All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Zelan Shares, you should at once hand this Abridged Prospectus and the accompanying NPA and RSF to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 30 September 2013. Approval from Bursa Securities has also been obtained on 5 September 2013 for the admission of the Warrants to the Official List, the listing of and quotation for the Rights Shares and Warrants as well as the new Zelan Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants to the Official List and the official listing of and quotation for all the new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board have seen and approved all documents relating to this Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Abridged Prospectus and the accompanying NPA and RSF false or misleading.

This Abridged Prospectus and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose name appear on our Record of Depositors and who have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on 30 December 2013. This Abridged Prospectus and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares and Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we, AFFIN Investment nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) of the entitlements to the Rights Shares and Warrants made by the Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

AFFIN Investment, being our Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

ZELAN

ZELAN BERHAD

(Company No. 27676-V)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 281,631,485 NEW ORDINARY SHARES OF RM0.10 EACH IN ZELAN ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING ZELAN SHARES HELD AS AT 5.00 P.M. ON 30 DECEMBER 2013 TOGETHER WITH 281,631,485 FREE DETACHABLE WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED AT AN ISSUE PRICE OF RM0.15 PER RIGHTS SHARE

Adviser and Underwriter

AFFIN INVESTMENT BANK

AFFIN INVESTMENT BANK BERHAD (9999-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	:	Monday, 30 December 2013 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Tuesday, 7 January 2014 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Thursday, 10 January 2014 at 4.00 p.m.
Last date and time for acceptance and payment	:	Thursday, 16 January 2014 at 5.00 p.m. *
Last date and time for excess application and payment	:	Thursday, 16 January 2014 at 5.00 p.m. *

* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 30 December 2013

Company No. 27676-V

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, I.E. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

Act	:	The Companies Act, 1965
AFFIN Investment or Underwriter	:	AFFIN Investment Bank Berhad (9999-V)
Bloomberg	:	Bloomberg (Malaysia) Sdn Bhd (462050-K)
Board	:	Board of Directors of Zelan
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
CDS Account	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of depositors of securities and for dealings in such securities by the depositor
CMSA	:	Capital Markets and Services Act, 2007
Code	:	The Malaysian Code on Take-Over and Mergers, 2010
Corporate Exercises	:	Par Value Reduction, Share Premium Reduction, MoA Amendment, Rights Issue with Warrants and Shareholders' Mandate, collectively
Deed Poll	:	The deed poll dated 13 December 2013 constituting the Warrants
Director(s)	:	Director(s) of Zelan and shall have the same meaning given in Section 4 of the Act
Disposal of IJM Shares	:	The completed disposal of IJM Shares by our Company in the open market and direct business transactions comprising 51,511,000 IJM Shares for a total cash consideration of approximately RM297.41 million pursuant to the Shareholders' Mandate during the period from 1 October 2013 up to the LPD
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EGM	:	Extraordinary General Meeting
Entitled Shareholder(s)	:	Shareholder(s) whose names appear on our Record of Depositors on the Entitlement Date
Entitlement Date	:	5.00 p.m. on 30 December 2013, being the time and date on which the name of the Entitled Shareholders must appear in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants
EPS	:	Earnings per Share
Excess Application	:	Application for additional Rights Shares with Warrants in excess of the Provisional Rights Shares with Warrants as set out in **Section 10.8** of this Abridged Prospectus
Excess Rights Shares with Warrants	:	Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) (if applicable) prior to Excess Application
FPE	:	Financial period ended / ending, as the case may be

DEFINITIONS (CONT'D)

FYE	:	Financial year ended / ending, as the case may be
GDP	:	Gross Domestic Product
IJM	:	IJM Corporation Berhad (104131-A)
IJM Share(s)	:	Ordinary shares of RM1.00 each in IJM
KSA	:	Kingdom of Saudi Arabia
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	9 December 2013, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
LPS	:	Loss per Share
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
Meena	:	Meena Holdings LLC (1139050)
Meena Plaza Project	:	Construction, completion and maintenance of Meena Plaza Mixed Use Development (Package 2 of the main Construction Package) located in the Emirates of Abu Dhabi, United Arab Emirates, awarded by Meena on 3 March 2008
MMC	:	MMC Corporation Berhad (30245-H)
MoA	:	Memorandum of Association
MoA Amendment	:	The amendment to the MoA of our Company to amend the authorised share capital of our Company from RM400,000,000 comprising 800,000,000 ordinary shares of RM0.50 each in Zelan to RM400,000,000 comprising 4,000,000,000 Zelan Shares
NA	:	Net assets
NPA	:	Notice of provisional allotment of Rights Shares with Warrants
Official List	:	Official list of the Main Market of Bursa Securities
Par Value Reduction	:	The par value reduction involving the cancellation of RM0.40 of the then par value of every ordinary shares of RM0.50 each in the issued and paid-up share capital of Zelan pursuant to Section 64 of the Act which was completed on 15 November 2013
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Previous Disposals	:	The disposal of IJM Shares by our Company in the open market and/or direct business transactions comprising 9,629,000 IJM Shares for a total cash consideration of approximately RM54.097 million completed during the period from 6 May 2013 to 15 July 2013
Provisional Rights Shares with Warrants	:	Rights Shares with Warrants provisionally allotted to the Entitled Shareholders
Record of Depositors	:	A record consisting the name of depositors established by Bursa Depository under the Rules of Bursa Depository

DEFINITIONS (CONT'D)

Rights Issue with Warrants	:	The renounceable rights issue of 281,631,485 Rights Shares on the basis of 1 Rights Share for every 2 existing Zelan Shares held on the Entitlement Date together with 281,631,485 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed at an issue price of RM0.15 per Rights Share
Rights Share(s)	:	281,631,485 new Zelan Shares to be issued pursuant to the Rights Issue with Warrants
Rules of Bursa Depository	:	The rules of Bursa Depository including the rules in relation to the central depository as described in the SICDA
SC	:	Securities Commission Malaysia
Share Premium Reduction	:	The reduction of approximately RM122.04 million from our Company's share premium account pursuant to Sections 60 and 64 of the Act
Shareholders' Mandate	:	Mandate from our shareholders to dispose up to 56,671,000 IJM Shares for cash to buyers to be identified in the open market and/or direct business transactions.
SICDA	:	Securities Industry (Central Depositories) Act, 1991
UAE	:	United Arab Emirates
Underwriting Agreement	:	Underwriting agreement dated 13 December 2013 entered into by our Company and the Underwriter relating to the Rights Issue with Warrants
Undertaking	:	Irrevocable undertaking letter by MMC dated 13 December 2013 to subscribe in full for its Rights Shares entitlements
VWAMP	:	Volume weighted average market price
Warrant(s)	:	281,631,485 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
Zelan or Company	:	Zelan Berhad (27676-V)
Zelan Group or Group	:	Zelan and its subsidiary companies, collectively
Zelan Share(s) or Share(s)	:	Ordinary share(s) of RM0.10 each in Zelan

CURRENCIES

AED	:	United Arab Emirates Dirham
IDR	:	Indonesian Rupiah
INR	:	Indian Rupee
RM and sen	:	Ringgit Malaysia and sen, respectively
SAR	:	Saudi Riyal
USD	:	United States Dollar

FOREIGN EXCHANGE RATES*

AED/RM	:	AED1.00 : RM0.876259
IDR/RM	:	IDR1.00 : RM0.000269
SAR/RM	:	SAR1.00 : RM0.858129

(Source: Bank Negara Malaysia)

Note:

* *The foreign currency amounts stated in this Abridged Prospectus are translated into RM for illustrative purposes only based on the exchange rates as at the LPD. Such translation should not be construed as representations that the foreign currency amounts referred to could have been, or could be, converted into RM at that or any other rate at all.*

All references to "our Company" or "Zelan" in this Abridged Prospectus refer to Zelan Berhad (27676-V) and references to "our Group" or "Group" are to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" in this Abridged Prospectus are made to the Company, or where the context requires, our Group or our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being in force and as may be amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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Company No. 27676-V

