ZELAN BERHAD
27676-V

ANNUAL REPORT 2015

CONTENTS

1 Material Off Loading Facilities Jetty Tg Setapa, Pengerang, Johor

2 International Islamic University Malaysia Gambang Campus, Pahang

OUR VISION

To be the preferred engineering and construction group in Malaysia.

OUR MISSION

To be competitive and at the forefront of the industry transformation by:

- offering technologically innovative designs and solutions;
- pursuing the highest levels of work quality and service excellence in our fields of specialisation with optimal use of resources; and
- maximising returns to stakeholders.

CORPORATE VALUES

- Integrity
- Caring
- Innovative
- Professionalism

OUR BUSINESS FOCUS

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

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31 DECEMBER 2015

ANNOUNCEMENT OF RESULTS

First Quarter Ended 31 March 2015	27 May 2015
Second Quarter Ended 30 June 2015	24 August 2015
Third Quarter Ended 30 September 2015	23 November 2015
Fourth Quarter Ended 31 December 2015	19 February 2016

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of AGM	25 April 2016

ANNUAL GENERAL MEETING
17 May 2016

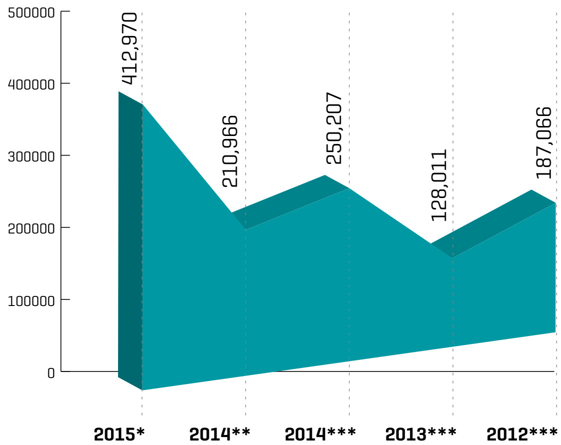
Drawbridge project connecting Muara North and Muara South in Kuala Terengganu, Terengganu.

5 YEARS' FINANCIAL HIGHLIGHTS

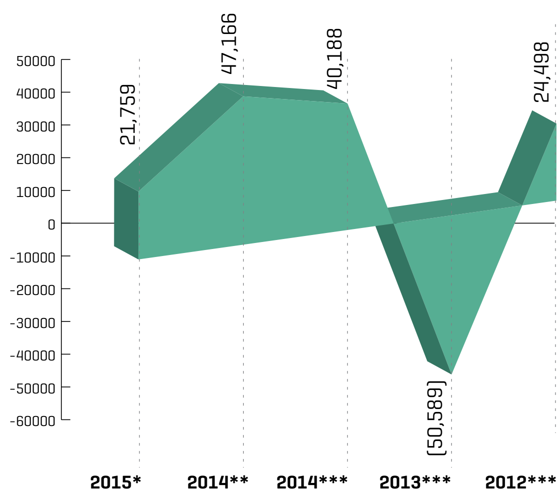
	Financial Year ended 31.12.2015 RM'000	* Financial period ended 31.12.2014 RM'000	Financial Year ended 31.03.2014 RM'000	Financial Year ended 31.03.2013 RM'000	Financial Year ended 31.03.2012 RM'000
Results					
Revenue	412,970	210,966	250,207	128,011	187,066
Gross profit / (loss)	36,213	39,617	(9,998)	11,031	70,104
Profit / (loss) before taxation	21,759	47,166	40,188	(50,589)	24,498
Profit / (loss) attributable to shareholders	30,487	38,475	35,240	(77,796)	11,901
Assets					
Gross assets	823,182	583,523	532,790	850,853	831,823
Total assets less current liabilities	530,056	394,222	232,795	323,986	547,982
Deposits, cash and bank balances	70,607	72,370	34,000	42,832	57,209
Liabilities and shareholders funds					
Borrowings	346,325	221,940	124,635	389,906	299,039
Shareholders funds	205,348	176,725	136,897	142,479	229,082
Financial Ratios (%)					
Debt to equity	168.7	125.6	91.0	273.7	130.5
Pre-tax return on shareholders' funds	10.6	26.7	29.4	(35.5)	10.7
Share information					
Net tangible assets per share (RM) #	0.24	0.21	0.16	0.25	0.41
Basic earnings per share (sen) #	4	5	6	(14)	2
Diluted earnings per share (sen) #	3	4	6	-	-

Adjusted for rights issue with warrants during the financial year ended 31 March 2014.
* Nine months period

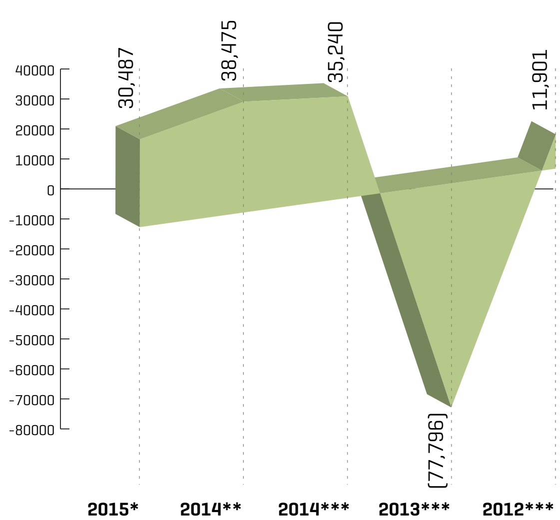
(continued)



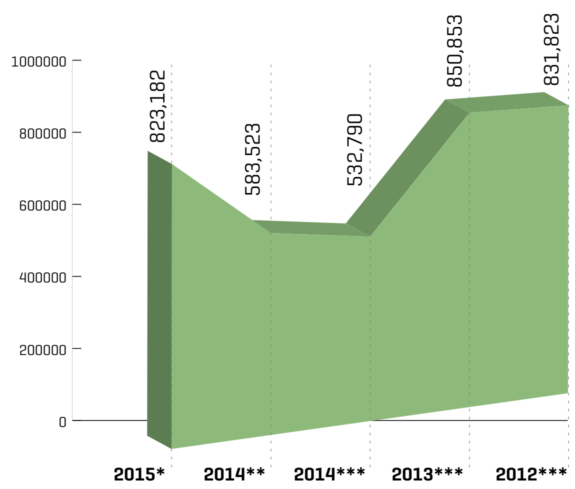
Revenue
RM'000



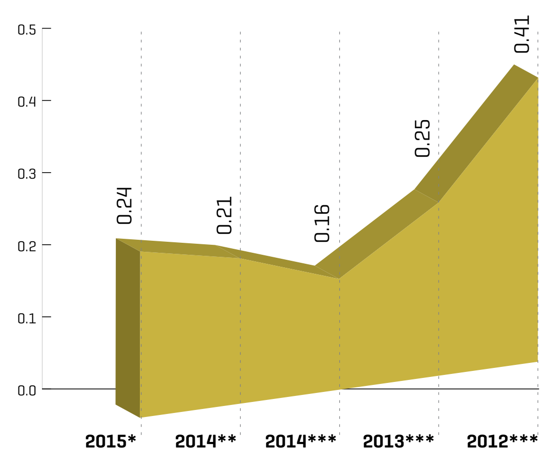
Profit / (Loss) Before Taxation
RM'000



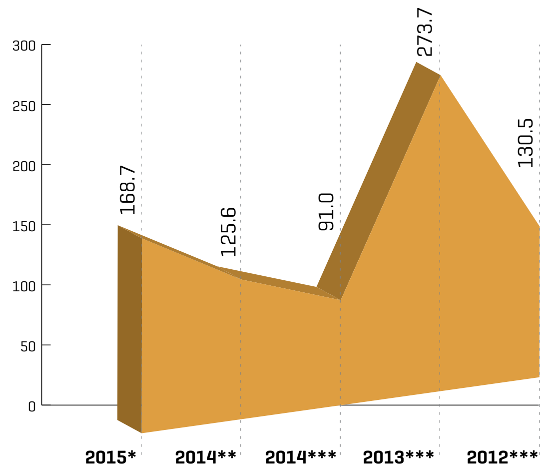
Profit / (Loss) Attributable to Shareholders
RM'000



Gross Assets
RM'000



Net Tangible Assets Per Share
RM



Debt to Equity
%

Note:

* for financial year ended 31 December
** for financial period ended 31 December
*** for financial year ended 31 March

Dear Valued Shareholders,

On behalf of the Board of Directors of Zelan Berhad ("Zelan" or "Group"), I hereby present to you our Annual Report and Audited Financial Statements for the financial year ended 31 December 2015.

OVERVIEW

During the financial year ended 31 December 2015, we focused our efforts and resources on executing the projects we have secured previously as well as tendering for new projects.

Our wholly owned subsidiary, Zelan Construction Sdn Bhd ("ZCSB") together with its joint venture partner ICOP Construction (M) Sdn Bhd secured a contract of RM96.9 million for the Sewerage Conveyance System for Zone 7A & 7B under "Cadangan Pembinaan Langat Centralised Sewage Treatment Plant dan Penyambungan Rangkaian Paip Pembetungan di Kawasan Tadahan Lembangan Sungai Langat, Selangor" from MMC Pembetungan Langat Sdn Bhd in October 2015. The project commenced in January 2016 with target completion in March 2018.

In March 2016, ZCSB secured from BBCC Development Sdn Bhd the main building works contract for the 4 storey temporary sales office and show room under the Bukit Bintang City Centre project located at Jalan Hang Tuah / Jalan Pudu, Kuala Lumpur for a contract sum of RM37.8 million with target completion in December 2016.

We have completed the construction of the Centre of Foundation Studies (Phase 3) ("Centre") of the International Islamic University Malaysia ("IIUM"), Gambang Campus in Pahang, under the Concession Agreement entered into on 5 July 2012 between the Government of Malaysia ("Government"), IIUM and Konsesi Pusat Asasi Gambang Sdn Bhd ("KPAG"), our wholly owned subsidiary. KPAG obtained the Certificate of Practical Completion and the Certificate of Completion & Compliance on 22 December 2015. KPAG is in the process of handing over the Centre to IIUM. Thereafter, KPAG will carry out the asset and facilities management services of the said Centre for the next 20 years in accordance with the Concession Agreement.

For the Material Off-Loading Facilities jetty project at Tanjung Setapa, Pengerang, Johor under the Petronas' Refinery & Petrochemical Integrated Development Project (RAPID), we achieved the project physical completion according to schedule in January 2016 and handed over the jetty to Petronas.

The works are in progress for the construction of the Drawbridge connecting Muara North and Muara South in Kuala Terengganu. The project was secured through Zelan – Hasrat Sedaya Consortium on a joint venture basis (70% : 30%) from the East Coast Economic Region Development Council in July 2014. As at 31 December 2015, we achieved an overall physical progress of 33.3% and the project is scheduled to be completed in March 2017.

In respect of the proposed development of the Gombak Integrated Transport Terminal ("GITT") project in Selangor, the concession company, Terminal Bersepadu Gombak Sdn Bhd ("TEGAS") has on 30 December 2015 entered into a Supplemental Agreement with the Government to vary certain provisions in the Concession Agreement in order to comply with the requirement of the Malay Reserve status. In line with this, Zelan has disposed of its 95% shares in TEGAS to Landasan Kapital (M) Sdn Bhd ("LKSB") at a cash consideration of RM1.0 million. As part of the arrangement between Zelan and LKSB, ZCSB will be awarded the main construction contract for GITT at a contract price of RM307.4 million.

With regard to the construction contract for Integrated Immigration, Custom, Quarantine and Security Complex in Kedah secured from Northern Gateway Infrastructure Sdn Bhd ("NGISB"), Zelan-Kiara Teratai Joint Venture (51% : 49%) has on 7 July 2015 appointed Dekad Kaliber Sdn Bhd, a joint venture company formed between DRB-HICOM Berhad and Malaysian Resources Corporation Berhad, as the subcontractor to undertake the entire works and Zelan will receive RM1.0 million fee for profit and attendance.

In June 2015, ZCSB completed the work in respect of the design and construction of cooling water intake and cooling water discharge culvert for the expansion of Tanjung Bin's Power Plant Project in Johor.

In relation to the Meena Plaza Mixed Use Development Project in Abu Dhabi ("Meena Plaza project"), Meena Holdings LLC ("Meena Holdings"), being the owner of the project, had continuously defaulted in paying Zelan Holdings (M) Sdn Bhd's ("ZHMSB") certified progress claims amounting to AED27.6 million and interfered with the valuation of ZHMSB progress claims, resulting in ZHMSB not being able to proceed with the works in accordance with the contract. ZHMSB has exercised its rights under the contract in September 2015 by issuing a notice to Meena Holdings for the termination of contract based on owner's defaults. However, Meena Holdings retaliated by wrongfully liquidating ZHMSB's performance bonds of AED92.5 million. ZHMSB has therefore initiated arbitration against Meena Holdings at the International Court of Arbitration, International Chamber of Commerce, in order to recover its claims arising from the termination of the contract based on Meena Holdings' defaults.

