Mahkota II, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur on Thursday, 14 May 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY BUSINESS

1.	"THAT the Audited Financial Statements of the Company for the financial period ended 31 December 2014 together with the Reports of the Directors and Auditors thereon be and are hereby received."	**Please refer to Note A**
2.	"THAT YBhg. Datuk Puteh Rukiah binti Abd Majid, who retires in accordance with Article 78 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company."	**Resolution 1**
3.	"THAT YBhg. Dato' Sri Che Khalib bin Mohamad Noh, who retires in accordance with Article 78 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company."	**Resolution 2**
4.	"THAT Encik Suhaimi bin Halim, who retires in accordance with Article 85 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company."	**Resolution 3**
5.	"THAT YBhg. Dato' Abdullah bin Mohd Yusof, a Director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM."	**Resolution 4**
6.	"THAT the Director's fees for the financial period ended 31 December 2014 amounting to RM314,397.24, be and is hereby approved."	**Resolution 5**
7	"THAT Messrs. PricewaterhouseCoopers, who are eligible and have given their consent for re-appointment as Auditors of the Company, be and are hereby re-appointed Auditors until the conclusion of the next AGM, AND THAT the remuneration to be paid to them be fixed by the Board."	**Resolution 6**

SPECIAL BUSINESS

8. AUTHORITY TO ALLOT SHARES **Resolution 7**

"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."

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE WITH MMC CORPORATION BERHAD AND ITS SUBSIDIARIES, TRADEWINDS CORPORATION BERHAD AND ITS SUBSIDIARIES AND DRB-HICOM BERHAD AND ITS SUBSIDIARIES ("PROPOSED SHAREHOLDERS' MANDATE") **Resolution 8**

"THAT approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of revenue or trading nature with MMC Corporation Berhad and its subsidiaries, Tradewinds Corporation Berhad and its subsidiaries and DRB-HICOM Berhad and its subsidiaries, as set out in Section 2 of the Circular to Shareholders dated 22 April 2015 which are subject to the renewal and obtaining the shareholders' mandate, provided that such transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms' length basis on normal commercial terms, which are consistent with the Group's normal business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

AND THAT such approval shall be in force until:

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

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

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

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

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

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

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

BY ORDER OF THE BOARD

NORLIDA BINTI JAMALUDIN
L.S. 0006467
Company Secretary

22 April 2015
Kuala Lumpur

Notes:

Proxy

1. A member of the Company who is entitled to attend and vote at the 39th AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be presented by each proxy. A proxy need not be a member of the Company.

2. The instrument appointing the proxy must be deposited with the Registrar's Office, 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 39th AGM.

3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the 39th AGM should they subsequently wish to do so.

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.

Resolution 4

The proposed Ordinary Resolution 4 are to seek shareholders' approval for the re-appointment of Director who are of the age of 70 and above. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being present and entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company, if passed, it will enable the Directors to hold office until the next AGM of the Company.

Malaysian Code on Corporate Governance 2012 recommends that shareholders' approval be sought in the event that the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

In relation thereto, the Board, through the Nomination and Remuneration Committee, has assessed the independence of YBhg. Dato' Abdullah bin Mohd Yusof, who has served as an Independent, Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

The Board recommends that YBhg. Dato' Abdullah bin Mohd Yusof continues to act as an Independent, Non-Executive Director of the Company for the following reasons:-

(a) he fulfills the criteria as an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities, and therefore is able to bring independent and objective judgment to the Board;
(b) his vast experience in the utilities and infrastructure industry and legal background enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
(c) he understands the Company's business operations which allows him to participate actively and contribute during deliberations or discussion at the Committee and Board meetings;
(d) he devotes sufficient time and effort and attends all the Committee and Board meetings for informed and balanced decision making: and
(e) he exercises due care as an Independent Non-Executive Director of the Company and carries out his professional and fiduciary duties in the interest of the Company and shareholders.