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Occupation
Dato' Anwar bin Aji *(Non-Executive Chairman)*	110, Persiaran Desa Ampang 4 Taman Sri Ampang 68000 Ampang Selangor	Malaysian	Company Director
Dato' Abdullah bin Mohd Yusof *(Independent Non-Executive Director)*	28, Jalan Setiamurni 12 Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Cdr Mohd Farit bin Ibrahim RMN (Retd) *(Non-Independent Non-Executive Director)*	No. 81, Persiaran Bukit Setiawangsa Jalan 1/55C Taman Setiawangsa 54200 Kuala Lumpur	Malaysian	Company Director
Ooi Teik Huat *(Independent Non-Executive Director)*	No. 2, Lorong Aminuddin Baki Empat Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Datuk Puteh Rukiah binti Abd Majid *(Independent Non-Executive Director)*	No. 15, Jalan Pekaka 8/15E Kota Damansara 47810 Petaling Jaya Selangor	Malaysian	Company Director
Dato' Sri Che Khalib bin Mohamad Noh *(Non-Independent Non-Executive Director)*	No. 6, Jalan Kenyalang 11/6C Kota Damansara, PJU 5 47810 Petaling Jaya Selangor	Malaysian	Company Director
Dato' Mohd Nor bin Idrus *(Managing Director)*	14, Jalan Ibukota 9 Taman Ibukota, Gombak 53100 Kuala Lumpur	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ooi Teik Huat	Chairman	Independent Non-Executive Director
Dato' Abdullah bin Mohd Yusof	Member	Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY	:	Norlida binti Jamaludin (L.S. 0006467) No. 6, Jalan Kristal Seksyen 7 40000 Shah Alam Selangor Tel.: +603 9173 9173 Fax: +603 9171 8191
REGISTERED OFFICE AND PRINCIPAL 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 Website: www.zelan.com Email: corporateinfo@zelan.com
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 7849 0777 Fax: +603 7841 8151 / 8152
AUDITORS AND REPORTING ACCOUNTANTS	:	PricewaterhouseCoopers (AF1146) *Chartered Accountants* Level 10, 1 Sentral, Jalan Travers Kuala Lumpur Sentral P O Box 10192 50706 Kuala Lumpur Tel.: +603 2173 1188 Fax: +603 2173 1288
PRINCIPAL BANKERS	:	Bank Kerjasama Rakyat Malaysia Berhad Bangunan Bank Rakyat Jalan Tangsi P.O. Box 11024, 50732 Kuala Lumpur Tel.: +603 2612 9600 Fax: +603 2694 0211
	:	Bank Pembangunan Malaysia Berhad Menara Bank Pembangunan Bandar Wawasan 1016, Jalan Sultan Ismail 50250 Kuala Lumpur Tel.: +603 2611 3888 Fax: +603 2691 2514

CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKERS (CONT'D) : HSBC Bank Malaysia Berhad
Level 12, North Tower
No. 2, Leboh Ampang
50100 Kuala Lumpur
Tel.: +603 2075 6373
Fax: +603 2179 6510

: HSBC Bank Middle East Limited
Middle East Management Office
Dubai Internet City
P.O. Box 66, Dubai
United Arab Emirates
Tel.: 971 4 3904722
Fax: 971 4 3906607

: Malayan Banking Berhad
No. 59, Ground & 1st Floor
Jalan Sri Permaisuri 8
Bandar Sri Permaisuri
56000 Kuala Lumpur
Tel.: +603 9172 7612
Fax: +603 9172 7610

: OCBC Bank (Malaysia) Berhad
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Tel.: 1300 88 5000
Fax: +603 2694 4527

: PT Bank OCBC NISP Tbk., Indonesia
10th Floor, OCBC NISP Tower
Jl Prof Dr Satrio Kav 25
Jakarta 12940, Indonesia
Tel.: +6221 2553 3888
Fax: +6221 5794 4000

DUE DILIGENCE SOLICITORS : Messrs. Hisham, Sobri & Kadir
Level 20, Menara MARA
232, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel.: +603 2692 3433
Fax: +603 2694 6803

CORPORATE DIRECTORY (CONT'D)

ADVISER AND UNDERWRITER	:	AFFIN Investment Bank Berhad 27th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Tel.: +603-2142 3700 Fax: +603-2141 7701
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

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ZELAN BERHAD

(Company No. 27676-V)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:
24^{th} Floor, Wisma Zelan
No. 1, Jalan Tasik Permaisuri 2
Bandar Tun Razak, Cheras
56000 Kuala Lumpur

30 December 2013

Board of Directors:

Dato' Anwar bin Aji *(Non-Executive Chairman)*
Dato' Abdullah bin Mohd Yusof *(Independent Non-Executive Director)*
Cdr Mohd Farit bin Ibrahim RMN (Retd) *(Non-Independent Non-Executive Director)*
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)*
Dato' Mohd Nor bin Idrus *(Managing Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 281,631,485 RIGHTS SHARES ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING ZELAN SHARES HELD AS AT 5.00 P.M. ON 30 DECEMBER 2013 TOGETHER WITH 281,631,485 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED AT AN ISSUE PRICE OF RM0.15 PER RIGHTS SHARE

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1. INTRODUCTION

On 31 July 2013, AFFIN Investment had, on behalf of our Board, announced that we propose to undertake the Corporate Exercises.

On 6 September 2013, AFFIN Investment, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 5 September 2013 approved the following:

(i) admission to the Official List and listing of and quotation for 281,631,485 Warrants to be issued pursuant to the Rights Issue with Warrants;

(ii) listing of and quotation for 281,631,485 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and

(iii) listing of and quotation for 281,631,485 new Zelan Shares to be issued pursuant to the exercise of the Warrants, if any, on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:

No.	Conditions imposed	Status of compliance
1.	Zelan and AFFIN Investment must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises;	Noted.
2.	Zelan and AFFIN Investment to inform Bursa Securities upon the completion of the Corporate Exercises;	To be complied.
3.	Zelan to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Corporate Exercises;	To be complied.
4.	Zelan to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed; and	To be complied.
5.	To incorporate Bursa Securities' comments in respect of the draft circular.	Complied.

On 30 September 2013, our shareholders had approved the Corporate Exercises at our EGM. A certified true copy of the minutes of our EGM held on 30 September 2013 in relation to the resolutions duly approved by our shareholders at our EGM pertaining to the Corporate Exercises is set out in **Appendix I** of this Abridged Prospectus.

On 19 November 2013, AFFIN Investment, on behalf of our Board, announced that the sealed order of the High Court of Malaya in Kuala Lumpur confirming the Par Value Reduction and the Share Premium Reduction dated 14 November 2013 has been lodged with the Companies Commission of Malaysia on 15 November 2013. The Certificate of Lodgement of Order of High Court confirming reduction of share capital dated 15 November 2013 was received from Companies Commission of Malaysia on 19 November 2013, marking the completion of the Par Value Reduction and Share Premium Reduction effective from 15 November 2013. Following the completion of the Par Value Reduction and the Share Premium Reduction, the MoA Amendment was completed on 15 November 2013.

On 12 December 2013, AFFIN Investment had, on behalf of our Board, announced that our Board had resolved to fix the issue price for the Rights Shares at RM0.15 and the exercise price of the Warrants to be issued pursuant to the Rights Issue with Warrants at RM0.25.

On 13 December 2013, AFFIN Investment had, on behalf of our Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 30 December 2013 together with other relevant dates pertaining to the Rights Issue with Warrants.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or AFFIN Investment.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities and our shareholders at our EGM held on 30 September 2013, and subject to the terms of the Abridged Prospectus and the accompanying NPA and RSF, our Company will provisionally allot 281,631,485 Rights Shares to our Entitled Shareholders on a renounceable basis of 1 Rights Share for every 2 existing Zelan Shares held on the Entitlement Date together with 281,631,485 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed at an issue price of RM0.15 per Rights Share.

In determining the Entitled Shareholders' entitlements under the Rights Issue with Warrants, any fractional entitlements of the Rights Shares and Warrants, if any, will be disregarded and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient in the best interest of our Company.

The Warrants will immediately detach from the Rights Shares upon the allotment and issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

Any unsubscribed Rights Shares together with the Warrants will be made available to other Entitled Shareholders and/or their renouncee(s) (if applicable) under the Excess Application. It is the intention of our Board to allocate the Excess Rights Shares with Warrants, if any, in a fair and equitable manner, and on the basis as set out in **Section 10.8** of this Abridged Prospectus.

As the Rights Shares and Warrants are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

Any dealings in our securities will be subject to, *inter alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants to be allotted and issued will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

2.2 Basis of determining the issue price of the Rights Shares

On 12 December 2013, AFFIN Investment had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM0.15 after taking into consideration the following basis:

(i) various market information including the historical share price and volatility of our Shares;

(ii) the prevailing market price of our Shares;

(iii) the intended gross proceeds to be raised from the Rights Issue with Warrants;

(iv) the written irrevocable undertaking from our major shareholder to subscribe for the Rights Shares as further described in **Section 8** of this Abridged Prospectus; and

(v) the par value of our Shares.

The issue price of RM0.15 per Rights Share represents a discount of 40% to the theoretical ex-rights price of our Shares of RM0.25, calculated based on the 5-day VWAMP of our Shares of RM0.30 up to and including 11 December 2013, being the last trading day of our Shares immediately preceding the price-fixing date for the Rights Shares.