With regard to the Rembang Power Plant project in Indonesia which was completed in 2012, the Indonesian branch of ZHMSB was imposed a corporate income tax for financial year 2007 of IDR60.8 billion and a penalty of IDR19.9 billion by the Indonesian Tax Office in 2009. ZHMSB applied for a review of the tax assessment at the Indonesian Tax Court. In June 2012, the Indonesian Tax Court held that the total corporate income tax and penalty payable were IDR60.1 billion and IDR19.6 billion respectively. Taking into account the tax credit, the total corporate income tax and penalty payable by ZHMSB was IDR74.2 billion. Accordingly, ZHMSB paid the said amount in full and then proceeded to apply for a judicial review at the

Supreme Court of Indonesia in October 2012. In September 2015, the Supreme Court of Indonesia ruled in favour of ZHMSB and held that the corporate income tax and penalty payable shall be IDR1.7 billion only. ZHMSB is in the process of claiming a refund of IDR72.5 billion, being excess of corporate income tax and penalty which had been paid by ZHMSB to the Indonesian Tax Office earlier.

GROUP'S RESULTS

For the financial year ended 31 December 2015, the Group registered a total net revenue of RM413.0 million as compared to RM211.0 million in the preceding financial period. The higher revenue was mainly contributed by MOLF and Drawbridge projects. The Group, however, recorded a lower net profit of RM30.5 million as compared to RM38.5 million in the preceding financial period mainly due to the higher discounting of receivables for Meena Plaza project as compared to last financial period as well as provisions for arbitration and legal expenses of Meena Plaza project.

DIVIDEND

In view of the financial position of the Group, the Board does not recommend payment of dividend for the financial year ended 31 December 2015.

"For the financial year ended 31 December 2015, the Group registered a total net revenue of RM413.0 million as compared to RM211.0 million in the preceding financial period."

Sales Office and Show Room under the Bukit Bintang City Centre project located at Jalan Hang Tuah / Jalan Pudu, Kuala Lumpur.

BUSINESS OUTLOOK AND STRATEGY

In the current challenging economic environment globally, Malaysia's economy is expected to expand at a more moderate pace in 2016 and domestic demand will remain as the key driver of growth. The overall economy will continue to be supported mainly by the implementation of infrastructure development projects which provide the necessary catalyst for the local construction industry. Zelan will therefore continue to focus on securing more engineering and construction works particularly in areas where we have the competitive edge and track records.

CORPORATE GOVERNANCE

As part of the Group's commitment to ensure transparency, accountability and protection of shareholders' interest, the Board places great emphasis in 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 24 to 31 of the Annual Report.

RELATED PARTY TRANSACTIONS

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

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend our appreciation to all our valued shareholders for the unwavering belief and trust in the Group.

We are thankful to all our clients for the support and confidence they placed in Zelan. We are committed to ensuring successful delivery of all our works.

I would also like to extend our appreciation to all our business associates, partners, bankers and financiers for their continuous collaboration and support which have been pivotal to the Group's performance and growth.

Last but not least, I would like to thank the management and all the employees for their commitment working towards achieving the objective of the Group. I am equally thankful to all the members of the Board of Directors for their constructive and invaluable guidance rendered to the management throughout the years.

Despite the challenging economy outlook, we remain focused and will strive to enhance the performance of the Group.

Yours faithfully,

DATO' ANWAR BIN AJI
Chairman

Langat Sewage Treatment Plant (Zone 7A & 7B) project, Hulu Langat, Selangor.

CORPORATE INFORMATION

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

Mohd Shukor bin Abdul Mumin
Independent, Non-Executive Director

Adnan bin Mohammad
Managing Director

Company Secretaries

Noor Raniz bin Mat Nor
(MAICSA 7061903)

Nur Haliza binti Mat Piah
(LS 0009913)

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 Middle East Limited

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
Company Secretaries
F-10 Syndicate Residency
No. 36 Dr Thomas First Street,
Off: South Boag Road
Near Murugan Kalyana Mandapam,
T Nagar, Chennai-600 017
India
Tel / Fax: +9044 2433 7454

Top - left to right

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

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

Bottom - left to right

Adnan bin Mohammad
Managing Director

Mohd Shukor bin Abdul Mumin
Independent, Non-Executive Director

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

Suhaimi bin Halim
Independent, Non-Executive Director

DATO' ANWAR BIN AJI

Independent, Non-Executive Chairman

Dato' Anwar bin Aji, aged 66, 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

Senior Independent, Non-Executive Director

Dato' Abdullah bin Mohd Yusof, aged 77, 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 director of MMC Corporation 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 56, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director of the Company on 10 July 2009. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Datuk Ooi Teik Huat is a member of Malaysian Institute of Accountants and CPA Australia and holds a Bachelor of Economics Degree from Monash University, Australia. He started his career with Messrs. Hew & Co., Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen 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, Tradewind Corporation 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
Independent, Non-Executive Director

Datuk Puteh Rukiah binti Abd Majid, aged 63, 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.

Her career with the Government of Malaysia started 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 in the Ministry was the Deputy Secretary General (Systems and Controls).

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

Non-Independent, Non-Executive Director

Dato' Sri Che Khalib bin Mohamad Noh, aged 51, 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 UEM Group 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, Bank Muamalat Malaysia Berhad, Port Dickson Power Berhad, NCB Holdings Berhad, Kontena Nasional Berhad, Northport (Malaysia) 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
Independent, Non-Executive Director

Encik Suhaimi bin Halim, aged 60, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director on 11 September 2014.

Encik Suhaimi holds a Bachelor of Science (Civil Engineering) (Honours) from University of Glasgow, Scotland.

After serving the Government for 3 years, he left for a career in the private sector before joining UEM Group in September 1988 where he served various companies within the UEM Group at various levels.

In his more than 30 years' experience, he had been involved in various major infrastructure projects specifically expressway and transportation sectors at both construction and operations level. 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, prior to his retirement on 30 June 2013.

Encik Suhaimi currently sits on Board of Spring Energy Resources Berhad, MMC Engineering Services Sdn Bhd, Terra Project Partners Sdn Bhd, Astabina Sdn Bhd and Castmet 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 MOHD SHUKOR BIN ABDUL MUMIN

Independent, Non-Executive Director

Encik Mohd Shukor bin Abdul Mumin, aged 56, a Malaysian, was appointed to the Board as an Independent, Non-Executive Director on 20 January 2016.

Encik Mohd Shukor holds an LLB (Honours) Degree from University of Buckingham, United Kingdom. He is also a member of the Malaysian Bar and the Sabah Law Association.

Encik Mohd Shukor started his career as Manager with CIMB Bank Berhad in 1983. In 1998, he joined Permodalan Bumiputra Sabah Berhad and held the position of Group Managing Director from 1998 until 2004. Encik Mohd Shukor is currently an Advocate & Solicitor of Messrs. Shukor & Co., a legal firm in Kota Kinabalu, Sabah as well as in Mont Kiara, Kuala Lumpur.

Encik Mohd Shukor 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
Managing Director

Encik Adnan bin Mohammad, aged 56, 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. 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 as a Corporate Banking Officer in 1990. He later left the banking industry and joined UEM Group serving Projek Lebuhraya Utara-Selatan Berhad 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, 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 from 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, 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.

MANAGEMENT TEAM

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

OPERATIONS

HAZIMI BIN BAHARUM
Chief Operating Officer

ABDUL YAZID BIN KASSIM
Head of Project Management Office

TEO SIN HORNG
Head of Local Projects

MOHD ALI BIN ABD AZIZ
Head of Commercial & Procurement

KAMARUDDIN BIN ABD KARIM
Head of Business Development & Project Support Services

AHMAD NASARUDDIN BIN MOHAMMED AMIN
Head of Technical

CHEANG KAH HOONG
General Manager, Commercial & Procurement

LIM CHIN KEAT
General Manager, Civil & Structure

YEE GOON HOONG
General Manager, Operations

FAIZAL BIN YUSOF
General Manager, Operations

KIDMAN CEZEREE BIN KAMARUDIN
Head of Asset Facility Management

International Islamic University Malaysia
Gambang Campus, Pahang.

CORPORATE STRUCTURE

ZELAN BERHAD
27676-V

- **100%** ZELAN CONSTRUCTION SDN BHD
  - **100%** ZELAN ICOP CONSORTIUM SDN BHD (formerly known as Zelan Consolidated (Overseas) Sdn Bhd)
- **100%** ZELAN ENTERPRISE SDN BHD
  - **100%** VISPA SDN BHD
  - **100%** EMINENT HECTARES SDN BHD
- **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%** ZELAN AM SERVICES SDN BHD
- **100%** ZELAN HOLDINGS (M) SDN BHD
  - **100%** SEJARAH BINA SDN BHD
    - **50%** ESSENTIAL AMITY SDN BHD
  - **100%** ZELAN CONSTRUCTION ARABIA CO LTD
  - **100%** ZELAN CONSTRUCTION (INDIA) PTE LTD
  - **95%** PT ZELAN INDONESIA
  - **40%** ZELAN ARABIA CO LTD
  - ABU DHABI BRANCH
  - DUBAI BRANCH
  - INDONESIAN BRANCH
- **100%** KONSESI PUSAT ASASI GAMBANG SDN BHD
- **100%** TRONOH CONSOLIDATED (OVERSEAS) SDN BHD*
- **40%** MMC ZELAN SDN BHD

Notes:

* Under striking off (Section 308 of the Companies Act, 1965)

Corporate structure as at 25 April 2016

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH ("QESH") POLICY

The Group is committed to provide the highest standard for the healthy, safe and environmentally friendly working environment so as to ensure all our activities shall not have any detrimental safety and health impact on our employees, sub-contractor's 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 clients' requirements through the implementation of the QESH Management system. 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 our operations to prevent environmental pollution, injury and ill health; and
- implement, control and maintain an efficient QESH Management system and continually improve the systems and business performance.

In line with our commitment, we have developed and implemented and shall continuously improve the comprehensive Integrated Management System ("IMS"). This system engages the requirements of the ISO 9001, ISO 14001, OHSAS 18001 benchmarks and is fully utilised in our practices.

IMS has been created to set the operational standards of implementing the quality, safety, health and environment standards and allows us to measure progress and plan for the future improvements. It is applicable to all areas of our business including safety and health for efficient internal communications and the sharing of information and documentation.

QUALITY IS DOING THE RIGHT WORK THE FIRST TIME

We believe in achieving quality by making informed decisions based on facts, identifying issues before the occurrence, promptly fixing problems should they materialised, and inspiring every person on a project to **"DO IT RIGHT THE FIRST TIME".** Quality work will reduce cost, improve performance and in doing so, satisfy our customers.

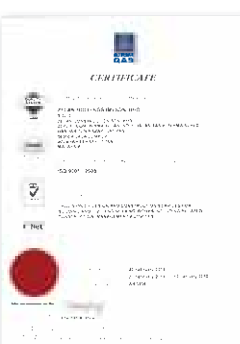

CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE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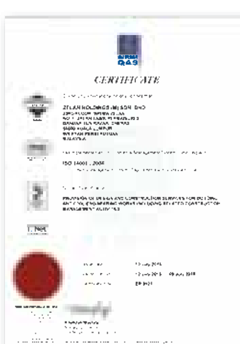
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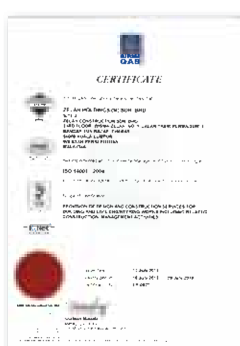
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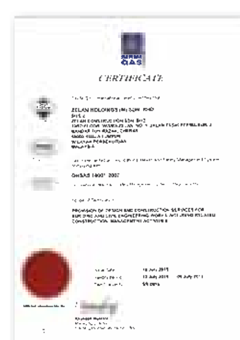
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In fulfilling its role as a good corporate citizen, the Group is fully committed to practising the highest standards in corporate governance as well as actively pursuing policies and actions that are in the best interests of the stakeholders and community. 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 every day by improving their lives and at the same time, contributing strongly to our agenda of maintaining sustainable growth and development, internally and externally.

Our People

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

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

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, the implementation of silt traps and slope stabilisation systems to prevent soil erosion and sedimentation, and efforts to reduce noise pollution are continuously implemented.








The Board of Directors ("Board") of Zelan Berhad (the "Company") confirms that throughout the financial year ended 31 December 2015 it had continued to integrate good and effective corporate governance practices in directing and managing the overall business of the Company and its subsidiary companies, 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 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 eight (8) members. There are six (6) 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 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 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. However, the Code further provides that the shareholders may, in exceptional cases and subject to the assessment of the Nomination and Remuneration Committee ("NRC"), decide that an independent director can remain as an independent director after serving a cumulative term of nine (9) years. In such a situation, the board must make a recommendation and provide strong justification to the shareholders in a general meeting.

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 Annual General Meeting ("AGM"). 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 Group 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 19 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 Group takes 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 safeguard the Company's interest.

The Group has established the Whistleblower Policy in 2013 which is designed to support the Group'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 was approved by the Board for adoption in November 2014. It 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 the 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. 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 said meetings. Minutes of every board meeting is circulated in advance so that Directors are given opportunity to make any comments or amendments, prior to the confirmation and approval at the subsequent board meeting.

At every 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, the Directors and Senior Management will also be notified on the restrictions imposed by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to the dealings with 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 Secretaries. 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.

5. Committees Established by the Board

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

(a) Audit Committee ("AC")

The AC was established on 18 July 1994. The AC comprises three (3) Independent, Non-Executive Directors. The membership of the AC 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 AC are reported on pages 32 to 35 of the Annual Report. For the financial year ended 31 December 2015, the AC met five (5) times.

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

The NRC was established on 1 December 2012. The NRC comprises 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 to recommend suitable candidates for appointment as Directors inclusive the structure and remuneration policy of the executive director. NRC is also responsible to consider and recommend measures to assess the effectiveness of the Board, its Committees and contribution of each individual Directors.

For the financial year ended 31 December 2015, the NRC met two (2) times.