Resolution 7

The proposed Resolution 7, 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 29 August 2014 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 8

For further information, please refer to Circular to Shareholders dated 22 April 2015.

Statement Accompanying Notice of Annual General Meeting

Details of the Directors standing for re-election or re-appointment are set out in the Board of Directors' Profile of this Annual Report.

ADMINISTRATIVE DETAILS for the Thirty Ninth (39th) Annual General Meeting ("AGM") of Zelan Berhad will be held at Mahkota II, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur on Thursday, 14 May 2015 at 10.00 a.m.

PARKING

1. Parking for visitors is available at the parking bays of the Hotel. Parking fee will be borne by Zelan.

REGISTRATION

2. Registration will start at 8.30 a.m. and will remain open until the conclusion of the meeting or such time as may be determined by the Chairman of the meeting.

3. Please read the signage to ascertain the registration area to register yourself for the meeting and join the queue accordingly.

4. Please produce your original Identity Card (IC) to the registration staff for verification and make sure you collect your IC thereafter.

5. You will be given an identification wristband and no person will be allowed to enter the meeting hall without the wristband. There will be no replacement in the event that you lose or misplace the identification wristband.

6. After registration, please leave the registration area immediately.

7. No person will be allowed to register on behalf of another person even with the original IC of that other person.

REFRESHMENT

8. Light refreshment will be served outside Mahkota II before the commencement of the meeting.

9. Packed lunch will only be distributed upon conclusion of AGM. Vouchers will be distributed during registration.

DOOR GIFTS/MEAL VOUCHERS

10. A shareholder who is also proxies to other shareholders is entitled to a maximum of 2 door gifts and 2 meal vouchers only. Vouchers will be distributed during registration.

ENTITLEMENTS TO ATTEND AND VOTE

11. Only a Depositor registered in the Register of Members/Record of Depositors and whose name appears on the Register of members/Record of Depositors as at 7 May 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf in respect of the number of shares registered in their name at that time.

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PROXY FORM

ZELAN BERHAD
(Company No.: 27676-V)

CDS Account No.	No. of shares held

I/We, ____ (NRIC/Passport No ___________________)
of ____ Tel. No. ____________________________
being a member/members of ZELAN BERHAD hereby appoint:-

Full name (in block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

*and / or (*delete if not applicable)

Full name (in block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her the CHAIRMAN OF MEETING, as my/our proxy to vote for me/us on my/our behalf at the 39th Annual General Meeting of the Company to be held at Mahkota II, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur on Thursday, 14 May 2015 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**
1	To re-elect YBhg. Datuk Puteh Rukiah binti Abd Majid pursuant to Article 78 of the Article of Association of the Company		
2	To re-elect YBhg. Dato' Sri Che Khalib bin Mohamad Noh pursuant to Article 78 of the Article of Association of the Company		
3	To elect Encik Suhaimi bin Halim pursuant to Article 85 of the Article of Association of the Company		
4	To re-appoint YBhg. Dato' Abdullah bin Mohd Yusof pursuant to Section 129(6) of the Companies Act, 1965		
5	To approve the Directors' Fees		
6	To re-appoint Messrs. PricewaterhouseCoopers		
RESOLUTION	**SPECIAL BUSINESS**		
7	Ordinary Resolution - Authority to Allot Shares		
8	Ordinary Resolution - Proposed Shareholders' Mandate		

____
Signature/Common Seal of Member

Dated this __________ day of _____________ 2015

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. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
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 2015 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 2015 Annual Report, please contact Cik Nur Haliza Mat Piah at telephone no: +603 91739173 (ext 814).
(ii) This Annual Report could be downloaded from the Company's website at this URL address: http://www.zelan.com.

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ZELAN BERHAD
39th AGM
14 May 2015

STAMP

TO: THE REGISTRAR

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

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ZELAN BERHAD (27676-V)

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Bandar Tun Razak, Cheras
56000 Kuala Lumpur
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