2.3 Basis of determining the exercise price of the Warrants

On 12 December 2013, AFFIN Investment had, on behalf of our Board, announced that the exercise price of the Warrants has been fixed at RM0.25 per Warrant. This represents the theoretical ex-rights price of our Shares of RM0.25, calculated based on the 5-day VWAMP of our Shares of RM0.30 up to and including 11 December 2013, being the last trading day of our Shares immediately preceding the price-fixing date for the Warrants.

The exercise price was determined after taking into consideration the following:

(i) the prevailing market conditions and the market price of our Shares preceding the price-fixing;

(ii) the tenure of the Warrants; and

(iii) the par value of our Shares.

For avoidance of doubt, the Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares.

2.4 Ranking of the Rights Shares and new Zelan Shares to be issued arising from the exercise of the Warrants

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Zelan Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares.

The new Zelan Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Zelan Shares, save and except that the new Zelan Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the said new Zelan Shares.

2.5 Salient terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue with Warrants are as follows:

Issue size	:	281,631,485 Warrants to be issued in conjunction with the Rights Issue with Warrants to the Entitled Shareholders of our Company on the basis of 1 Warrant for every 1 Rights Share subscribed.
Form and denomination	:	The Warrants, which are issued with the Rights Shares, are immediately detached upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise price	:	RM0.25 per Warrant, payable in cash in respect of each new Share for which a Warrant holder will be entitled to subscribe upon exercise of the exercise rights, or such other price as may be approved by the relevant authorities, subject to further adjustments in accordance with the provisions of the Deed Poll.
Exercise period	:	The Warrants can be exercised at any time within 5 years commencing on and including the issuance date of the Warrants. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise rights	:	Each Warrant entitles its registered holder to subscribe for 1 new Zelan Share at the exercise price at any time during the exercise period, subject to the provisions in the Deed Poll.
Mode of exercise	:	The registered Warrant holder is required to lodge a subscription form, as set out in the Deed Poll, with our Share Registrar, duly completed, signed and stamped together with payment of the exercise price via bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia.
Expiry date	:	The date immediately preceding the 5th anniversary date of the first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants comprise 100 Warrants carrying the rights to subscribe for 100 Zelan Shares at any time during the exercise period, or such other denominations as determined by Bursa Securities.
Ranking of new Zelan Shares	:	The new Zelan Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Zelan Shares except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid before the date of allotment and issuance of the new Zelan Shares.
Participating rights of Warrant holders in any distribution and/or offer of further securities	:	The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant holders become our shareholders by exercising their Warrants into new Zelan Shares.

Adjustments in the exercise price and/or the number of Warrants	:	Subject to the provisions of the Deed Poll, the exercise price and/or the number of unexercised Warrants shall be adjusted in the event of alteration to our share capital, capital distribution or issue of shares in accordance with the provisions as set out in the Deed Poll.
Modification of the rights of Warrant holders	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Rights in the event of winding up, liquidation, compromise and/or arrangement	:	If a resolution is passed for our members' voluntary winding-up or where there is a compromise or arrangement, then: (i) if such winding-up, compromise or arrangement has been approved by the Warrant holders, or some person designated by them for such purpose by special resolution, the terms of such winding-up, compromise and arrangements shall be binding on all the Warrant holders; and (ii) in any other case, every Warrant holder shall be entitled within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of court order approving the compromise or arrangement, to elect to be treated as if the Warrant holder had exercised the exercise rights immediately prior to the commencement of such winding-up, compromise or arrangement. All exercise rights which have not been exercised within 6 weeks of the passing of such resolution or granting of the court order, shall lapse and the Warrants shall cease to be valid for any purpose. If our Company is wound up (other than by way of a members' voluntary winding-up), all exercise rights which have not been exercised prior to the date of the winding-up order shall cease to be valid for any purpose.
Governing law	:	The Warrants and the Deed Poll shall be governed by and construed in accordance with the laws and regulations of Malaysia.

2.6 Details of other corporate exercises

As at the LPD, our Board confirms that, save for the Rights Issue with Warrants and the Shareholders' Mandate, there are no other outstanding corporate proposal announced by our Company, but not yet completed.

3. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration of all funding options available to our Company, our Board is of the opinion that the Rights Issue with Warrants is the most appropriate avenue of fund raising after taking into consideration the following factors:

(i) to enable our Company to raise funds via equity capital without incurring interest cost as compared to bank borrowings;

(ii) to provide our shareholders with an opportunity to further increase their equity participation in our Company via the issuance of the Rights Shares without diluting the existing shareholders' shareholdings percentage, assuming that all of our Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants and ultimately, participate in the prospects and future growth of our Group;

(iii) to allow our Group to recapitalise our shareholders' equity base by raising funds to pare down our bank borrowings and to fund our working capital requirements, if necessary;

(iv) to improve the liquidity of our Shares and the financial flexibility of our Company, as well as optimise our capital structure by strengthening our financial position and reduce our gearing level; and

(v) the Warrants are intended to be an incentive to our shareholders to subscribe for the Rights Shares as well as to provide an option to further participate in the equity of our Company upon exercising the Warrants at a pre-determined price over the tenure of the Warrants. In addition, proceeds arising from the exercise of the Warrants in the future, if any, will provide an additional source of funds to our Group to be utilised as working capital.

4. UTILISATION OF PROCEEDS

The Rights Issue with Warrants is expected to raise an estimated gross proceeds of approximately RM42.245 million based on the issue price of RM0.15 per Rights Share. The gross proceeds are expected to be utilised in the following manner:

Details of utilisation	**Estimated timeframe for the utilisation of proceeds from the completion of the Rights Issue with Warrants**	**RM**
		'000
Repayment of bank borrowings[(1)]	Within 12 months	40,619
Defray estimated expenses in relation to the Rights Issue with Warrants[(2)]	Within 6 months	1,626
Total		**42,245**

Notes:

*(1) As at the LPD, the total borrowings of our Group are approximately RM156.79 million. The amount of our outstanding banking facilities repayable to HSBC Bank Middle East Limited, United Arab Emirates ("**HSBC Middle East**") is approximately AED71.76 million (equivalent to approximately RM62.88 million). The proposed repayment of the said banking facilities of approximately RM40.619 million to HSBC Middle East will not result in interest savings as it is our intention to adhere to the loan repayment schedule due on 31 January 2014 and 31 March 2014 respectively.*

(2) The estimated expenses for the Rights Issue with Warrants consist of professional fees, underwriting fees, fees payable to the relevant authorities and other miscellaneous expenses.

The breakdown of the estimated expenses in relation to the Rights Issue with Warrants are set out below:

	RM
	'000
Professional fees (including fees for principal adviser, underwriter, reporting accountants and solicitors)	*1,458*
Regulatory fees	*64*
Miscellaneous expenses (including printing, postage and advertising costs)	*104*
Total	***1,626***

The balance arising from any variation in the actual amount of proceeds to be utilised for the repayment of bank borrowings and the estimated expenses in relation to the Rights Issue with Warrants will be adjusted and allocated to the working capital requirements of our Group accordingly.

The amount of proceeds arising from any exercise of the Warrants in the future is dependent on the total number of Warrants exercised during the tenure of the Warrants. Based on the exercise price of RM0.25 per Warrant, the total proceeds expected to be raised from the full exercise of Warrants is approximately RM70.40 million. Such proceeds will be utilised for the working capital requirements and/or repayment of bank borrowings of our Group.

5. RISK FACTORS

You and/or your renouncee(s) (if applicable) should carefully consider the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Rights Issue with Warrants.

5.1 Risks relating to our operations and the industry we operate in

5.1.1 Business and operational risks

Our Group is principally involved in the construction of power plants and buildings, property and development, civil engineering, acting as building turnkey contractor and piling and civil engineering contractors, civil technical design and construction of civil and building works and management of properties. Hence, we are exposed to certain risks inherent in the construction sector. These include, but are not limited to, shortages of manpower such as skilled engineers and technicians, increase in labour cost, increase in material cost, competition from other contractors and deterioration in general economic and business conditions.

There can be no assurance that any changes in these factors would not have any material adverse impact on our business operations and profitability. However, our management will continue to seek to mitigate such risks through, *inter alia*, adopting the appropriate measures to minimise the impact of such risks on the profitability of our Group.

In addition, our order books comprise mainly public private partnership projects and construction contracts secured from the Malaysian Government and the private sector through open tenders and/or direct negotiations. While there can be no assurance on our future success in securing more contracts from the Malaysian Government and/or private sector, we will continue to identify potential new construction projects and focus on submitting competitive bids to enhance our success in securing new projects.

5.1.2 Delay in the completion of projects

Timely completion of construction projects is dependent on many external factors, some of which may be beyond the control of our Group such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials, favourable credit terms and satisfactory performance of our sub-contractors who are appointed to complete the construction or development projects. Any failure or delay in completing the projects may expose our Group to additional costs and potential claims which may impact our profitability.