6. Board and Committee Meetings

Board and Committee meetings are scheduled in advance before 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 year ended 31 December 2015, the Board met six (6) times, of which four (4) board scheduled meetings and two (2) special board meetings.

The record of attendance of each Director at Board and Committee Meetings held during the financial year ended 31 December 2015 are as follows:

Name of Director	Board	Audit Committee	Nomination & Remuneration Committee
Dato' Anwar bin Aji	6/6	N/A	2/2
Dato' Abdullah bin Mohd Yusof	6/6	5/5	2/2
Datuk Ooi Teik Huat	6/6	5/5	2/2
Datuk Puteh Rukiah binti Abd Majid	6/6	5/5	N/A
Dato' Sri Che Khalib bin Mohamad Noh	5/6	N/A	N/A
Encik Suhaimi bin Halim	6/6	N/A	N/A
Encik Mohd Shukor bin Abdul Mumin *(Appointed with effect from 20 January 2016)*	N/A	N/A	N/A
Encik Adnan bin Mohammad	6/6	N/A	N/A

7. Appointment of Director

The NRC is responsible to ensure an effective process for selection of new directors and assessment of the Board, Committees of the Board and individual Directors with a view to have a balanced mix of skills, experiences and responsibilities being present on the Board.

8. 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 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 the directors' performance and also promote effective boards.

9. Training

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

During the financial year under review, all Directors attended at least one (1) training session, either organised internally by the Company or externally, as follows:

- Quality, Environmental, Safety and Health Awareness
- Legal Training for all Overseas Directors
- Rabobank Business Forum : Financial Markets Outlook 2016, Asean Economic Community and Market Hedging
- Future of Auditor Reporting : The Game Changer for Boardroom
- Audit Committee Conference 2015 : Rising to New Challenges
- Remuneration Rewards Practices Seminar
- Corporate Directors Advanced Programme 2015 : Financial Language In The Boardroom
- 11th World Islamic Economic Forum : Building Resilience For Equitable Growth
- Anti Money Laundering Act & Counter Financing Terrorism Anti-Fraud Program
- Sustainability Symposium : Responsible Business, Responsible Investing
- Board Masterclass on Leadership During Crisis
- Strategic Direction of Engineering & Construction Division
- Leadership Development Program: Scenario Planning in Uncertain Times
- Global Transformation Forum 2015

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 AGM. 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 benchmarking of the industry. The Board strives to ensure fair compensation through comparable roles in similar organisations of similar size, market sector and business complexity.

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

3. Disclosure

The details of the Directors' remuneration for the financial year ended 31 December 2015 are as follows:

Category	Executive Director (RM'000)	Non-Executive Directors (RM'000)
Fee	-	406
Salaries & Bonuses	819	-
Benefit-in-kind	-	-
EPF Contribution	114	-
Other emoluments	34	355

The number of Directors of the Company, whose total remuneration fall within the following bands for the financial year ended 31 December 2015, are as follows:

Range of Remuneration	Executive Director	Non-Executive Directors
RM0 to RM50,000	-	3
RM50,001 to RM100,000	-	3
RM300,001 to RM400,000	-	1
RM900,001 to RM1,000,000	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 announcements and quarterly financial results via Bursa LINK to enable the public community to be updated on any latest development pertaining to the Group'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 ("AGM")

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

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

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

2. Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 (the "Act"), to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year. The Directors' Statement in compliance with the requirements under the Act is set out on page 43 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 open to them, to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.

3. Internal Control

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

The Board reviews and discusses the effectiveness of the Group's Internal Control system. The AC together with the Internal Auditors undertake reviews which cover the financial, operational and compliance control as well as Risk Management.

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

4. Relationship with the Auditors

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

E. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

Zelan Group has complied with the principles of corporate governance and best practices in corporate governance throughout the financial year ended 31 December 2015.

This Statement of Corporate Governance is made in accordance with the Resolution of the Board dated 25 March 2016.

The Audit Committee ("AC") of Zelan Berhad is pleased to present the Audit Committee Report for the Group's financial year ended 31 December 2015 as follows:-

1. MEMBERSHIP AND MEETING

The AC 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 AC 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	Senior Independent Non-Executive Director	5/5
Datuk Puteh Rukiah binti Abd Majid	Independent Non-Executive Director	5/5

During the financial year ended 31 December 2015, the AC held a total of five (5) meetings. The external auditors attended five (5) meetings and the AC had also held two (2) private sessions with the external auditors without the presence of Management during the financial year under review.

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

2.1 Membership

The AC members shall be appointed by the Board amongst the Directors and shall consist of not less than three (3) members. All the AC members must be non-executive directors, with majority of them being independent directors.

The members of the AC 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 AC.

At least one (1) member of the AC:

i) must be a member of the Malaysian Institute of Accountants ("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.

* Datuk Ooi Teik Huat is a member of MIA

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 AC. The external auditors are also requested to attend the AC meetings as and when required. other board members may attend meetings upon the invitation of the AC.

At least twice (2) a year the AC 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 AC if they consider necessary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the AC 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 AC.

2.5 Authority

The AC shall have the following authority as empowered by the Board:

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 have full, free and unrestricted access to any information, records, properties and personnel of the Company and the Group;

iv) to have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

v) to obtain independent professional or any other advice where necessary; and

vi) to convene meetings with the external auditors, the internal auditors or both, without the present of Management and employees of the Company, whenever deemed necessary.

2.6 Duties

The duties of the AC are as follows:

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

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

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

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

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

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

vi) to discuss issues 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 adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work ;

ix) to review the annual audit plan, consider the major findings of internal audit investigations and Management's response and ensure coordination between the Internal and external auditors;

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

xi) to consider any related party transactions that may arise within the Company or Group;

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

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

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

3. SUMMARY OF ACTIVITIES

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

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

ii) reviewed the results of the audit, the audit report and the management letter, including Management's response, with the external auditors;

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

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

v) reviewed the Group's compliance in particular the quarterly and annual 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 Company or Group;

viii) reviewed the internal audit department's resources, requirements, program and plan for the financial year under review;

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

x) recommended to the Board 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. The internal audit department assists the AC in discharging its duties and responsibilities by undertaking regular independent and systematic reviews of the system of internal control and risk management framework.

The Head of Internal Audit reports directly to the AC and undertakes the audit activities within the Group covering all the business units and operations, including its corporate functions at head office. Throughout last financial year, audit assignments and follow-up reviews were carried-out on units of operations and subsidiaries of Zelan Berhad in accordance with the approved annual audit plan. The internal audit reports were presented to the AC and forwarded to the relevant parties for their attention and corrective actions.

The activities carried-out by the internal audit department during the financial year ended 31 December 2015 included the following:

i) prepared the annual audit plan for approval by the AC;

ii) performed risk based internal audit in accordance with 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 AC on the audit reports and status of audit activities; and

v) conducted ad-hoc tasks and special assignments as and when requested by the Management and/or AC.

The total cost incurred in undertaking the internal audit function during last financial year is approximately RM321,308.00.

This AC Report is made in accordance with the Resolution of the Board dated 25 March 2016.

1. INTRODUCTION

The Board is responsible for the Group's systems 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 Code and Bursa Malaysia 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 Bursa Malaysia'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 ENTERPRISE 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 on 21 November 2014. 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 whilst 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 Group business.

The Company is 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 Group 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 throughout the Group.

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

4. INTERNAL CONTROL

During the year under review, the AC has reviewed the current internal control framework 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's 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.

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 ISO9001:2008 accreditation for their operational processes.

The Board has reviewed the adequacy and integrity of the Group's internal control system and management information system. In addition, feasibility studies will continuously be 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 are carefully assessed.

6. CONCLUSION

The Board believes that the improvement of risk management system and internal control is a continuous process and will continue to take steps to improve and enhance the system. During the year under review, save for certain weaknesses identified in the existing projects which have now been rectified, there is no other material weakness which would result in any material losses, contingencies or uncertainties that would require disclosure in the Company'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 same.

This Statement on Risk Management and Internal Control is made in accordance with the Resolution of the Board dated 12 April 2016.

Conflict of Interest

None of the Directors have any family relationship with other Directors or major shareholders of the Company. None of the Directors have any conflict of interest in the Company except for 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 have 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 year.

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

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

Imposition of Sanctions and/or Penalties

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

Non-Audit Fee

During the financial year ended 31 December 2015, a non-audit fee of RM126,770.00 was paid by the Company to the external auditors, Messrs. PricewaterhouseCoopers, Malaysia for services rendered in connection with the review of the Company's quarterly results, tax and other technical and accounting advisory works.

Profit Estimation, Forecast or Projection

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

Profit Guarantee

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

Material Contracts

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

Contracts Relating to Loan

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

FINANCIAL STATEMENTS

CONTENTS

The Directors have pleasure in submitting their annual report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2015.

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, management and operation of motor vehicles parking facilities, contracting and supplying of building materials and construction of sewage conveyance system.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year attributable to:		
- equity holders of the Company	30,487	(11,218)
- non-controlling interests	32	-
	30,519	(11,218)

DIVIDEND

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

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Dato' Anwar bin Haji @ Aji
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
Mohd Shukor bin Abdul Mumin (appointed on 20 January 2016)

DIRECTORS' BENEFITS

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

Since the end of the previous financial period, 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 year 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.

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

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

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

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

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

Significant events during the financial year and subsequent events after the reporting date are as disclosed in Note 31 and Note 32 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 12 April 2016.

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 46 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 2015 and of the results and cash flows of the Group and of the Company for the financial year 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 37 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 12 April 2016.

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 46 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 12 April 2016.

Before me,

COMMISSIONER FOR OATHS

To the Members of Zelan Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Zelan Berhad, on pages 46 to 114 which comprise the statements of financial position as at 31 December 2015 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 financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 36.

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 is 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 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

We draw attention to Notes 4(i) and 19(iv) to the financial statements which describe the uncertainty relating to the outcome of the arbitration process in connection with the project in Abu Dhabi. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 115 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
12 April 2016

For the Financial Year Ended 31 December 2015

	Note	Group 12 months financial year ended 31.12.2015 RM'000	Group 9 months financial period ended 31.12.2014 RM'000	Company 12 months financial year ended 31.12.2015 RM'000	Company 9 months financial period ended 31.12.2014 RM'000
Revenue	5	412,970	210,966	-	-
Cost of sales	6	(376,757)	(171,349)	-	-
Gross profit		36,213	39,617	-	-
Administrative expenses		(42,012)	(9,087)	(6,668)	(4,460)
Other operating income/(expenses):					
- unrealised foreign exchange gain, net		17,195	3,665	-	-
- reversal of impairment charge on property, plant and equipment		1,506	-	-	-
- write back of late payment interest on revised tax assessment		20,218	-	-	-
- write back of penalty on revised tax assessment		5,738	-	-	-
- other operating expenses		(10,450)	(6,418)	(3,526)	(13)
- other operating income		1,246	2,411	14	2
Finance income	7	41,932	30,745	395	339
Finance costs	7	(48,098)	(13,331)	(760)	(690)
Share of results of associates	28	(1,729)	(436)	-	-
Profit/(loss) before zakat and taxation	8	21,759	47,166	(10,545)	(4,822)
Zakat	12	-	(131)	-	(44)
Taxation	13	8,760	(8,581)	(673)	-
Net profit/(loss) for the financial year/period		30,519	38,454	(11,218)	(4,866)
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences:					
- net movement during the financial year/period		(1,881)	1,356	-	-
Other comprehensive (loss)/income for the financial year/period, net of tax		(1,881)	1,356	-	-
Total comprehensive income/(loss) for the financial year/period		28,638	39,810	(11,218)	(4,866)

	Note	Group 12 months financial year ended 31.12.2015 RM'000	Group 9 months financial period ended 31.12.2014 RM'000	Company 12 months financial year ended 31.12.2015 RM'000	Company 9 months financial period ended 31.12.2014 RM'000
Net profit/(loss) for the financial year/period attributable to:					
- equity holders of the Company		30,487	38,475	(11,218)	(4,866)
- non-controlling interests		32	(21)	-	-
Net profit/(loss) for the financial year/period		30,519	38,454	(11,218)	(4,866)
Total comprehensive income/(loss) attributable to:					
- equity holders of the Company		28,623	39,828	(11,218)	(4,866)
- non-controlling interests		15	(18)	-	-
Total comprehensive income/(loss) for the financial year/period		28,638	39,810	(11,218)	(4,866)
Earnings per share attributable to the equity holders of the Company during the financial year/period:					
		Sen	Sen		
Basic earnings per share	14	3.61	4.55		
Diluted earnings per share	14	3.42	4.28		

The notes set out on pages 54 to 114 form an integral part of these financial statements.

As at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	8,756	10,538	146	195
Investment properties	16	4,882	5,024	-	-
Investments in subsidiaries	17	-	-	65,950	65,950
Receivables, deposits and prepayments	19	565,251	364,785	-	-
Deposits, cash and bank balances (restricted)	21	4,099	3,829	2,608	-
		582,988	384,176	68,704	66,145
CURRENT ASSETS					
Inventories	22	8,965	8,965	-	-
Receivables, deposits and prepayments	19	146,112	121,841	75	113
Amounts due from subsidiaries	19	-	-	78,149	52,199
Tax recoverable		15,938	-	-	-
Deposits, cash and bank balances	21	66,508	68,541	13,395	20,517
		237,523	199,347	91,619	72,829
Assets of disposal subsidiary classified as held for sale	23	2,671	-	-	-
		240,194	199,347	91,619	72,829
LESS: CURRENT LIABILITIES					
Financial payables	24	238,339	105,522	39,017	13,429
Other liabilities	24	22,943	72,572	-	-
Borrowings	25	26,604	7,743	13,500	7,194
Current tax liabilities		3,569	3,464	673	-
		291,455	189,301	53,190	20,623
Liabilities of disposal subsidiary classified as held for sale	23	1,671	-	-	-
		293,126	189,301	53,190	20,623
NET CURRENT (LIABILITIES)/ASSETS		(52,932)	10,046	38,429	52,206
TOTAL ASSETS LESS CURRENT LIABILITIES		530,056	394,222	107,133	118,351

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:					
Share capital	26	84,489	84,489	84,489	84,489
Reserves	27	120,859	92,236	22,644	33,862
		205,348	176,725	107,133	118,351
Non-controlling interests		(187)	(202)	-	-
TOTAL EQUITY		205,161	176,523	107,133	118,351
NON-CURRENT LIABILITIES					
Investments in associates	28	2,135	406	-	-
Borrowings	25	319,721	214,197	-	-
Deferred tax liabilities	29	3,039	3,096	-	-
		324,895	217,699	-	-
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**530,056**	**394,222**	**107,133**	**118,351**

The notes set out on pages 54 to 114 form an integral part of these financial statements.

For the Financial Year Ended 31 December 2015

	Attributable to equity holders of the Company								
	Share capital RM'000	Warrants reserve# RM'000	Foreign exchange reserve RM'000	Capital reserve* RM'000	General reserve* RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2015	84,489	14,082	7,575	35,457	4,254	30,868	176,725	(202)	176,523
Net profit for the financial year	-	-	-	-	-	30,487	30,487	32	30,519
Other comprehensive loss:									
Currency translation differences:									
- net movement during the financial year	-	-	(1,864)	-	-	-	(1,864)	(17)	(1,881)
Total comprehensive (loss)/ income for the financial year	-	-	(1,864)	-	-	30,487	28,623	15	28,638
At 31 December 2015	84,489	14,082	5,711	35,457	4,254	61,355	205,348	(187)	205,161

	Attributable to equity holders of the Company								
	Share capital 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

* 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 issuance of free detachable warrants.

The notes set out on pages 54 to 114 form an integral part of these financial statements.

		Non-distributable				
	Share capital RM'000	Warrants reserve# RM'000	Capital reserve* RM'000	General reserve* RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity RM'000
At 1 January 2015	84,489	14,082	18,456	3,258	(1,934)	118,351
Net loss for the financial year	-	-	-	-	(11,218)	(11,218)
Total comprehensive loss for the financial year	-	-	-	-	(11,218)	(11,218)
At 31 December 2015	84,489	14,082	18,456	3,258	(13,152)	107,133
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

* These reserves relate to net gain from disposals of investment in shares.
\# This reserve relates to issuance of free detachable warrants.

The notes set out on pages 54 to 114 form an integral part of these financial statements.

For the Financial Year Ended 31 December 2015

	Note	Group 12 months financial year ended 31.12.2015 RM'000	Group 9 months financial period ended 31.12.2014 RM'000	Company 12 months financial year ended 31.12.2015 RM'000	Company 9 months financial period ended 31.12.2014 RM'000
OPERATING ACTIVITIES					
Net profit/(loss) for the financial year/period, attributable to equity holders of the Company		30,487	38,475	(11,218)	(4,866)
Adjustments for:					
Taxation		(8,760)	8,581	673	-
Zakat		-	131	-	44
Finance costs		48,098	13,331	760	690
Finance income		(41,932)	(30,745)	(395)	(339)
Non-controlling interests		32	(21)	-	-
Depreciation of investment properties		142	107	-	-
Net provision for impairment of trade receivables		4,643	58	3,207	1
Net gain on unrealised foreign exchange		(17,195)	(3,665)	-	-
Property, plant and equipment:					
- loss/(gain) on disposals		7	(45)	5	-
- reversal of impairment charge		(1,506)	-	-	-
- depreciation		2,058	1,667	70	11
- written off		1,449	-	-	-
Share of results of associates		1,729	436	-	-
		19,252	28,310	(6,898)	(4,459)
Changes in working capital:					
Inventories		-	115	-	-
Receivables, deposits and prepayments		(239,817)	1,800	38	(47)
Payables		107,729	(76,460)	(33,370)	1,674
Cash used in operations		(112,836)	(46,235)	(40,230)	(2,832)
Zakat paid		-	(131)	-	(44)
Tax paid		(6,298)	(3,452)	-	-
Net cash flows used in operating activities		(119,134)	(49,818)	(40,230)	(2,876)

For the Financial Year Ended 31 December 2015 (continued)

	Note	Group		Company	
		12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
INVESTING ACTIVITIES					
Proceeds from disposals of plant and equipment		7	45	-	-
Repayments of advances to subsidiaries		-	-	29,801	8,603
Interest received from deposits and investment		1,025	1,282	395	339
Purchases of property, plant and equipment		(334)	(537)	(26)	(182)
Net cash flows generated from investing activities		698	790	30,170	8,760
FINANCING ACTIVITIES					
Interest paid		(793)	(1,401)	(760)	(690)
Repayments of borrowings		(20,694)	(59,012)	(20,694)	(19,830)
Proceeds from borrowings		123,672	143,271	27,000	20,670
Upliftment of /(additional) deposits pledged as security		5,418	(14,582)	5,764	(15,995)
Repayment of hire purchase creditors		(550)	(377)	-	-
Net cash flows generated from/(used in) financing activities		107,053	67,899	11,310	(15,845)
Net movement in cash and cash equivalents		(11,383)	18,871	1,250	(9,961)
Cash and cash equivalents at the beginning of the financial year/period		43,634	19,835	798	10,759
Currency translation differences		15,038	4,928	-	-
Cash and cash equivalents at the end of the financial year/period	21	47,289	43,634	2,048	798

Included in the consolidated statements of cash flows of financial period ended 31 December 2014 is RM180,000 which relates to purchases of motor vehicles under hire purchase arrangements. Refer to Note 25 to the financial statements for further details.

The notes set out on pages 54 to 114 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, management and operation of motor vehicles parking facilities, contracting and supplying of building materials and construction of sewage conveyance system.

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

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

The 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 12 April 2016.

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 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.

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 year/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.

As at 31 December 2015, the Group's current liabilities exceeded their current assets by RM52.9 million.

Since the end of the financial year, the Group had been awarded three construction contracts amounting to RM382.1 million.

The Group has also successfully restructured the rectification bond and performance bond drawndown in January 2016 by the project owner in Abu Dhabi of AED92.5 million (approximately RM108.1 million) into a secured term loan amounting to AED88.0 million (approximately RM102.9 million) in February 2016 which allows the Group to make progressive principal and interest repayments over a period up to January 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The Directors are of the view that the Group and Company will be able to generate sufficient cash inflows within the next twelve months from the reporting date from both existing and new contracts and obtain tax refunds from the Indonesian tax authorities as awarded by the Supreme Court of Indonesia to meet working capital requirements and repay borrowings. The Directors believe that the Group and Company will be able to realise their assets and discharge their liabilities in the normal course of business and that the financial position will be improved through future operating profits and cash flows. Thus, the Directors believe no material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

As such, the Directors believe that it is appropriate to prepare the financial statements of the Group and Company on a going concern basis.

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

The Group and the Company has applied the following amendments for the first time for the financial year beginning on 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"

The adoption of Annual Improvements to MFRSs 2010 - 2012 Cycle has required additional disclosures about the aggregation of segments. Other than that, the adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

(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

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2015. None of these is expected to have significant effect to the Group and the Company, except the following set out below:

- Amendments to MFRS 116 & MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 11 "Accounting for Acquisition of Interest in Joint Operations" requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(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 (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2015. None of these is expected to have significant effect to the Group and the Company, except the following set out below: (continued)

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 10, 12 & MFRS 128 "Investment entities - Applying the Consolidation Exception"
- Amendments to MFRS 101 "Presentation of Financial Statements - Disclosure Initiative"

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are all 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 direct the relevant activities of 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 and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, 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.

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.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying 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 in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

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 transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amounts of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes 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.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint 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 in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, 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's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(ii) Associates (continued)

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.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is 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.

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.

(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.

Joint ventures

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 of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture 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 legal or constructive 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.

Joint operations

In relation to the Group's interest in the joint operation, the Group recognises its direct right to the assets, liabilities, revenue and expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment are subsequently stated at historical cost. 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(o) on borrowing costs.

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

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 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.

(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 assets.

After 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 costs to their residual values over their estimated useful lives of 50 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

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 an investment property is determined as the difference between the estimated net disposal proceeds and the carrying amount and is recognised in 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 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 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 ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

(g) Goodwill

Goodwill arises from a business combination 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 acquisition date fair value of the net 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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goodwill (continued)

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. 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 of disposal. 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 ventures. 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 of disposal to sell and value-in-use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (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 the estimated costs necessary to make the sale.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Construction contracts (continued)

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 year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other 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.

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) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are classified as loans and receivables. Refer to accounting policy Note 2(x) on financial assets.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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 overdrafts.

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 the share premium account.

Dividends to shareholders of the Company

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distribution to holders of an equity instrument is recognised directly in equity.

Purchase of own shares

Where any company within the Group purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares 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 owners of the Company.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year/period, adjusted for bonus elements in ordinary shares issued during the year/period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings and borrowing costs

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

Interest on borrowings is reported within finance costs in 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.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their 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.

(p) Employee benefits

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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) on a mandatory, contractual or voluntary basis and the Group has 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 profit or loss in the financial year/period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(q) Current and deferred income tax

Tax expense for the financial year/period comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax (continued)

The 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 ventures 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 provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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.

(r) 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 management's best estimate 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) 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 profit or loss.

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 profit or loss as part of the gain or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition

Revenue is measured at 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 amounts collected on behalf of third parties 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.

<u>Sale of goods and services</u>

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.

<u>Dividend income</u>

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

<u>Interest income</u>

Interest income from deposits at licensed financial institutions are recognised in 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.

<u>Investment income</u>

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

<u>Construction contracts</u>

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

<u>Other income</u>

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

(v) Non-current assets (or disposal groups) held-for-sale

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

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Non-current assets (or disposal groups) held-for-sale (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(w) 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.

(x) Financial assets

<u>Classification</u>

The Group classifies its financial assets as loans and receivables.

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.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise receivables and cash and cash equivalents as disclosed in Notes 19 and 21 to the financial statements.

<u>Recognition and initial measurement</u>

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 that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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 carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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 liabilities to pay for goods or services provided to the Group prior to the end of the financial year which are unpaid.

Trade 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.

(z) 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(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 entered into by the Group which are denominated in currencies other than the entity's functional currency.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency exchange risk (continued)

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.

The Group and the Company do not apply hedge accounting.

The Group's exposure to foreign currencies in respect of its financial assets and financial liabilities as at the reporting date is as follows:

	Denominated in other than functional currency			
	USD RM'000	**IDR RM'000**	**Others RM'000**	**Total RM'000**
Group				
At 31 December 2015				
Financial assets				
Cash and cash equivalents	20	-	21	41
Trade and other receivables	89	21,676	-	21,765
	109	21,676	21	21,806
Less: **Financial liabilities**				
Trade and other payables	64	-	-	64
	64	-	-	64
Net financial assets	45	21,676	21	21,742
Currency exposure	45	21,676	21	21,742

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: (continued)

	Denominated in other than functional currency			
	USD RM'000	**IDR 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	20,218	-	21,858
	1,640	20,218	-	21,858
Net financial (liabilities)/assets	(1,495)	(20,218)	20	(21,693)
Currency exposure	(1,495)	(20,218)	20	(21,683)

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

(ii) Interest rate risk

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

- 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 continuously 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 2015, the Group's and the Company's borrowings at variable interest rate are denominated in Ringgit Malaysia ("RM").

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

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 profit or loss for the financial year/period:

	Group and Company Impact on profit or loss	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Borrowings denominated in RM	97	88

(iii) Liquidity risk

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:

	2015		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	136,678	-	85,923	-
Amounts due to related companies	187	-	116	-
Amount due to a joint venture	60	-	-	-
Amount due to an associate	5,009	-	4,080	-
Other payables and accruals	96,405	-	15,403	-
Borrowings	46,044	435,889	8,329	229,794
Other liabilities				
Other interest payable	184	-	21,101	-
	284,567	435,889	134,952	229,794
Company				
Financial liabilities				
Amounts due to subsidiaries	36,595	-	11,724	-
Amounts due to related companies	187	-	116	-
Other payables and accruals	2,235	-	1,589	-
Borrowings	14,560	-	7,759	-
	53,577	-	21,188	-

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity risk (continued)

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 as and when they fall due.

As at 31 December 2015, the Group's current liabilities exceeded their current assets by RM52.9 million.

The Group has successfully restructured the rectification bond and performance bond drawndown in January 2016 by the project owner in Abu Dhabi of AED92.5 million (approximately RM108.1 million) into a secured term loan amounting to AED88.0 million (approximately RM102.9 million) in February 2016 which allows the Group to make progressive principal and interest repayments over a period up to January 2019.

The Directors are of the view that the Group and Company will be able to generate sufficient cash inflows within the next twelve months from the reporting date from both existing and new contracts and obtain tax refunds from the Indonesian tax authorities as awarded by the Supreme Court of Indonesia to meet working capital requirements and repay borrowings.

(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 99% (2014: 97%) of the Group's total trade receivables, in which these balances are monitored closely. 9% (2014: 11%) 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 placed with licensed banks are not concentrated to any particular group but widely dispersed across various licensed financial institutions. 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.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

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 placed with licensed banks, cash and bank balances, trade and other receivables, and related party balances.