As the delays in completion of projects will affect our Group's profitability and reputation, we endeavour to ensure that the progress of the projects is closely monitored and reviewed on a timely basis to address any potential hindrance to the delivery or completion of our projects. In addition, we seek to mitigate these risks through, amongst others, efficient project management and monitoring, strategic alliance with our business partners, good working relationship with reliable sub-contractors and suppliers as well as effective human resource planning. However, there can be no assurance that these factors will not lead to any delay in completion of projects, which may have a material and adverse impact on our Group's business and profitability.

5.1.3 Our revenue and profit recognition is subject to the timely completion of our projects as stipulated in the construction contracts

As our Group's revenue is principally derived from construction contracts, we recognise contract revenue based on a percentage of completion method. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period for our financial statements as a percentage of total estimated costs for each contract.

Significant judgment is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts including the foreseeable losses, potential claims (variation orders) to owners of the project and counter claims from sub-contractors and liquidated ascertained damages based on expected completion dates of the contracts to ascertain the recognition of our revenue and profits.

In addition, any delay in obtaining the necessary approvals and/or failure by our sub-contractors to complete their work based on an agreed time schedule and to the specification required may also affect our operations.

Any disruptions, delays and/or variations to the abovementioned factors could adversely affect our revenue and profits. However, we will seek to mitigate such risk through, amongst others, close monitoring of the progress of our construction projects and endeavour to promptly rectify any setbacks as well as continue to implement effective cash flow management to sustain our operations.

5.1.4 Political, economic and regulatory considerations

Similar to other industries, adverse changes to the political, economic and regulatory conditions in Malaysia and elsewhere could materially affect the financial and business prospects of our Group. The political, economic and regulatory uncertainties that may affect our Group are, amongst others, changes in government policies, changes in interest rates, inflation, method of taxation, introduction of new regulations, nullification of our existing contracts, global economic downturn/crisis and changes in political leadership. There can be no assurance that any changes to these factors will not have a material adverse effect on our Group's business.

Our Group seeks to minimise the effect of these risks by keeping ourselves abreast with current political, economic and regulatory conditions, and optimally adapting our business operations in response to any changes in the aforesaid conditions.

5.1.5 Borrowings or fluctuation in interest rates

Currently, our borrowings are from local and foreign financial institutions resulting in our Group being exposed to fluctuations in the domestic interest rate and the interest rate of the domicile country where the foreign financial institution operates. As at the LPD, our total outstanding borrowings amounted to approximately RM156.79 million, of which approximately AED71.76 million (equivalent to approximately RM62.88 million) was obtained from a foreign financial institution while the remaining RM93.91 million was obtained from various local financial institutions.

Our Group presently enjoys good credit standing with our bankers and has adequate credit facilities. However, any change in the monetary policy adopted or introduced by the government may affect our financing cost. With prudent management, we aim to maintain our gearing position at a manageable level.

Any increase in interest rates may also increase our borrowing costs and affect our Group's profits. Hence, we will continue to monitor the interest rate movement closely and adopt cost effective financing options, as we deem appropriate. Notwithstanding this, there can be no assurance that any adverse fluctuations in interest rates will not have a material effect on our financial position.

5.1.6 Foreign exchange risk

In view that we have a foreign currency loan extended by a foreign financial institution, particularly denominated in AED, this results in our Group being exposed to fluctuations in the AED exchange rates. Any appreciation in AED against RM or any adverse fluctuations in RM exchange rates may result in an increase in RM amount payable for the repayment of the foreign currency loan.

However, we will continue our efforts to mitigate this foreign exchange risk by actively monitoring the fluctuations in the AED exchange rates in order to minimise the impact of the adverse fluctuations in RM exchange rates to our Group which may include hedging the relevant foreign currency. Notwithstanding this, there can be no assurance that any adverse fluctuations in RM exchange rates will not have a material effect on our financial performance.

Under our power plant construction project in Indonesia, we have payment obligation to our sub-contractors in Indonesia denominated in USD and IDR. We intend to use the remaining contractual retention sum payable in USD and IDR by the project owner to pay our sub-contractors. Any appreciation in IDR against USD or any adverse fluctuations in USD may result in an increase in the amount payable to our sub-contractors denominated in IDR.

However, we will mitigate this foreign exchange risk by actively monitoring the fluctuations in the IDR exchange rates in order to minimise the impact of the adverse fluctuations in USD exchange rates to our Group which may include hedging the relevant foreign currency. Notwithstanding this, there can be no assurance that any adverse fluctuations in USD exchange rates will not have a material effect on our financial performance.

5.1.7 Non-renewal of or failure to obtain licences, permits and certificates

Our Group has obtained all requisite licences, permits and certificates for our current business operations. However, some of these licences, permits and certificates (i.e. construction licences) are subject to periodic review and renewal by the relevant government authorities. In addition, the standard of compliance required may from time to time be subjected to changes. Non-renewal of our Group's licences, permits, certificates and/or changes imposed on the terms and conditions of licensing may have a material adverse impact on our business operations, hence affecting our financial position.

Our Group may also need to apply from time to time for new licences, permits or certificates for the construction of our new projects. Failure to obtain such licences, permits and certificates may cause disruption or delay in relation to such new projects.

Any non-renewal of or failure to obtain licences, permits and certificates may have an adverse effect on our operations and reputation as we may lose certain customers and our track record may be tarnished.

Although our Group has not experienced any difficulty in obtaining and maintaining the requisite licences and permits in the past and does not foresee any potential issues arising from the renewal of our existing permits and licences, there is no assurance that the existing licences and permits will be renewed, or renewed within the anticipated timeframe, or that any new licences required by our Group will be obtained or obtained in a timely manner.

5.1.8 Project risks

Due to the nature and complexity of the projects that our Group undertakes, our business is subject to project risks. Any underperformance in project execution will adversely impact our Group's financial performance, reputation and future prospects.

Failure to complete the contractual work within the stipulated schedule could potentially lead to liquidated damages for delays or compensation to our customers, which may in turn, adversely affect our profits and reputation.

In the month of November 2012, there was a dispute with Meena, when Meena issued a notice to terminate the contract for the Meena Plaza Project with Zelan Holdings (M) Sdn Bhd, Abu Dhabi Branch ("**Abu Dhabi Branch**") and to call the performance bond of AED92,530,000 (equivalent to approximately RM81.08 million) provided by the Abu Dhabi Branch. Meena's termination was primarily based on the ground that the Abu Dhabi Branch had persistently failed and neglected to deploy adequate manpower at the construction site and failed to proceed with the works in accordance with the timeline as well as failed to mitigate its delays.

In response, the Abu Dhabi Branch had challenged the purported termination and the call on the performance bond as the said actions were in breach of the provisions as set out in the contract and contrary to the laws in UAE. The Abu Dhabi Branch had subsequently issued notices of its intention to commence arbitration on several disputes with Meena in relation to the Meena Plaza Project in accordance with the provisions of the contract.

Notwithstanding the above, we have continued to engage in negotiations with Meena and we are in the midst of reaching a mutual settlement with Meena to return as the main contractor for the Meena Plaza Project. Barring any unforeseen circumstances, we intend to reach a mutual settlement with Meena and sign a supplemental agreement for the recommencement of work as soon as practicable. As at the LPD, the terms of the supplemental agreement have not been finalised yet.

Following the above, we will continuously conduct appropriate studies on the nature and complexity of implementation of the contractual work, especially for those projects outside Malaysia, in order to avoid project delay or project cost overruns.

In addition, some of the projects and contracts undertaken by our Group require our engagement of specialist sub-contractors. Any delay, non-performance or inadequacy of these parties could adversely affect our Group's financial performance and reputation. We seek to mitigate these risks by engaging only reputable and/or experienced sub-contractors, closely monitoring the performance of these parties and carrying out detailed evaluation prior to their engagement.

Although we maintain a commendable track record of timely project completion with quality and best practices with regard to our services, there can be no assurance that failures would not occur and affect our Group's financial performance and reputation.

5.1.9 Legal and other proceedings arising from our business operation from time to time

We may be involved from time to time in disputes with various parties involved in the construction projects such as the project owners, sub-contractors, suppliers and other partners. These disputes may lead to legal and other proceedings, and may cause us to suffer additional costs and delay in the construction or completion of our projects.

Please refer to **Section 4, Appendix VII** of this Abridged Prospectus for further information in relation to the material litigation of our Group.

While we have undertaken measures such as conducting appropriate studies on the nature and complexity of implementation of the contractual work in order to avoid project delay or project cost overruns, there can be no assurance that this would not lead to any legal or other proceedings that could adversely affect the operations and profitability of our Group.

5.1.10 Defects liability

Construction contracts commonly stipulate a defect liability period for work done, which ranges from 12 months to 24 months (where applicable) from the date of official hand over of the completed projects, depending on the nature of the contract. This would result in the contractor being liable for work carried out and for any repair, reconstruction or rectification of any faults or defects which may surface or be identified during the defects liability period.