<u>Exposure to credit risk</u>

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not past due nor impaired	669,073	456,678	78,149	52,199
Past due but not impaired	22,541	9,975	43	93
Impaired	4,793	172	522,240	519,033
	696,407	466,825	600,432	571,325

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

Bank deposits are neither past due nor impaired and are mainly deposits with licensed banks which have high credit-ratings as determined by international credit rating agencies.

Included in financial assets that are neither past due nor impaired is an amount of RM114,813,000 (2014: RM83,982,000) which is receivable from the project owner in Abu Dhabi. No impairment has been made on this amount as the Directors are of the view that the Group has valid contractual basis to recover the outstanding receivable balances from the project owner based in Abu Dhabi based on advice from the claim consultant and external legal solicitors.

All financial assets that are neither past due nor impaired, other than the balances related to the project in Abu Dhabi, relate to companies with good collection track records with the Group and Company.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

(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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Trade and other receivables				
Past due up to 3 months	7	9,749	-	-
Past due 3 to 6 months	1	2	-	-
Past due over 6 months	26,533	224	43	93
	26,541	9,975	43	93

Included in the trade and other receivables that is past due not impaired is an amount of RM22,164,000 (2014: RM9,727,000) which is due from the project owner in Abu Dhabi. Refer to Note 3(iv)(a) for further details.

No impairment has been made on these 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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Other receivables and deposits	4,793	172	-	-
Amounts due from subsidiaries	-	-	522,240	519,033
	4,793	172	522,240	519,033

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

(c) Financial assets that are impaired (continued)

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Other receivables and deposits				
At the beginning of financial year/period	172	175	-	-
Allowance made	4,643	61	-	-
Write back against provisions	-	(3)	-	-
Write off against provisions	(22)	(61)	-	-
At the end of financial year/period (Note 19)	4,793	172	-	-
Amounts due from subsidiaries				
At the beginning of financial year/period	-	-	519,033	519,032
Allowance made	-	-	3,214	1
Write back against provisions	-	-	(7)	-
At the end of financial year/period (Note 19)	-	-	522,240	519,033

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) Recoverability of receivables in project in Abu Dhabi

As disclosed in Note 19 to the financial statements, the total receivable balance due from the project owner in Abu Dhabi amounted to AED117.2 million (approximately RM136.9 million) as at 31 December 2015, excluding the rectification bond and performance bond drawndown by the project owner of AED92.5 million (approximately RM108.1 million) in January 2016.

The Directors are of the view that Zelan has rightfully and validly terminated its employment under the contract with the project owner. The Directors have made an assessment and concluded that the total receivable balances are recoverable based on advice from the independent claim consultant and external solicitors. In making this assessment, the Directors have considered the Group's entitlement to claims on amounts incurred for work done and materials supplied pursuant to the contract, interest and other costs and loss of opportunity of profit which the Group had suffered as a result of the termination.

The Directors have also considered the expected period of the arbitration process and the subsequent recovery which may take more than two years in arriving at the carrying value of the receivables.

The recovery of the outstanding balance from the project owner will be dependent on the outcome of the arbitration process, which commenced in December 2015.

(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) 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 33 to the financial statements.

5 REVENUE

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Construction contracts	411,833	210,119	-	-
Others	1,137	847	-	-
	412,970	210,966	-	-

Others include car park income, rental income, sale of completed property and membership fees.

6 COST OF SALES

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Construction contract costs	376,581	171,075	-	-
Others	176	274	-	-
	376,757	171,349	-	-

7 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Finance income				
Interest income	935	1,029	305	89
Profit from Islamic deposits	90	253	90	250
Fair value at inception and accretion of interest	40,907	29,463	-	-
	41,932	30,745	395	339
Finance costs				
Interest expense	852	1,452	760	690
Unwinding of discounts	47,305	11,930	-	-
Less: Interest expense included in cost of sales (Note 20)	(59)	(51)	-	-
	48,098	13,331	760	690

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	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Provision for impairment of receivables	4,643	61	3,214	1
Write back of provision for impairment of receivables	-	(3)	(7)	-
Auditors' remuneration - statutory audit (Note 11)	470	413	76	72
Depreciation of investment properties	142	107	-	-
Directors' remuneration (Note 10)	1,728	1,208	1,728	1,208
Property, plant and equipment:				
- depreciation	2,058	1,667	70	11
- reversal of impairment charge	(1,506)	-	-	-
- loss/(gain) on disposals	7	(45)	5	-
- write off	1,449	-	-	-
Gain on foreign exchange:				
- realised	-	(2)	-	(2)
- unrealised	(23,963)	(6,265)	-	-
Loss on foreign exchange:				
- realised	-	1,254	-	-
- unrealised	6,768	2,600	-	-
Rental of land and premises	1,108	651	17	13
Rental income on office equipment	(361)	(271)	-	-
Staff costs (Note 9)	30,456	14,386	3,978	2,669
Rental income on premises	(1,832)	(2,475)	-	-
Write back of late payment interest on revised tax assessment	(20,218)	-	-	-
Write back of penalty on revised tax assessment	(5,738)	-	-	-

9 STAFF COSTS

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

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Wages, salaries and bonuses	25,585	11,770	3,276	2,204
Defined contribution retirement plan	2,099	1,096	425	266
Other employee benefits	2,772	1,520	277	199
	30,456	14,386	3,978	2,669
Staff costs for the financial year/period are allocated as follows:				
- administrative expenses	13,372	7,249	3,978	2,669
- cost of sales (Note 20)	17,084	7,137	-	-
	30,456	14,386	3,978	2,669

10 DIRECTORS' REMUNERATION

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

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Non-Executive Directors:				
- fees	406	314	406	314
- other emoluments	355	292	355	292
Executive Director:				
- salaries and bonuses	819	510	819	510
- defined contribution retirement plan	114	71	114	71
- other employee benefits	34	21	34	21
	1,728	1,208	1,728	1,208

11 AUDITORS' REMUNERATION

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
PricewaterhouseCoopers Malaysia				
- statutory audit	357	341	76	72
- others	127	97	127	87
	484	438	203	159
Firms other than member firms of PricewaterhouseCoopers International Limited				
- statutory audit	113	72	-	-
- others	273	-	273	-
	386	72	273	-

12 ZAKAT

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Zakat liability:				
Expense in current financial year/period	-	131	-	44
Paid during the financial year/period	-	(131)	-	(44)

13 TAXATION

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Current tax				
Malaysian tax:				
- Current financial year/period	7,413	6,903	-	-
- Under/(over)accrual in the prior years	673	(3,802)	673	-
	8,086	3,101	673	-
Foreign tax:				
- Current financial year/period	-	3	-	-
- (Over)/under accrual in the prior years	(16,789)	5,050	-	-
	(16,789)	5,053	-	-
Deferred tax				
- Origination and reversal of temporary differences (Note 29)	(57)	427	-	-
Tax (credit)/expense	(8,760)	8,581	673	-

The explanation of the relationship between tax (credit)/expense and profit/(loss) before taxation and after zakat is as follows:

Profit/(loss) before taxation and after zakat	21,759	47,035	(10,545)	(4,866)
Tax calculated at the Malaysian tax rate of 25% (2014: 25%)	5,439	11,759	(2,636)	(1,216)
Tax effects of:				
- share of results of associates	(432)	(109)	-	-
- expenses not deductible for tax purposes	25,211	5,849	2,644	1,221
- income not subject to tax	(23,804)	(9,446)	(8)	(5)
- temporary differences and tax losses not recognised	110	128	-	-
- change in tax rate	832	-	-	-
- utilisation of previously unrecognised tax losses and capital allowance	-	(848)	-	-
- (over)/under accruals in prior years	(16,116)	1,248	673	-
Tax (credit)/expense	(8,760)	8,581	673	-

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 year/period of RM30,487,000 (2014: RM38,475,000) by the weighted average number of ordinary shares in issue during the financial year/period of 844,895,000 (2014: 844,895,000).

	Group	
	12 months financial year ended 31.12.2015 RM'000	**9 months financial period ended 31.12.2014 RM'000**
Net profit attributable to equity holders of the Company	30,487	38,475
	'000	'000
Weighted average number of ordinary shares in issue	844,895	844,895
	Sen	Sen
Basic earnings per share attributable to equity holders of the Company	3.61	4.55

(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 2015. 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	
	12 months financial year ended 31.12.2015 RM'000	**9 months financial period ended 31.12.2014 RM'000**
Net profit attributable to equity holders of the Company	30,487	38,475
Weighted average number of ordinary shares in issue ('000)	844,895	844,895
Adjustment for warrants ('000)	47,589	54,916
Weighted average number of ordinary shares for diluted earnings per share ('000)	892,484	899,811
Diluted earnings per share (sen)	3.42	4.28

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 January 2015	6,758	112	1,672	620	962	94	320	10,538
Additions	-	11	-	313	-	-	10	334
Disposals	-	-	-	(12)	-	-	(2)	(14)
Write off	-	(216)	(2)	(667)	(303)	(9)	(252)	(1,449)
Reversal of impairment charge	-	-	-	-	743	-	763	1,506
Depreciation charge	(154)	(41)	(568)	(270)	(914)	(35)	(76)	(2,058)
Translation differences	-	218	6	670	(459)	8	(544)	(101)
At 31 December 2015	6,604	84	1,108	654	29	58	219	8,756
At 31 December 2015								
Cost	8,425	1,199	4,598	6,756	19,278	1,515	15,139	56,910
Accumulated depreciation and impairment loss	(1,821)	(1,115)	(3,490)	(6,102)	(19,249)	(1,457)	(14,920)	(48,154)
Net book value	6,604	84	1,108	654	29	58	219	8,756

	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

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Company					
Net book value					
At 1 January 2015	-	-	195	-	195
Additions	-	-	26	-	26
Disposals	-	-	(5)	-	(5)
Depreciation charge	-	-	(70)	-	(70)
At 31 December 2015	-	-	146	-	146
At 31 December 2015					
Cost	40	316	629	30	1,015
Accumulated depreciation	(40)	(316)	(483)	(30)	(869)
Net book value	-	-	146	-	146
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	624	30	1,010
Accumulated depreciation	(40)	(316)	(429)	(30)	(815)
Net book value	-	-	195	-	195

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Administrative expenses	719	1,057	70	11
Cost of sales (Note 20)	1,339	610	-	-
	2,058	1,667	70	11

The net book value of certain assets of the Group which were acquired under hire purchase arrangements at the end of the reporting period amounted to RM1,098,000 (2014: RM1,663,000).

The properties with net book values amounting to RM6,604,000 (2014: RM6,758,000) have been pledged against the Group's borrowings at the end of the reporting period.

16 INVESTMENT PROPERTIES

	Group	
	2015 RM'000	2014 RM'000
Cost	6,350	6,350
Less: Accumulated depreciation	(1,468)	(1,326)
Net book value	4,882	5,024

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

	2015 RM'000	2014 RM'000
Net book value		
At the beginning of the financial year/period	5,024	5,131
Less: Depreciation charge	(142)	(107)
At the end of the financial year/period	4,882	5,024

The fair value of the investment properties, categorised under Level 2 of the fair value hierarchy, was estimated at RM9,978,000 (2014: RM9,196,000) 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 were RM268,000 (2014: RM196,000). Rental income arising from investment properties of the Group was RM1,137,000 (2014: RM656,000).

The investment properties with net book values amounting to RM4,882,000 (2014: RM5,024,000) have been pledged against the Group's borrowings as at the end of the reporting period.

17 INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares in Malaysia, at cost	146,375	146,375
Amount due from a subsidiary	60,000	60,000
	206,375	206,375
Less: Accumulated impairment losses	(140,425)	(140,425)
	65,950	65,950

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 2015 %	Group's effective interest 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	Dormant
Konsesi Pusat Asasi Gambang Sdn Bhd #	Malaysia	100	100	Concession operator
Subsidiaries of Zelan Corporation Sdn Bhd				
Zelan Development Sdn Bhd #	Malaysia	100	100	Property development
Panduan Pelangi Sdn Bhd@	Malaysia	100	100	Dormant
Zelan Property Services Sdn Bhd@	Malaysia	100	100	Dormant
Paduan Lima Sejati Sdn Bhd@	Malaysia	100	100	Dormant

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest 2015 %	Group's effective interest 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 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 Enterprise Sdn Bhd				
Vispa Sdn Bhd*	Malaysia	100	100	Dormant
Eminent Hectares Sdn Bhd*	Malaysia	100	100	Investment holding

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Group's effective interest 2015 %	2014 %	Principal activities
Subsidiary of Zelan Construction Sdn Bhd				
Zelan ICOP Consortium Sdn Bhd (formerly known as Zelan Consolidated (Overseas) Sdn Bhd)* &	Malaysia	100	100	Construction of sewage conveyance system
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.
- @ Applied for strike off from Companies Commission of Malaysia.
- & Zelan ICOP Consortium Sdn Bhd (formerly known as Zelan Consolidated (Overseas) Sdn Bhd was transferred from Zelan Holdings (M) Sdn Bhd to Zelan Construction Sdn Bhd on 1 December 2015 for a consideration of RM2.