Our Board believes that with the experience and expertise of our Group, and by working closely with our customers to ensure the works specifications are met, the defects of works shall be reduced to a minimum level. However, there is no assurance that the cost for any repairs, reconstruction or rectification works during the defects liability period will not have a material impact on our Group's financial performance.

5.1.11 Contractual retention

It is the general practice for our customers to withhold part of the contract sum as retention monies during the defects liability period of the contract. In the event the retention monies are not recoverable, such outstanding retention amounts could develop into bad debts for our Company.

However, the Board is confident that the retention monies outstanding as at the LPD are recoverable as we have work closely with our customers to ensure works specifications are met in order to ensure that the defects of works are reduced to a minimum level.

5.1.12 Competition from existing competitors and new entrants

Our Group operates in a competitive market with a large number of players which include various public listed and non-listed companies. The barriers of entry into the construction of infrastructure projects may be relatively low. Intense competition may result in highly competitive pricing in order to secure a project, which may consequently affect the profitability of our Group.

However, our Group's main focus is to undertake larger-size projects which require substantial working capital, financial resources, specialised knowledge and technical skills as well as advanced project management expertise wherein competition is, to certain degree, less intense due to the required attributes to compete and succeed in this segment.

As our Group is classified as a Class "A" contractor by Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development and as a Class G7 contractor by the Construction Industry Development Board, our Group is qualified to tender for the Malaysian Government's and private sector projects of any size and amount, which indirectly improves the competitiveness of our Group.

With our experienced and knowledgeable personnel, our Board believes that our Group has the necessary attributes to further excel in the construction sectors for infrastructure projects. However, no assurance can be given that our Group will be able to compete effectively with the current and new entrants into the construction sectors in the future.

5.1.13 Related party transactions

There are certain projects that we secured from our major shareholder, MMC, and its ultimate major shareholder. While we have obtained the necessary shareholders' approvals, our Group has also taken steps to resolve any conflict of interest that may arise from these related party transactions as assessed, approved and monitored by our Audit Committee comprising independent directors to ensure that the related party transactions are undertaken at arm's length and on normal business terms consistent with our usual business practices and policies.

The Act and other relevant regulations provide certain protection to shareholders including but not limited to mandatory shareholders' approvals for all related party transactions and the abstentions from voting by the shareholders who have an interest in the transactions.

5.1.14 Dependence on our key personnel and continuity of management

Our Group's continuing success will depend, to a significant extent, on the experience, knowledge, abilities, competency and continued efforts of our existing Directors and key management personnel, some of whom have accumulated their expertise over the years in the construction and construction related industries. Our Directors and key management personnel have been instrumental in the growth of our Group and are critical in maintaining the quality of our services and the relationships with our customers. Therefore, the resignation of any of these Directors or key management personnel without suitable and timely replacements may adversely affect our Group's operations.

We recognise the importance of our Group's ability to retain the existing Directors and key management personnel as well as attracting new skilled personnel and have in place, the various human resource strategies, which include, amongst others, competitive compensation packages and provision of extensive training to develop and enhance our employees' knowledge and capabilities as well as personal development programmes.

However, in spite of the abovementioned measures, there can be no assurance that we will be successful in retaining our existing Directors and key management personnel or that there will be a smooth transition should changes occur, which may have a material adverse effect on our Group.

5.2 Risks relating to the Rights Issue with Warrants

5.2.1 Delay in or abortion of the implementation of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk of being delayed or aborted should any of the following events occur:

(i) events or circumstances which are beyond the control of our Company and/or the Underwriter arising prior to the implementation of the Rights Issue with Warrants;

(ii) as stated in **Section 8** of this Abridged Prospectus, we have obtained from our major shareholder, MMC, an Undertaking to subscribe in full for its Rights Shares entitlement. While MMC has confirmed that it has sufficient financial resources to subscribe for the number of Rights Shares stated in its Undertaking, the successful and timely implementation of the Rights Issue with Warrants may be affected in the event MMC does not fulfill its obligation as stated in the Undertaking for whatever reason; and

(iii) the Underwriter exercises its rights provided under the Underwriting Agreement to discharge itself from its obligations therein in relation to the Rights Issue with Warrants.

In the event of a failure in implementing the Rights Issue with Warrants, our Company will return in full all monies received in respect of any application for the subscription of the Rights Shares with Warrants.

5.2.2 Market price of the Rights Shares

The issue price of RM0.15 per Rights Share was determined and announced on 12 December 2013, based on a discount that is deemed appropriate after taking into consideration the theoretical ex-rights price of our Shares based on the 5-day VWAMP immediately prior to the price-fixing date.

However, the market price of our Shares traded on Bursa Securities is dependent on or influenced by, amongst others, the prevailing stock market sentiments, the volatility of the stock market, our future profitability and the outlook of the industry we operate in. There is no assurance that the market price for the Rights Shares, upon or subsequent to the listing and quotation, will be higher than the issue price of RM0.15 per Rights Share.

5.3 Forward-looking statements

Certain statements made in this Abridged Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not achieve.

Whether such statements ultimately prove to be accurate depends upon various factors that may affect our business and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievement to differ materially from the future results, performance or achievements, expressed or implied, by such prospective statements.

Although we believe that expectations reflected in such future statements are reasonable at this point in time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. In light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company or our adviser that the plans and objectives of our Group will be achieved.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

For the FYE 31 March 2013, our Group's operations were based on construction and engineering contracts undertaken in Malaysia, Indonesia and UAE. Notwithstanding this, we intend to focus on the construction and engineering contracts secured in Malaysia going forward. As such, presented below are the overview of the Malaysian economy and the outlook of the construction industry in Malaysia.

6.1 Overview of the Malaysian Economy

The Malaysian economy remains resilient despite facing a more challenging external environment. While advanced economies, particularly the US and Japan showed firmer signs of recovery, new challenges have emerged during the first half of 2013. The uncertainties over the strength of China's economic growth and the possible tapering of the quantitative easing ("**QE**") programme in the US have given rise to greater global economic and financial uncertainties. Emerging economies were particularly affected over concerns whether China's economic strength was able to support intra-regional trade and commodity prices. Emerging markets were also hard hit by the US Federal Reserve's ("**Fed**") announcement of QE3 tapering which created increased financial and currency volatility as a result of reversal in global capital flows.

Against this backdrop, Malaysia being a highly open economy was also affected, with gross exports recording a negative growth of 3.8% during the first half of 2013. Nevertheless, strong domestic demand was able to cushion the negative impact from the external sector. The economy registered real GDP growth of 4.2% during the period. However, during the third quarter of 2013, key economic indicators signalled to better near-term prospects and firmer growth in the US, euro zone and Japan. Meanwhile, fears of China experiencing a sharp downturn has somewhat faded as the Purchasing Managers' Index ("**PMI**") in August 2013 rose to a five-month high. The prospects of stronger recovery in advanced economies coupled with a moderate, but steady GDP growth in China, are expected to create a positive outlook for Malaysia's exports. While the impact of the Fed tapering its QE remains a lingering concern, the Malaysian real GDP is expected to register a growth of 4.5% - 5% in 2013 (2012: 5.6%) supported by its resilient domestic economy and improving exports during the second half of 2013.

On the demand side, growth will be anchored by resilient private consumption, strong investment activity and reinforced by a gradually improving external sector. The continued strong domestic economic activity is underpinned by a more diversified and balanced economy, a stronger financial system and pragmatic macroeconomic policies. Private investment is envisaged to sustain its growth momentum supported by capital spending in all major sectors, particularly in domestic-oriented manufacturing and consumer related services subsectors. Public investment is expected to increase, attributed to capital spending by Non-Financial Public Enterprises ("**NFPEs**"), particularly in the oil and gas ("**O&G**") and utilities sectors. Meanwhile, private consumption will be supported by stable employment conditions, higher wage growth, especially in the domestic-oriented sectors and cash transfers to targeted households. Public consumption is expected to increase following the civil servants' recently salary increment in July 2013.

On the supply side, growth is expected to be supported by expansion in all economic sectors. In tandem with strong domestic demand, the services and manufacturing sectors are expected to drive growth. Strong domestic consumption is expected to boost growth in the services sector, especially in wholesale and retail trade, accommodation and restaurants as well as strong expansion in the telecommunication, finance and business services subsectors. Growth in the construction sector will continue to expand, supported by higher activity in the residential segment and key public infrastructure projects during the second half of 2013. The manufacturing sector will be largely supported by strong expansion in domestic-oriented industries. The electrical and electronics (E&E) subsector is expected to stage a mild recovery in the later part of 2013 following the anticipated stronger recovery of advanced economies and continued efforts by E&E manufacturers to diversify their product range to cater to various consumer preferences. In the non-E&E segment, growth will be supported by construction and consumer-related industries, in particular the automotive subsector. Meanwhile, the agriculture sector is expected to expand further, reflecting higher output of crude palm oil ("**CPO**") and food commodities. Given the strong investments in the upstream O&G sector in the past years, output of the mining sector is envisaged to expand supported by higher production of crude oil and natural gas.