18 INVESTMENTS IN JOINT OPERATIONS

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

Name of company	Principal activities	Share of interest 2015 %	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 12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Revenue	943	3,753
Loss after taxation	(158)	(199)

18 INVESTMENTS IN JOINT OPERATIONS (CONTINUED)

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

	Group	
	2015 RM'000	2014 RM'000
Non-current assets	298	1,788
Current assets	2,814	2,705
Current liabilities	(3,083)	(3,998)
Net assets	29	495

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial receivables				
Non-current				
Trade receivables	493,270	342,426	-	-
Amounts due from contract customers (Note 20)	71,981	22,359	-	-
Total receivables (non-current)	565,251	364,785	-	-
Current				
Trade receivables	6,232	20,373	-	-
Amount due from an associate	4,895	5,151	-	-
Amounts due from related companies	19	16	-	-
Other receivables and deposits	52,517	12,803	43	93
Less: Provision of impairment	(4,793)	(172)	-	-
	47,724	12,631	43	93
Sub-total	58,870	38,171	43	93
Advances to subcontractors	17,609	15,094	-	-
Amounts due from contract customers (Note 20)	67,493	63,697	-	-
Prepayments	2,140	4,879	32	20
Sub-total	87,242	83,670	32	20
Total receivables, deposits and prepayments (current)	146,112	121,841	75	113
Total receivables, deposits and prepayments	711,363	486,626	75	113
Amounts due from subsidiaries	-	-	600,389	571,232
Less: Provision of impairment	-	-	(522,240)	(519,033)
	-	-	78,149	52,199

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

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

(iii) Included in trade receivables of the Group is the retention sum on contract of RM49.1 million (2014: RM40.1 million) inclusive of RM42.8 million (2014: RM29.8 million) which is due from the project owner of a project in Abu Dhabi.

(iv) In respect of the Group's project in Abu Dhabi, United Arab Emirates ("UAE"), the Group issued a notice of termination to the project owner in Abu Dhabi, UAE, on 17 September 2015, to terminate the Group's employment following the defaults by the project owner, who failed to pay an amount of AED27.6 million (approximately RM32.3 million), being the certified amounts of works done and materials at site owing by the project owner to the Group under certificates of payment in accordance with the provisions of the Contract and the project owner's continuous interference with the valuation and/or certification of the Group's progress claims.

As provided under the contract with the project owner, the termination took effect on 1 October 2015, being 14 days after the issuance of the notice of termination.

On 17 December 2015, the Group was notified that the guarantor of the performance bonds received two notices of demand from the project owner to liquidate the rectification bond of AED41.0 million (approximately RM47.9 million) and performance bond of AED51.5 million (approximately RM60.2 million) respectively. On 3 January 2016, the guarantor of the bonds released the full amount of the rectification bond and performance bond to the project owner.

As at the date of this financial statements, the Group had issued 8 Notices of Intention to Commence Arbitration to the project owner for disputes with the project owner, including failure to pay certified payments, rejection of extension of time application, wrongful deduction of certified value of work done, and under-certification of project claims.

As at 31 December 2015, the Group had submitted its request for arbitration to the International Court of Arbitration of the International Chamber of Commerce ("ICC") in relation to two of the disputes. The Group intends to refer the other disputes to arbitration at ICC in accordance with the mechanism stipulated in the Contract.

The Group has engaged a claim consultant to carry out a review of the costs incurred for the project and the amounts claimable against the project owner based on the Group's entitlement under the terms of the contract. The Group has also obtained legal opinions from external solicitors based in Abu Dhabi, UAE and Malaysia.

The Group recorded a total receivable balances of AED117.2 million (approximately RM136.9 million) due from the project owner as at 31 December 2015, excluding the rectification bond and performance bond drawndown by the project owner of AED92.5 million (approximately RM108.1 million) in January 2016. Based on the advice from the claim consultant and the external solicitors, the Directors are of the view that the Group has valid contractual basis to recover the outstanding receivable balances from the project owner. The Group will proceed with the arbitration process to recover fully the outstanding amounts under the provision of the contract. The expected timing of the receipt has been considered in arriving at the carrying value of the net receivables.

20 CONSTRUCTION CONTRACTS

	Group 2015 RM'000	2014 RM'000
Aggregate costs incurred to-date	7,544,981	6,732,739
Add: Attributable profits	198,486	184,768
Less: Foreseeable losses	(708,168)	(542,983)
	7,035,299	6,374,524
Less: Progress billings	(6,908,465)	(6,329,842)
	126,834	44,682
Amounts due from contract customers (Note 19)		
- non-current	71,981	22,359
- current	67,493	63,697
	139,474	86,056
Amounts due to contract customers (Note 24)	(12,640)	(41,374)
	126,834	44,682

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

	Group 12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Rental of plant and machinery	1,556	-
Rental of premises	516	84
Depreciation of property, plant and equipment (Note 15)	1,339	610
Interest expense on hire purchase (Note 7)	59	51
Staff costs (Note 9)	17,084	7,137

The effective interest rate for borrowing costs in construction contract costs incurred during the financial year/period is at the weighted average of 6.18 % (2014: 6.17%) per annum.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	23,318	28,995	13,955	19,719
Cash and bank balances	47,289	43,375	2,048	798
Deposits, cash and bank balances	70,607	72,370	16,003	20,517
Less: Deposits pledged as security	(23,318)	(28,736)	(13,955)	(19,719)
	47,289	43,634	2,048	798

Deposits, cash and bank balances are between:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current:				
- Restricted	19,219	24,907	11,347	19,719
- Not restricted	47,289	43,634	2,048	798
	66,508	68,541	13,395	20,517
Non-current:				
- Restricted	4,099	3,829	2,608	-
	70,607	72,370	16,003	20,517

Included in deposits placed with licensed banks of the Group and the Company are amounts of RM23.3 million (2014: RM28.7 million) and RM13.9 million (2014: RM19.7 million), 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 RM127,000 (2014: RM125,000) 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	
	2015 %	2014 %	2015 %	2014 %
Deposits placed with licensed banks	3.15	3.15	3.15	3.14
Bank balances	2.79	2.83	2.79	2.83

22 INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
Completed properties for sale	8,965	8,965

The inventories with net realisable values amounting to RM8,965,000 (2014: RM8,965,000) have been pledged against the Group's borrowings as at the end of the reporting period.

23 NON-CURRENT ASSETS HELD FOR SALE

On 30 December 2015, Terminal Bersepadu Gombak Sdn Bhd ("TEGAS"), a 95% owned subsidiary of the Company, entered into a Supplemental Agreement ("SA") to the Concession Agreement with the Government of Malaysia ("Government") to comply with the Government's requirement in relation to the Malay Reservation Enactment.

Pursuant to the execution of the SA, on 30 December 2015, the Company entered into a conditional Share Sale Agreement ("SSA") with Landasan Kapital (M) Sdn Bhd for the sale of its entire shareholding of 950,000 ordinary shares of RM1.00 each, representing 95% of shares in TEGAS for a total consideration of RM1.0 million.

As disclosed in Note 31(i) to the financial statements, upon completion of the SSA, TEGAS shall cease to be a subsidiary of the Company. Accordingly, the entire assets and liabilities of TEGAS have been classified as a disposal group held for sale on the statement of financial position. The transaction is expected to be completed within twelve months from the end of the reporting period.

In accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities held for sale were written down to their fair value less costs to sell of RM1.0 million.

Details of the assets and liabilities of TEGAS classified as held for sale as at 31 December 2015 are as follows:

	Group 2015 RM'000
Property development cost	2,475
Other receivables	172
Bank balance	24
Assets classified as held for sale	2,671
Trade and other payables	1,671
Liability classified as held for sale	1,671

23 NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The profit or loss items from TEGAS for the financial year/period are as follows:

	Group 12 months financial year ended	9 months financial period ended
Administrative expenses		
- Reversal of provision for bonus	64	-
- Others	-	(305)
	64	(305)

The cash flows attributable to TEGAS during the financial year/period are as follows:

	Group 12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Operating cash flows	(202)	(968)
Investing cash flows	1	1
Financing cash flows	200	961
Total cash flows	(1)	(6)

24 PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial payables				
Trade payables	136,678	85,923	-	-
Amounts due to subsidiaries	-	-	36,595	11,724
Amounts due to related companies	187	116	187	116
Amount due to a joint venture	60	-	-	-
Amount due to an associate	5,009	4,080	-	-
Other payables and accruals	96,405	15,403	2,235	1,589
	238,339	105,522	39,017	13,429
Other liabilities				
Amounts due to contract customers (Note 20)	12,640	41,374	-	-
Advances received on contract customers	10,119	10,097	-	-
Other interest payable	184	21,101	-	-
	22,943	72,572	-	-

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.

25 BORROWINGS

		Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current:					
Hire purchase liabilities (unsecured)	(a)	608	1,158	-	-
Islamic Financing (secured)	(b)	319,113	213,039	-	-
		319,721	214,197	-	-
Current:					
Hire purchase liabilities (unsecured)	(a)	549	549	-	-
Islamic Financing (secured)	(b)	26,055	7,194	13,500	7,194
		26,604	7,743	13,500	7,194
Total:					
Hire purchase liabilities (unsecured)	(a)	1,157	1,707	-	-
Islamic Financing (secured)	(b)	345,168	220,233	13,500	7,194
		346,325	221,940	13,500	7,194

(a) Hire purchase liabilities - unsecured

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Analysis of hire purchase liabilities:				
Payable within one year	592	622	-	-
Payable between one to two years	591	1,035	-	-
Payable between two to five years	41	190	-	-
	1,224	1,847	-	-
Less: Finance charges	(67)	(140)	-	-
	1,157	1,707	-	-
Present value of hire purchase liabilities:				
Payable within one year	549	549	-	-
Payable between one to two years	568	973	-	-
Payable between two to five years	40	185	-	-
	1,157	1,707	-	-

25 BORROWINGS (CONTINUED)

(b) 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.

As at December 2015, the project financing facility of RM15.3 million has been settled due to the completion of the project, except for the Performance Bond of RM3.4 million that is still attached to the facility and will mature in April 2016.

(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 of 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; and
- Completion guarantee from the main contractor.

This Islamic Financing Facility is repayable commencing one month after the expiry of either, 42 months from the first disbursement date in June 2013 or upon receiving the initial payment from the project owner, whichever is earlier. As at 31 December 2015, the repayment for this facility has not commenced.

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

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Hire purchase liabilities	2.37-10.00	2.35 - 10.00	-	-
Islamic Financing	7.80-7.85	7.30 - 7.85	7.85	7.85

26 SHARE CAPITAL

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

	Number of ordinary shares		Group/Company Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:				
At start and end of the financial year/period at RM0.10 each	4,000,000	4,000,000	400,000	400,000
Issued and fully paid:				
At the start and end of the financial year/period	844,895	844,895	84,489	84,489

27 RESERVES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Warrants reserve	(a)	14,082	14,082	14,082	14,082
Foreign exchange reserve	(b)	5,711	7,575	-	-
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)		61,355	30,868	(13,152)	(1,934)
		120,859	92,236	22,644	33,862

(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 year ended 31 December 2015. 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.

28 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	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	(4,481)	(2,752)	-	-
	(2,135)	(406)	-	-

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	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Revenue	-	550
Loss after taxation/Total comprehensive loss (including non-controlling interests)	(1,729)	(436)

	Group	
	2015 RM'000	2014 RM'000
Current assets	39,513	56,582
Current liabilities	(41,648)	(56,988)
Net liabilities	(2,135)	(406)

28 INVESTMENTS IN ASSOCIATES (CONTINUED)

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 2015 %	Group's effective interest 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

29 DEFERRED TAX LIABILITIES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Deferred tax liabilities	3,039	3,096	-	-
Movement during the financial year/period is as follows:				
At start of the financial year/period	3,096	2,669	-	-
(Credited)/charged to profit or loss (Note 13):				
- property, plant and equipment	(57)	427	-	-
At end of the financial year/period	3,039	3,096	-	-
Subject to income tax:				
Deferred tax liabilities (before and after offsetting)				
- property, plant and equipment	3,039	3,096	-	-

29 DEFERRED TAX LIABILITIES (CONTINUED)

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	17,634	18,770	-	-
Tax losses	67,776	62,784	-	-
	85,410	81,554	-	-

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	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Significant related party transactions:				
Rental of office premises receivable from a subsidiary of a corporate shareholder of the Company (non-trade):				
- MMC Engineering Services Sdn Bhd	270	191	-	-
Rental of land premises payable to a subsidiary of a corporate shareholder of the Company (non-trade):				
- Pelabuhan Tanjung Pelepas Sdn Bhd	-	639	-	-
Rental of office premises receivable from a related party of a corporate shareholder of the Company (non-trade):				
- Tradewinds Corporation Berhad	33	24	-	-
- Tradewinds Properties Sdn Bhd	15	11	-	-
- Tradewinds Premium Good Sdn Bhd	27	20	-	-
Rental fee payable by subsidiary (non-trade):				
- Zelan Holdings (M) Sdn Bhd	-	-	17	13

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Advances given to/(repayment of advances from) subsidiaries (non-trade):				
- Zelan Holdings (M) Sdn Bhd	-	-	(1,919)	(21,056)
- Konsesi Pusat Asasi Gambang Sdn Bhd	-	-	21,520	29,850
- Terminal Bersepadu Gombak Sdn Bhd	-	-	(135)	367
- Zelan Construction Sdn Bhd	-	-	(49,135)	(17,699)
- Zelan Corporation Sdn Bhd	-	-	(130)	(65)
- Zelan Enterprise Sdn Bhd	-	-	(32)	-
- Zelan AM Services Sdn Bhd	-	-	30	-
Advances given to/(repayment of advances from) associates (non-trade):				
- IJM-Zelan-Sunway Builders-LFE Consortium	329	882	-	-
- Essential Amity Sdn Bhd	(547)	-	-	-
Offsetting of amounts due to/(from) subsidiaries (non-trade):				
- Zelan Holdings (M) Sdn Bhd	-	-	8,273	(805)
- Zelan Construction Sdn Bhd	-	-	27,620	(3,873)
- Sejara Bina Sdn Bhd	-	-	1	-
- Zelan Corporation Sdn Bhd	-	-	69	175
- Konsesi Pusat Asasi Gambang Sdn Bhd	-	-	167	274
- Terminal Bersepadu Gombak Sdn Bhd	-	-	(2,463)	639
- Zelan Enterprise Sdn Bhd	-	-	3	(4)
- Zelan Development Sdn Bhd	-	-	1	(2)
- Zelan AM Services Sdn Bhd	-	-	551	-
- Eminent Hectares Sdn Bhd	-	-	1	-

The outstanding balances arising from the above related party transactions have been disclosed in Note 19 and Note 24 to the financial statements.