Malaysia's external position is expected to remain resilient despite affected by the weak external demand during the first half of 2013. As a trading nation, Malaysia's current account is highly dependent on exports of goods and commodities. Given the weaker external demand and lower commodity prices amid the strong expansion in private consumption and investment, growth of imports will continue to outpace exports, resulting in a smaller trade surplus. Meanwhile, the primary and secondary income as well as services accounts are expected to remain in deficit. Hence, the current account surplus in 2013 is expected to narrow to RM26.6 billion or 2.8% of Gross National Income ("**GNI**"). In the financial account, inflows of foreign direct investment ("**FDI**") are expected to increase, encouraged by renewed investors' confidence on the Malaysian economy after the 13th General Election and better prospects of the global economy during the second half of the year. However, short-term capital inflows are likely to be volatile amid concerns on the tapering of QE3 by the Fed.

Headline inflation is expected to increase and average 2% - 2.5% in 2013 (2012: 1.6%). The higher inflation is mainly driven by the 20 sen subsidy reduction in domestic fuel prices on 3 September 2013. Inflation is, however, expected to be mitigated by moderating energy and global food prices. The report by the Food and Agriculture Organisation ("**FAO**") in June 2013 indicated that the food commodity market is set to be more balanced in 2013 and 2014. In particular, cereals such as rice and wheat are likely to experience more stable conditions with generally lower prices. Demand-driven price pressures in the domestic market are expected to remain subdued as higher productivity and lower producer prices are expected to cushion some demand pressure arising from higher wages. In tandem with the expansion in economic activities, the GNI is estimated to expand 5.5% to RM955.1 billion with per capital income increasing 4.2% to RM32,144 (2012: 4.9%; RM905.2 billion; 3.6%; RM30,856).

(Source: Economic Report 2013/2014 - Economic Performance and Prospects, Ministry of Finance, Malaysia)

6.2 Outlook of the Construction Industry in Malaysia

Value-added of the construction sector grew 12% (January - June 2012: 18.5%) attributed to ongoing civil engineering and residential activities. The total value of construction work during the first half of 2013 rose 13.8% to RM43.3 billion (January - June 2012: 24.6%; RM38.1 billion) with the highest share contributed by civil engineering at 36.1%, followed by the non-residential (31.9%) and residential (27.5%) subsectors. The overall performance of the sector is expected to moderate to 10.6% in 2013 (2012: 18.1%) following the completion of some of the high-impact public infrastructure projects.

The civil engineering subsector expanded 21.5% (January - June 2012: 27.5%) bolstered by the ongoing implementation of infrastructure projects and corridor development. These include Besraya Eastern Extension, Seremban - Gemas - Johor electrified double-tracking project and extension of Kelana Jaya and Ampang light rail transit ("**LRT**") lines as well as Express Rail Link ("**ERL**") from KLIA to KLIA2. The subsector was also driven by the Economic Transformation Programme ("**ETP**") projects, namely Tanjung Bin and Manjung coal-power plants, as well as Kimanis and Lahad Datu power plants. However, for 2013, the subsector is expected to moderate due to the near completion of some major infrastructure projects, namely the Second Penang Bridge, Manjung coal-power plant and Ipoh - Padang Besar electrified double-tracking project. However, key projects including SOGT and Sabah - Sarawak Gas Pipeline ("**SSGP**") projects, the first phase of Sungai Buloh - Kajang MRT line works, extension of the LRT lines and Keretapi Tanah Melayu Berhad ("**KTMB**") Komuter line Subang Jaya - Sungai Buloh (Phase 1) are expected to support growth of the subsector in 2013.

(Source: Economic Report 2013/2014 - Economic Performance and Prospects, Ministry of Finance, Malaysia)

6.3 Prospects of our Group

Our Group is principally involved in the construction of power plants and buildings, property and development, civil engineering, acting as building turnkey contractor and piling and civil engineering contractors, civil technical design and construction of civil and building works and management of properties.

Based on our Group's audited consolidated financial statements for the FYE 31 March 2013 and the unaudited consolidated financial statements for the 6-month FPE 30 September 2013, the segmental revenue contributions to our Group are as follows:

Business segments	Revenue contribution for the FYE 31 March 2013	%	Revenue contribution for the 6-month FPE 30 September 2013	%
	RM'000		RM'000	
Engineering and construction	118,559	92.62	115,822	94.69
Property and development	776	0.61	416	0.34
Investment and others	8,676	6.77	6,079	4.97
Total Revenue	**128,011**	**100.00**	**122,317**	**100.00**

Based on the audited consolidated financial statements of our Group for the FYE 31 March 2013, the geographical revenue contributions to our Group are as follows:

Countries	Revenue contribution	%
	RM'000	
Malaysia	72,456	48.33
Indonesia	*(21,915)	-
UAE	77,470	51.67
Total Revenue	**128,011**	**100.00**

Note:

* *The negative revenue recorded was mainly due to the provision made on the deductions of works and variations/deviations of the contract value amounting to approximately RM27.50 million for our Group's project in Indonesia. We do not foresee any further losses arising from this project in Indonesia as it has been handed over to the project owner in December 2012.*

For the FYE 31 March 2013, more than 50% of our revenue were derived from UAE which was attributable to the Meena Plaza Project. However, there is an ongoing dispute with the owner of the Meena Plaza Project, details of which are highlighted in **Section 5.1.7** and **Section 4(v) of Appendix VII** of this Abridged Prospectus.

Presently, it is our intention to focus on implementing our existing projects and to secure new projects in Malaysia going forward as we are of the view that we are able to better manage and closely monitor the implementation of the construction work for timely completion and also to prevent project costs overruns. Our Group has secured several new projects in Malaysia, which could be divided into 2 categories:

(i) Public private partnership projects; and

(ii) Construction projects.

As at the LPD, our Group has secured the following projects:

No.	Project Owner	Details	Concession revenue	Status
			RM'million	
Public private partnership projects				
1.	The Malaysian Government and International Islamic University Malaysia ("IIUM")	Concession for the development and management of the Centre for Foundation Studies (Phase 3), IIUM, Gambang Campus, Pahang Darul Makmur.	1,476.80	• The construction work commenced on 16 January 2013. The contractual completion date for the construction works will be on 15 January 2016. • The concession of 23 years consists of 3 years for construction works and subsequently 20 years for asset management services.
2.	The Malaysian Government	Concession for the development of an Integrated Transport Terminal in Gombak, Selangor Darul Ehsan.	1,008.03	We are currently in the midst of fulfilling the conditions precedent of the concession agreement by 13 March 2014.
		Total	**2,484.83**	

No.	Employer	Details	Contract value	Status
Construction projects			RM'million	
1.	Northern Gateway Infrastructure Sdn Bhd	Construction of an integrated immigration, custom, quarantine and security complex at Bukit Kayu Hitam, Kedah Darul Aman.	310.00	We have yet to receive the "Notice to Proceed" to be issued by the employer in order to commence the construction works. Hence, the expected completion date has not been determined.
2.	Pelabuhan Tanjung Pelepas Sdn Bhd	Construction, completion and maintenance of wharf structures for Berths 13 & 14 and back of wharf works at Pelabuhan Tanjung Pelepas, Johor Darul Takzim.	179.33	• The construction work for Berth 13 has been completed on 15 December 2013. • The construction work for Berth 14 is 49.41% completed and it is expected to be completed on 11 April 2014.

No.	Employer	Details	Contract value	Status
Construction projects (Cont'd)			**RM'million**	
3.	Mudajaya	Engineering design and construction works for the cooling water intake, cooling water filtration and pump station and offshore water discharge culverts for the development of the Tanjung Bin 1 x 1,000 MW Coal Fired Power Plant Project, Johor Darul Takzim.	215.25	• The construction works are ongoing and the project is 39.60% completed. • The expected completion date will be on 17 November 2014.
4.	Mudajaya	Design and build of chimney for the development of the Tanjung Bin 1 x 1,000 MW Coal Fired Power Plant Project, Johor Darul Takzim.	34.77	• The construction works are ongoing and the project is 65.50% completed. • The expected completion date will be on 14 May 2014.
5.	Konsesi Pusat Asasi Gambang Sdn Bhd for the Malaysian Government and IIUM	Construction of the Centre for Foundation Studies (Phase 3), International Islamic University Malaysia, Gambang Campus, Pahang.	391.65	• The construction works are ongoing and the project is 13.73% completed. • The contractual completion date will be on 15 January 2016.
6.	Terminal Bersepadu Gombak Sdn Bhd for the Malaysian Government	Construction of an Integrated Transport Terminal in Gombak, Selangor Darul Ehsan.	307.37	We are waiting for the fulfillment of the conditions precedent of the concession agreement by 13 March 2014.
		Total	**1,438.37**	

Our Board is confident about the future prospects of our Group in view of the following:

(i) the Rights Issue with Warrants would serve to rationalise and strengthen our financial position as well as reduce our level of gearing which would enable us to have the financial flexibility to implement our projects secured in Malaysia; and

(ii) our intended focus of being a specialist in civil engineering and building turnkey contractor as well as our expertise accumulated over the years in the construction of power plants would enable us to have a stronger footing in pursuing similar construction projects and public private partnership projects in view of the ongoing ETP projects in Malaysia.

Premised on the above and our ongoing efforts to implement the abovementioned projects in Malaysia, the future prospects of our Group in terms of financial performance are expected to be favourable moving forward.

(Source: Management of Zelan)

7. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

The effects of the Rights Issue with Warrants on the issued and paid-up share capital, NA and gearing and earnings and EPS of our Company are as follows:

7.1 Issued and paid-up share capital

The proforma effect of the Rights Issue with Warrants on our issued and paid-up share capital are as follows:

	Par value	No. of Zelan Shares	RM
	RM		
Issued and paid-up share capital before the Par Value Reduction	0.50	563,262,970	281,631,485
Cancelled pursuant to the Par Value Reduction	(0.40)	-	(225,305,188)
Issued and paid-up share capital after the Par Value Reduction and as at the LPD	**0.10**	**563,262,970**	**56,326,297**
To be issued pursuant to the Rights Issue with Warrants	0.10	281,631,485	28,163,148
Issued and paid-up share capital after the Rights Issue with Warrants	**0.10**	**844,894,455**	**84,489,445**
To be issued assuming full exercise of the Warrants	0.10	281,631,485	28,163,148
Enlarged issued and paid-up share capital	**0.10**	**1,126,525,940**	**112,652,593**

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7.2 NA and gearing

For illustration purposes, based on our audited consolidated statement of financial position as at 31 March 2013, the proforma effects of the Rights Issue with Warrants on the NA and gearing of our Group after taking into consideration the completion of the Previous Disposals, Disposal of IJM Shares, Par Value Reduction and Share Premium Reduction, are as follows:

Group Level	Audited as at 31 March 2013	(I) After the Previous Disposals	(II) After (I) and the Disposal of IJM Shares	(III) After (II) and the Par Value Reduction	(IV) After (III) and the Share Premium Reduction	(V) After (IV) and the Rights Issue with Warrants	(VI) After (V) and assuming full exercise of the Warrants
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Share capital	281,632	281,632	281,632	56,326	56,326	[g]84,489	[j]112,652
Share premium	124,396	124,396	124,396	124,396	2,356	2,356	[j]58,682
Foreign exchange reserve	2,705	2,705	2,705	2,705	2,705	2,705	2,705
Fair value reserve	86,584	74,009	6,739	6,739	6,739	6,739	6,739
Capital reserve	35,457	35,457	35,457	35,457	35,457	35,457	35,457
General reserve	4,254	4,254	4,254	4,254	4,254	4,254	4,254
(Accumulated losses)/retained earnings	(392,549)	[a](379,324)	[c](308,858)	[e](83,552)	[f]38,488	[h]36,862	36,862
Warrants reserve	-	-	-	-	-	[g]14,082	-
Equity attributable to equity holders/NA	**142,479**	**143,129**	**146,325**	**146,325**	**146,325**	**186,944**	**257,351**
Par value (RM)	0.50	0.50	0.50	0.10	0.10	0.10	0.10
No. of shares in issue ('000)	563,263	563,263	563,263	563,263	563,263	844,894	1,126,525
NA per share (RM)*	0.25	0.25	0.26	0.26	0.26	0.22	0.23
Total interest-bearing borrowings (RM '000)	389,906	[b]338,301	[d]74,884	74,884	74,884	[i]34,265	[k]15,477
Gearing ratio (times)^	2.74	2.36	0.51	0.51	0.51	0.18	0.06

Notes:

(a) *After taking into consideration the net gain on disposal arising from the Previous Disposals of approximately RM13.225 million, after netting off the additional fair value loss on derivative financial liability.*

(b) *The proceeds arising from the Previous Disposals of approximately RM54.097 million have been used to repay the outstanding bank borrowings of RM51.605 million and the derivative financial liability incidental to the repayment of bank borrowings of approximately RM2.492 million of our Group.*

(c) *After taking into consideration the net gain on disposal arising from the Disposal of IJM Shares of approximately RM70.466 million, after netting off the additional fair value loss on derivative financial liability.*

(d) *The proceeds arising from the Disposal of IJM Shares of approximately RM297.41 million have been used to repay bank borrowings of approximately RM263.42 million and the derivative financial liability incidental to the repayment of bank borrowings of approximately RM33.99 million of our Group.*

(e) *The Par Value Reduction will give rise to a credit of approximately RM225.306 million which was utilised to partially offset the accumulated losses at our Company level as at 31 March 2013.*

(f) *The Share Premium Reduction involves the reduction of our Company's share premium account of approximately RM122.04 million to offset the remaining accumulated losses at our Company level as at 31 March 2013.*

(g) *Based on the issue price of the Rights Shares of RM0.15 per Rights Share, the issue price of RM0.15 per Rights Share is allocated on a pro-rata basis (rounded to 2 decimal points for allocation purposes), to the ordinary shares of Zelan and Warrants using the fair values of the Zelan Shares and Warrants as at the LPD of RM0.305 per Zelan Share and RM0.14 per Warrant (based on the Trinomial Model Calculation as at the LPD) respectively, where RM0.10 will be accounted to the share capital account while the remaining RM0.05 will be accounted to the warrants reserve account.*

(h) *After taking into consideration the estimated expenses of approximately RM1.626 million in relation to the Corporate Exercises which consist of professional fees, underwriting fees, fees payable to the relevant authorities and other miscellaneous expenses.*

(i) *Assuming RM40.619 million of the proceeds arising from the Rights Issue with Warrants are used to repay borrowings of our Group.*

(j) *After taking into consideration the following:*

(i) *the exercise price of the Warrants is RM0.25 per Warrant, RM0.10, being the par value of Zelan Shares will be accounted to the share capital account while the remaining RM0.15 will be accounted to the share premium account; and*

(ii) *reclassification of the warrants reserve to the share premium account upon the full exercise of the Warrants.*

(k) *Assuming RM18.788 million of the proceeds arising from the exercise of the Warrants are used to repay the remaining outstanding bank borrowings of our Group.*

* *Calculated based on equity attributable to equity holders divided by the number of shares in issue.*

^ *Calculated based on total interest-bearing borrowings over the corresponding equity attributable to equity holders.*

7.3 Earnings and EPS

The Rights Issue with Warrants is not expected to have a material effect on the earnings of our Group for the FYE 31 March 2014.

However, our EPS is expected to be diluted as a result of the increase in the number of Zelan Shares in issue pursuant to the Rights Issue with Warrants and the number of Zelan Shares to be issued upon the exercise of the Warrants.

The effect of any exercise of Warrants on our EPS is dependent on the returns to be generated by our Group from the utilisation of proceeds arising from the exercise of the Warrants.

8. MAJOR SHAREHOLDER'S UNDERTAKING AND UNDERWRITING ARRANGEMENT

Pursuant to the Rights Issue with Warrants, our Company had on 13 December 2013 procured the Undertaking, details of which are as follows:

	Shareholdings as at the LPD		Rights Shares entitlement		Total commitment
Name	No. of Zelan Shares	%	No. of Rights Shares	%	RM
MMC	221,053,386	39.25	110,526,693	39.25	16,579,004

Pursuant to the Undertaking, MMC had confirmed that it has sufficient financial resources to subscribe for the abovementioned 110,526,693 Rights Shares and such confirmation has been verified by AFFIN Investment.

MMC had also given its written confirmation dated 13 December 2013, to observe and comply at all times with the provisions of the Code before exercising its Warrants into Zelan Shares after the completion of the Rights Issue with Warrants.

Pursuant to the Underwriting Agreement, the Underwriter had agreed to underwrite the remaining 171,104,792 Rights Shares (representing 60.75% of the total issue size under the Rights Issue with Warrants) not covered by the Undertaking ("**Underwritten Shares**") at an underwriting commission of 2.0% of the total value of the Underwritten Shares based on the issue price of RM0.15 per Rights Share, subject to the terms and conditions of the Underwriting Agreement.