30 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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 year/period was as follows:

	Group		Company	
	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000	12 months financial year ended 31.12.2015 RM'000	9 months financial period ended 31.12.2014 RM'000
Salaries and bonuses	2,522	1,447	1,853	1,013
Defined contribution retirement plan	386	202	275	142
	2,908	1,649	2,128	1,155
Estimated monetary value of benefits-in-kind	137	96	96	60
	3,045	1,745	2,224	1,215

31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Gombak Integrated Transport Terminal ("GITT")

On 31 December 2015, the Company announced that its subsidiary company, Terminal Bersepadu Gombak Sdn Bhd ("TEGAS" or "Concession Company"), had on 30 December 2015 entered into a Supplemental Agreement ("SA") to the Concession Agreement ("CA") with the Government of Malaysia ("Government"). The execution of the SA is to comply with the Government's requirement in relation to the Malay Reservation Enactment.

The salient terms of the SA are as follows:

(1) the deletion of the requirement on the revocation of the "Malay Reservation" status of the project land; and
(2) the execution and completion of the sale of shares from the Company to Landasan Kapital (M) Sdn Bhd ("LKSB").

Pursuant to the execution of the SA, the Company announced that it had on 30 December 2015, entered into a conditional Share Sale Agreement ("SSA") with LKSB on item (2) above, in relation to the sale of its entire shareholding of 950,000 ordinary shares of RM1.00 each representing 95% of shares in TEGAS for a total cash consideration of RM1.0 million.

The SSA is conditional upon the respective parties having secured the financing in respect of the project and having obtained the approvals from its Board of Directors, its shareholders (if necessary) and its relevant existing financier for the sale and purchase transaction.

Upon completion of the SSA, the Company or its nominee is granted with the right of first refusal to carry out the construction works for the Gombak Integrated Transport Terminal and the Middle Ring Road 2 Upgrading Works ("MRR2 Works").

31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(i) Gombak Integrated Transport Terminal ("GITT") (continued)

Following the completion of the SSA, TEGAS shall cease to be a subsidiary of the Company. Pursuant to the execution of the SSA between the Company and LKSB, on 17 February 2016, the Company announced that TEGAS had entered into a Tripartite Agreement with its wholly-owned subsidiary, Zelan Construction Sdn Bhd ("ZCSB") and LKSB.

As at the reporting date, the conditions precedent to the SSA have not been met.

Under the Tripartite Agreement, the parties have agreed as follows:

(1) in respect of the construction works for Gombak Integrated Transport Terminal ("GITT Works"), TEGAS agrees to appoint ZCSB to be the main contractor for the execution of the GITT Works with the contract price of RM307.4 million on such terms and conditions to be agreed upon between TEGAS and ZCSB; and

(2) in respect of the MRR2 Works, the Concession Agreement dated 15 March 2012 states that the works shall be awarded by the Government to TEGAS in accordance with the terms and conditions of the Design and Build Contract ("Contract") to be entered into between the Government and TEGAS.

Upon finalisation of such Contract, TEGAS agrees to appoint LKSB to be the main contractor for the execution of the MRR2 Works and LKSB agrees to appoint ZCSB to carry out sub-contract works related to the MRR2 Works on such terms and conditions to be agreed upon between LKSB and ZCSB.

(ii) Langat Centralised Sewage Treatment Plant

On 21 October 2015, the Company announced that its wholly-owned subsidiary, Zelan Construction Sdn Bhd ("ZCSB") and ICOP Construction (M) Sdn Bhd ("ICOP"), had on 20 October 2015 jointly accepted the award of the sub-contract for the Sewerage Conveyance System for Zone 7A & 7B under Cadangan Pembinaan Langat Centralised Sewage Treatment Plant dan Penyambungan Rangkaian Paip Pembetungan di Kawasan Tadahan Lembangan Sungai Langat Secara Reka dan Bina ("Sub-Contract Works") from MMC Pembetungan Langat Sdn Bhd ("Contractor"). ZCSB and ICOP will perform the Sub-Contract Works on a joint venture basis through an entity to be incorporated.

The Sub-Contract Works involve the construction and completion of approximately 16.6km of pipe jacking in various sizes and 164 number of shafts for jacking and receiving pit in various sizes and depths. The Sub-Contract sum is RM96.9 million, which is inclusive of Goods and Services Tax. The date for completion for the Sub-Contract Works shall be twenty six (26) months from the Date for Possession of the Site to be notified by the Contractor.

The Company announced on 6 January 2016, that ZCSB entered into a Shareholders cum Joint Venture Agreement with ICOP and Zelan ICOP Consortium Sdn Bhd (formerly known as Zelan Consolidated (Overseas) Sdn Bhd) ("JV Company"), presently a wholly-owned subsidiary of ZCSB.

The proposed name of the JV Company is Zelan ICOP Consortium Sdn Bhd and it shall be a special purpose joint venture company between ZCSB and ICOP to carry out the Sub-Contract Works.

31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(iii) Project in Abu Dhabi

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

As disclosed in Note 19 to the financial statements, ZHSB had on 17 September 2015 issued a notice to the Employer to terminate its employment under the Contract in accordance with the provisions of the Contract based on the following defaults of the Employer:

(1) the Employer's failure to pay ZHSB a total sum of AED27.6 million (approximately RM32.3 million) being the certified amounts of works done and materials at site due and owing by the Employer to ZHSB under certificates of payment in accordance with the provisions of the Contract; and/or

(2) the Employer's continuous interference with the valuation and/or certification of ZHSB's progress claims.

On 17 December 2015, ZHSB received notifications from HSBC Bank Middle East Limited ("Bank") informing ZHSB that the Bank has on 17 December 2015 received two (2) notices of demand from the Employer in respect of the following:

(1) the Guarantee issued by the Bank on 28 August 2014 in favour of the Employer amounting to AED41.0 million (approximately RM47.9 million) for the Rectification Bond; and

(2) the Guarantee issued by the Bank on 28 August 2014 in favour of the Employer amounting to AED51.5 million (approximately RM60.2 million) for the Performance Bond.

The Rectification Bond and Performance Bond amounting to AED92.5 million (approximately RM108.1 million) were liquidated on 3 January 2016.

(iv) Indonesian Tax Refund

On 15 September 2015, the Company announced that its wholly-owned subsidiary, Zelan Holdings (M) Sdn Bhd, has received a written judgement from the Supreme Court of Indonesia in favour of BUT Indonesian branch, in its application for the Supreme Court of Indonesia's judicial review against the Tax Court's earlier decision.

The Supreme Court of Indonesia held that income tax payable by the Indonesian Branch for the financial year 2007 shall be IDR1.7 billion (approximately RM0.52 million).

As the total amount of income tax and penalties which the Indonesian Branch had paid to the Directorate General of Taxation in prior years amounted to IDR74.2 billion (approximately RM22.3 million), the Indonesian Branch will be entitled to a refund of IDR72.5 billion (approximately RM21.8 million) from the said Directorate. The Supreme Court of Indonesia is the final court of appeal in Indonesia.

32 SUBSEQUENT EVENTS AFTER THE REPORTING DATE

(i) Subsequent to the liquidation of the rectification bond and performance bond of AED92.5 million (approximately RM108.1 million) by the project owner in Abu Dhabi on 3 January 2016, the Group has restructured the facility with HSBC Bank Middle East Limited ("HSBC ME") into a term loan facility. The term loan facility offered by HSBC ME sums up to an aggregate amount not exceeding AED88.0 million (approximately RM102.9 million).

The term loan facility is secured by the following:

- An assignment of RM5.0 million from Indonesian tax refund monies;
- An undertaking to channel excess cashflow from the International Islamic University of Malaysia ("IIUM") availability charges and asset management service charges towards the term loan repayment;
- An assignment of RM55.0 million proceeds by Zelan Berhad from the exercise of warrants under January 2014 rights issue;
- An assignment of up to AED48.0 million (RM56.1 million) from the sale of stake in Terminal Bersepadu Gombak Sdn Bhd ("TEGAS") dated 15 May 2013 by Zelan Berhad;
- Letter of Comfort from Zelan Berhad;
- Omnibus Counter Indemnity Form; and
- An assignment of cashflow amounting to RM18.2 million from Gombak Integrated Transport Terminal ("GITT") project.

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

The repayment of the term loan will commence from July 2016 and the repayment term to maturity is by January 2019.

(ii) On 9 March 2016, the Company announced that its wholly-owned subsidiary, Zelan Construction Sdn Bhd ("ZCSB"), had accepted the letter of award ("LOA") from BBCC Development Sdn Bhd for the Main Building Works of the Proposed Development of 4 Storey Temporary Sales Office, Show Unit and 1 Storey Sub-Basement, on part of Lot PT 143, Section 56, Jalan Hang Tuah / Jalan Pudu, Kuala Lumpur ("Works").

The salient terms of the LOA are inter alia as follows:

(1) the Contract Price for the works is RM37.8 million which is exclusive of Goods and Services Tax and not subject to any price fluctuation; and

(2) the duration of the Works is 9 months, which shall commence on 9 March 2016 and complete on 8 December 2016.

33 SIGNIFICANT LITIGATION

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

(a) In June 2010, a supplier of ready mixed concrete in the Kingdom of Saudi Arabia ("KSA") filed a claim of SAR67.4 million (approximately RM77.1 million) against a wholly-owned 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 Board of Grievance, Administrative Court in Abha, KSA ("Court"). The subsidiary has counterclaimed an amount of SAR38.7 million (approximately RM44.3 million) against the supplier.

    Upon conclusion of its hearings, the Court delivered a judgment dated 1 September 2015 in favour of the supplier and ordered the subsidiary to pay an amount of SAR5.4 million (approximately RM6.2 million) to the supplier for the outstanding invoices.

    On 27 December 2015, the subsidiary filed an appeal against the judgment at the Administrative Court of Appeal ("Appellate Court"). No hearing date has been fixed by the Appellate Court.

    In view of the abovementioned judgement, the Group has made a provision of SAR5.4 million (approximately RM6.2 million) in the financial statements for the financial year ended 31 December 2015.

(b) In March 2013, a contractor of a subsidiary's branch in Abu Dhabi ("Branch") filed a claim against the Branch at Abu Dhabi Court of First Instance for a sum of AED51.7 million (approximately RM60.4 million) and the return of its performance bond bank guarantee in relation to a project in Abu Dhabi where the Branch was the main contractor. The Court appointed three technical experts (collectively "Expert Committee") 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.

    On 23 December 2014, the Court of First Instance 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 RM6.8 million), out of which AED3.0 million (approximately RM3.5 million) is for work done and materials supplied by the contractor and AED2.8 million (approximately RM3.3 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 Court of First Instance's finding that the termination was made by the Branch and the award of AED2.8 million (approximately RM3.3 million) as compensation in favour of the contractor. At the same time, the contractor has also filed an appeal seeking for a higher compensation. On 16 June 2015, the Court of Appeal instructed the Expert Committee to review the objections raised by the contractor in its appeal against the compensation recommended in its earlier report and to submit a supplementary report.

    On 5 April 2016, the Court of Appeal delivered its judgment upholding the Court of First Instance's judgment and increasing the compensation in favour of the contractor to AED7.2 million (approximately RM8.4 million) based on the recommendation made by the Expert Committee in its supplementary report.

    The Branch will file an appeal to the Cassation Court against the Court of Appeal's judgment.

    The Group has made a provision of AED7.2 million (approximately RM8.4 million) in the financial statements for the financial year ended 31 December 2015.

34 PERFORMANCE BONDS

In the ordinary course of business, the Company has given guarantees amounting to RM51,642,000 (2014: RM66,113,000) 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.

35 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 2015 RM'000	2014 RM'000
Less than one year	1,023	509
Within one to two years	150	-
	1,173	509

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.

36 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

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 business segment includes rental income and other segment which is not within the reportable operating segments provided to the Directors. 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.

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, provision of impairment for receivables, depreciation, finance income, finance costs, 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	Total RM'000
Financial year ended 31 December 2015				
Segment revenue	557,462	1,295	664	559,421
Less: Inter-segment sales	(145,629)	(495)	(327)	(146,451)
Revenue from external customers	411,833	800	337	412,970
Results				
Segment results	11,804	541	(7,786)	4,559
Depreciation of property, plant and equipment and investment properties	(580)	(125)	(156)	(861)
Write back of late payment interest on revised tax assessment	20,218	-	-	20,218
Write back of penalty on revised tax assessment	5,738	-	-	5,738
Finance income	41,526	7	399	41,932
Finance costs	(47,338)	-	(760)	(48,098)
Share of results of associates	(1,729)	-	-	(1,729)
Profit/(loss) before zakat and taxation	29,639	423	(8,303)	21,759

36 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	Total RM'000
Financial 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	(4,589)	31,352
Depreciation of property, plant and equipment and investment properties	(985)	(102)	(77)	(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**	**(5,017)**	**47,166**
At 31 December 2015				
Total assets:				
Segment assets	772,346	13,027	19,200	804,573
				804,573
Add: Unallocated assets				15,938
Assets classified as held for sale				2,671
				823,182
Total liabilities:				
Segment liabilities	590,705	897	16,005	607,607
Investments in associates	2,135	-	-	2,135
	592,840	897	16,005	609,742
Add: Unallocated liabilities				6,608
Liabilities classified as held for sale				1,671
				618,021

36 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	Total RM'000
At 31 December 2014				
Total assets:				
Segment assets	543,266	12,690	27,567	583,523
Total liabilities:				
Segment liabilities	388,455	786	10,793	400,034
Investments in associates	406	-	-	406
	388,861	786	10,793	400,440
Add: Unallocated liabilities				6,560
				407,000

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
For the financial year ended 31 December 2015						
Segment revenue	339,332	-	73,638	-	-	412,970
At 31 December 2015						
Segment assets	635,889	23,280	163,725	11	277	823,182
Segment liabilities	509,619	12,107	70,066	26,199	30	618,021
For the financial period ended 31 December 2014						
Segment revenue	179,847	-	31,119	-	-	210,966
At 31 December 2014						
Segment assets	446,516	15,449	121,061	142	355	583,523
Segment liabilities	326,114	39,533	25,737	13,820	1,796	407,000

Total external revenue includes 4 customers (2014: 2 customers) from the engineering and construction business segment who have contributed 99% (2014: 90%) respectively to the overall Group's revenue for the financial year ended 31 December 2015.

37 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:				
- realised	(858,298)	(854,526)	(13,152)	(1,934)
- unrealised	17,195	3,665	-	-
	(841,103)	(850,861)	(13,152)	(1,934)
Total share of (accumulated losses)/ retained earnings of the associates:				
- realised	(7,678)	(4,641)	-	-
- unrealised	3,197	1,889	-	-
	(4,481)	(2,752)	-	-
Less: Consolidation adjustments	906,939	884,481	-	-
Total consolidated retained earnings/ (accumulated losses) per the financial statements	61,355	30,868	(13,152)	(1,934)

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.

LIST OF PROPERTIES HELD

As at 31 December 2015

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	6,604	16	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	2,452	16	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	2,430	16	2005

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 25 April 2015 (RM'000)	Actual Value of RRPT Transacted from 14 May 2015 up to 31 December 2015 (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	-
ZCSB, Zelan Corporation Sdn Bhd			Rental of office premises*	200	196
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.*

As at 30 March 2016

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	:	10,158

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	216	2.12	4,839	0.00
100 - 1,000	656	6.46	460,745	0.05
1,001 - 10,000	3,744	36.86	22,834,026	2.70
10,001 - 100,000	4,709	46.36	170,799,847	20.22
100,001 to less than 5% of issued shares	832	8.19	319,214,919	37.78
5% and above of issued shares	1	0.01	331,580,079	39.25
TOTAL	**10,158**	**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) BUMIPUTERA:				
a) Individuals	595	5.86	21,177,803	2.51
b) Companies	19	0.19	336,810,679	39.86
c) Nominees Company	1,144	11.26	95,992,150	11.36
3) NON-BUMIPUTERA				
a) Individuals	7,285	71.72	302,260,218	35.78
b) Companies	45	0.44	7,778,925	0.92
c) Nominees Company	872	8.58	56,878,934	6.73
MALAYSIAN TOTAL	**9,961**	**98.06**	**820,901,729**	**97.16**
4) FOREIGN				
a) Individuals	132	1.30	5,259,529	0.62
b) Companies	4	0.04	139,308	0.02
c) Nominees Company	61	0.60	18,593,889	2.20
FOREIGN TOTAL	**197**	**1.94**	**23,992,726**	**2.84**
GRAND TOTAL	**10,158**	**100.00**	**844,894,455**	**100.00**

As at 30 March 2016 (continued)

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

		DIRECT HOLDINGS	
NOS.	NAMES OF SUBSTANTIAL SHAREHOLDERS	NO.	%
1	MMC CORPORATION BERHAD	331,580,079	39.25

THIRTY LARGEST SHAREHOLDERS

NO.	NAMES	SHAREHOLDINGS	%
1.	MMC CORPORATION BERHAD	331,580,079	39.25
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND	14,543,400	1.72
3.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OLE HVASS BISPELUND	8,141,300	0.96
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BRANCH)	6,673,700	0.79
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU TZE YOUNG	5,100,000	0.60
6.	TEE KIAM HENG	5,000,000	0.59
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEW MING SIE	4,300,000	0.51
8.	NG MOOI LAN	3,600,000	0.43
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KIEW CHIONG	3,300,000	0.39
10	KOPERASI SRI NILAM BERHAD	3,261,500	0.39
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN	3,211,800	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.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KA KIAT	2,400,000	0.28
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG KOK WENG	2,300,000	0.27
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAY HOCK SOON	2,292,500	0.27
17.	MOHD ARIS @ NIK ARIFF BIN NIK HASSAN	2,182,650	0.26
18.	GOH POH CHEE	2,114,000	0.25

As at 30 March 2016 (continued)

NO.	NAMES	SHAREHOLDINGS	%
19.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	2,003,866	0.24
20.	TEE JIN GEE ENTERPRISE SDN BHD	2,000,000	0.24
21.	ONG SI TENG	1,844,800	0.22
22.	TEE KIAM HENG	1,800,000	0.21
23.	TAN ENG HAI	1,790,800	0.21
24.	KOK JIN KHUM	1,700,100	0.20
25.	NG SEA BU	1,550,000	0.18
26.	WONG CHEE KEONG @ WONG CHEE KONG	1,506,100	0.18
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEK LIAN LYE	1,500,000	0.18
28.	TAN AH HENG	1,500,000	0.18
29.	TAY KOO HUI	1,464,000	0.17
30.	LIM JIT SAY	1,400,000	0.17

TOTAL NO. OF HOLDERS	:	30
TOTAL HOLDINGS	:	426,035,595
TOTAL PERCENTAGE	:	50.42

As at 30 March 2016

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 SHARES	%
Less than 100	25	0.84	1,396	0.00
100 - 1,000	251	8.44	179,079	0.06
1,001 - 10,000	1,305	43.88	6,776,355	2.41
10,001 - 100,000	1,120	37.66	43,008,813	15.27
100,001 to less than 5% of issued shares	272	9.15	121,139,149	43.01
5% and above of issued shares	1	0.03	110,526,693	39.25
TOTAL	**2,974**	**100.00**	**281,631,485**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

TYPE OF OWNERSHIP	SHAREHOLDERS	%	SHAREHOLDINGS	%
1) GOVERNMENT AGENCY	-	-	-	-
2) BUMIPUTERA:				
a) Individuals	93	3.13	4,708,800	1.67
b) Companies	7	0.24	110,680,093	39.30
c) Nominees Company	392	13.18	37,619,050	13.36
3) NON-BUMIPUTERA				
a) Individuals	2,095	70.44	87,587,274	31.10
b) Companies	21	0.71	6,410,200	2.27
c) Nominees Company	324	10.89	25,703,766	9.13
MALAYSIAN TOTAL	**2,932**	**98.59**	**272,709,183**	**96.83**
4) FOREIGN				
a) Individuals	16	0.54	782,389	0.28
b) Companies	1	0.03	26,200	0.01
c) Nominees Company	25	0.84	8,113,713	2.88
FOREIGN TOTAL	**42**	**1.41**	**8,922,302**	**3.17**
GRAND TOTAL	**2,974**	**100.00**	**281,631,485**	**100.00**

As at 30 March 2016 (continued)

INFORMATION ON SUBSTANTIAL WARRANT HOLDERS

		DIRECT HOLDINGS	
NOS.	NAMES OF SUBSTANTIAL SHAREHOLDERS	NO.	%
1	MMC CORPORATION BERHAD	110,526,693	39.25

THIRTY LARGEST WARRANT HOLDERS

NO.	NAMES	HOLDINGS	%
1.	MMC CORPORATION BERHAD	110,526,693	39.25
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WENG KUNG	11,688,100	4.15
3.	UNION HUB TECHNOLOGY SDN BHD	4,380,000	1.56
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WENG KUNG	3,760,600	1.34
5.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OLE HVASS BISPELUND	3,204,700	1.14
6.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BRANCH)	3,170,700	1.13
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG PIANG KOK	3,028,500	1.08
8.	NELSON JEYAKUMAR DASON	2,655,900	0.94
9.	ANG SWEE KUANG	2,142,500	0.76
10.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR YEE GOH TIONG	1,934,600	0.69
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU HING KUOK	1,880,700	0.67
12.	CHEAH ENG LAI	1,867,400	0.66
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEREMY CHIA PEI CHAI	1,705,700	0.61
14.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HOOI KHENG	1,600,000	0.57
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEONG SING ONG	1,500,000	0.53
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN	1,375,000	0.49
17.	HUANG PHANG LYE	1,330,000	0.47
18.	LIAN FONG CHEE	1,300,000	0.46

No.	Names	Holdings	%
19.	NG KIAN BING	1,270,200	0.45
20.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TEONG LEONG	1,200,000	0.43
21.	SAM FONG @ CHAN SAM FONG	1,189,400	0.42
22.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR HONG CHOOI KIM	1,150,000	0.41
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH KEAN EONG	1,100,000	0.39
24.	AMRAN BIN ABDUL LATIP	1,056,400	0.38
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEK LIAN LYE	1,012,100	0.36
26.	TEE MAY TEE	850,000	0.30
27.	LIM POH KOK	800,000	0.28
28.	TIE TECK CHUNG	777,400	0.28
29.	TEOH SOOI ALET @ TEOH SENG LONG	752,700	0.27
30.	TAN ENG HAI	740,800	0.26

TOTAL NO. OF HOLDERS	:	30
TOTAL HOLDINGS	:	170,950,093
TOTAL PERCENTAGE	:	60.70

NOTICE IS HEREBY GIVEN THAT the Fortieth (40th) 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 Tuesday, 17 May 2016 at 2.00 p.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 year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon be and are hereby received". **Please refer to Note A**

2. "THAT Encik Adnan bin Mohammad, 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 Encik Suhaimi bin Halim, 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 Mohd Shukor bin Abdul Mumin, 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 year ended 31 December 2015 amounting to RM405,822.00, 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 25 April 2016 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 year, 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

NOOR RANIZ BIN MAT NOR
NUR HALIZA BINTI MAT PIAH
Company Secretaries

25 April 2016
Kuala Lumpur

Notes:

Proxy

1. A member of the Company who is entitled to attend and vote at the 40th 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 40th AGM.

3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the 40th 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 is 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 Director to hold office until the next AGM of the Company.

The Malaysian Code on Corporate Governance 2012 ("Code") recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. However, the Code further provides that the shareholders may, in exceptional cases and subject to the assessment of the Nomination and Remuneration Committee ("NRC"), decide that an independent director can remain as an independent director after serving a cumulative term of nine (9) years. In such a situation, the board must make a recommendation and provide strong justification to the shareholders in a general meeting.

In relation thereto, the Board, through the NRC, 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 based on the following justification:-

(a) YBhg. Dato' Abdullah bin Mohd Yusof fulfils the criteria of an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) YBhg. Dato' Abdullah bin Mohd Yusof, being an experienced and senior legal practitioner since 1968, is able to provide the Board with sound legal advice and guidance on the Company's key legal issues and risks, in view of the Company's exposure to construction disputes and litigation;

(c) YBhg. Dato' Abdullah bin Mohd Yusof has also been actively and continuously advising the Board on corporate governance, regulatory compliance and contractual matters to ensure the Company's due compliance with the relevant legislations, regulations as well as contractual provisions;

(d) YBhg. Dato' Abdullah bin Mohd Yusof has been a dedicated and committed Board member, having attended almost all the Committee and Board meetings since his appointment to the Board;

(Note: statistic shows that for the past ten (10) years, he has attended approximately 99% of the meetings).

(e) YBhg. Dato' Abdullah bin Mohd Yusof, being the longest serving Board member of the Company, possesses sound knowledge and understanding of the Company's business activities and history which enable him to participate actively and contribute during deliberations at the Committee and Board meetings; and

(f) YBhg. Dato' Abdullah bin Mohd Yusof's performance as an independent director since his appointment to the Board demonstrates that 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 14 May 2015 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 the issuance of the shares.

Resolution 8

For further information, please refer to Circular to Shareholders dated 25 April 2016.

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 Fortieth (40th) 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 Tuesday, 17 May 2016 at 2.00 p.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 12.30 p.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 be distributed after 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 10 May 2016 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.

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 40th Annual General Meeting of the Company to be held at **Mahkota II, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur** on **Tuesday, 17 May 2016** at **2.00 p.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 Encik Adnan bin Mohammad pursuant to Article 78 of the Articles of Association of the Company		
2	To re-elect Encik Suhaimi bin Halim pursuant to Article 78 of the Articles of Association of the Company		
3	To elect Encik Mohd Shukor bin Abdul Mumin pursuant to Article 85 of the Articles 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 __________ 2016

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 Annual Report 2015 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 Annual Report 2015, please contact Cik Nur Haliza Mat Piah at telephone no: +603 91739173 (ext 814).
(iii) This Annual Report 2015 could be downloaded from the Company's website at this URL address: http://www.zelan.com.

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ZELAN BERHAD
40th AGM
17 May 2016

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
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 **Website** : www.zelan.com