The underwriting commision for the Rights Shares and all incidental costs in relation to the Underwriting Agreement will be fully borne by our Company.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the amount raised from the Disposal of IJM Shares, the Rights Issue with Warrants, the cash position of our Group, the current banking facilities available to our Group and the funds to be generated from our operations, our Group will have sufficient working capital for a period of 1 year from the date of this Abridged Prospectus to meet its present and foreseeable future working capital requirements.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM156.79 million. All borrowings are interest-bearing and comprise the following:

	AED'million	RM'million
Short-term borrowings:		
- Term loan	71.76	62.88
- Islamic financing facility	-	13.50
- Revolving credit	-	12.10
Long-term borrowings:		
- Islamic financing facility	-	66.43
- Hire purchase	-	1.88
Total	**71.76**	**156.79**

After having made all reasonable enquiries and to the best knowledge and belief of our Board, there has been no default on payments of either interest and/or principal sums in respect of any borrowings for the FYE 31 March 2013 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group:

(i) Zelan Holdings (M) Sdn Bhd, Indonesia Branch, ("**Indonesia Branch**") received a revised tax assessment for the 2007 fiscal year on 26 June 2009. The Indonesia Branch disputed the assessment and filed for a review of the assessment at the Tax Court in Indonesia. In June 2012, the Tax Court delivered a verbal judgement against the Indonesia Branch and ruled that a potential tax payable of IDR60,840,288,200 (equivalent to approximately RM16.37 million) and related tax penalties of IDR19,906,114,130 (equivalent to approximately RM5.35 million) would be payable by the Indonesia Branch. Our Group has made a full provision of the amount in the income statement during the FYE 31 March 2013 upon receipt of the written judgement from the Tax Court in August 2012, and made a full payment of this amount, in compliance with the judgement, during the financial year. The Indonesia Branch had in October 2012 submitted a Memorandum for Judicial Review at the Supreme Court of Indonesia against the Tax Court's decision and the outcome is not known as at the LPD.

The Indonesia Branch had, on 20 May 2013 and 29 May 2013, received two tax demand letters stating that an amount of IDR63,578,798,322 (equivalent to approximately RM17.10 million) is payable as the interest charges on the late payment of the tax charged based on the revised tax assessments issued by the Indonesian Tax Authorities. The Indonesia Branch, through its tax consultants in Indonesia, has submitted an application to the Indonesian Tax Authorities for the waiver of the interest charges. Pending the outcome of the said application and the abovementioned Judicial Review, management has recorded a provision of approximately RM14.4 million based on the advice from the external tax consultants, having duly considered the various legal grounds and basis of the aforementioned application and Judicial Review.

Please refer to **Section 4(vi)**, **Appendix VII** of this Abridged Prospectus for further information in relation to the material litigation of our Group.

(ii) In June 2010, a supplier of ready mixed concrete in KSA had filed a claim of SAR67,422,000 (equivalent to approximately RM57.86 million) against Zelan Construction Arabia Company Limited ("**ZCACL**"), a subsidiary of our Company, incorporated in KSA, for the outstanding invoices, quantities of concrete not ordered by ZCACL, bank surcharges, equipment, manpower and material standby cost, equipment rental costs and value of damaged plants at the Commercial Department, Administrative Court, Aseer Region, KSA. ZCACL has counterclaimed an amount of SAR38,720,000 (equivalent to approximately RM33.23 million) against the supplier.

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

The next Court hearing has been fixed on 21 January 2014.

Please refer to **Section 4(iii)**, **Appendix VII** of this Abridged Prospectus for further information in relation to the material litigation of our Group.

(iii) A contractor of Zelan Holdings (M) Sdn Bhd, Abu Dhabi Branch ("**Abu Dhabi Branch**") has filed a claim against the Abu Dhabi Branch for a sum of AED13,500,000 (equivalent to approximately RM11.83 million) for works done and a sum of AED1,000,000 (equivalent to approximately RM0.87 million) as compensation in relation to a completed project in the UAE.

Following the above, the Court of Appeal has made an order against the Abu Dhabi Branch for AED12,900,000 (equivalent to approximately RM11.30 million) as outstanding payment together with AED300,000 (equivalent to approximately RM0.26 million) as compensation and dismissed the Abu Dhabi Branch's appeal for a counter action to join the project owner as co-defendant in the suit.

On 6 August 2012, 3 September 2012 and 24 September 2012, the Execution Court has issued letters to the project owner instructing the project owner to deposit the sum of AED14,250,000 (equivalent to approximately RM12.49 million) to the Execution Court in order to pay the judgment obtained by the subcontractor. This has been appealed by the project owner and the matter was fixed for hearing on 7 October 2012. The Abu Dhabi Branch had then submitted its objection to the said appeal by project owner. On 17 October 2012, the Court has dismissed the said appeal by the project owner. Hence, the earlier instruction from the Execution Court for the project owner to pay the sum of AED14,250,000 (equivalent to approximately RM12.49 million) to the Execution Court remains valid.

However, due to delay in obtaining the judgement sum from the project owner, the sub-contractor instead executed the judgement obtained against the Abu Dhabi Branch whereby the funds of AED9,884,117.38 (equivalent to approximately RM8.66 million) in the Abu Dhabi Branch's bank account with a bank in UAE were utilised to realise part of the judgement sum of approximately AED14,250,000 (equivalent to approximately RM12.49 million) obtained by the subcontractor.

No provision has been made in the financial statements for the FYE 31 March 2013 as the Abu Dhabi Branch is acting as a project manager to the owner of the project on a cost-plus basis, as set out in the agreement with the owner of the project. Therefore, all the construction costs incurred by the Abu Dhabi Branch in relation to the project were to be reimbursed from the project owner.

Please refer to **Section 4(i)**, **Appendix VII** of this Abridged Prospectus for further information in relation to the material litigation of our Group.

(iv) A contractor of the Abu Dhabi Branch has filed a claim against the Abu Dhabi Branch at the Abu Dhabi Court of First Instance for a sum of AED51,677,000 (equivalent to approximately RM45.28 million) and return of its performance bond in relation to a project in Abu Dhabi where the Abu Dhabi Branch was the main contractor. However, the Court has issued a preliminary judgement which states that the documents filed by the said contractor are not sufficient for the Court to form an opinion and to have a full clarification of the dispute. The Court has therefore made the preliminary judgement to delegate the assignment to three technical experts to, *inter alia*, value the work done by the contractor at site and to determine if the works has been carried out in accordance with the sub-contract.

Please refer to **Section 4(iv)**, **Appendix VII** of this Abridged Prospectus for further information in relation to the material litigation of our Group.

9.4 Material commitments

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, EXCESS APPLICATION AND PAYMENT

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants, which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

10.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and Rules of Bursa Depository. You and your renounce(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants is **5.00 p.m. on 16 January 2014**, or such later date and time as our Board may in their absolute discretion determine and announce not less than 2 Market Days before the stipulated date and time.

10.4 Procedure for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not strictly conform to the terms of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE RSF, THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

If you wish to accept all or part of your entitlement, please complete Parts I and III of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be sent to our Share Registrar in the envelope provided (at your own risk), by **ORDINARY POST**, **COURIER** or **DELIVERED BY HAND** at your own risk to our Share Registrar at the following address:

(i) **BY ORDINARY POST**

Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor

(ii) **BY COURIER OR DELIVERED BY HAND**

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Tel: 03-7849 0777
Fax: 03-7841 8151 / 8152

so as to arrive **not later than 5.00 p.m. on Thursday, 16 January 2014**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later date and time as our Board in its absolute discretion may determine and announce not less than 2 Market Days before the stipulated time and date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, our Share Registrar at the address stated above, our Registered Office or Bursa Securities' website at *http://www.bursamalaysia.com.*

One (1) RSF can only be used for acceptance of the Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of the Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Accounts. If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Accounts as stated in the completed RSFs.

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar for the Rights Issue with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for and accepted is one (1) Rights Share which will be accompanied by one (1) Warrant. Successful applicants of the Rights Shares will be given Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. However, you and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants comprises of 100 Rights Shares and 100 Warrants respectively. Fractions of Rights Shares with Warrants will be disregarded and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you are not received by our Share Registrar by **5.00 p.m. on 16 January 2014**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated time and date, you and your renounce(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have made an Excess Application in the manner set out in **Section 10.8** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "ZELAN RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON OUR RECORD OF DEPOSITORS WITHIN FIFTEEN (15) MARKET DAYS AT YOUR OWN RISK FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

10.5 Procedure for part acceptance by the Entitled Shareholders

You are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants provided always that the minimum number of Rights Share that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant.

You must complete both Part I of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and Part III of the RSF and deliver the completed signed RSF together with the relevant payment to our Share Registrar in the manner as set out in **Section 10.4** of this Abridged Prospectus.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE RSF, THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares with Warrants that have not been accepted shall be allotted to any persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares with Warrants.

10.6 Procedure for sale/transfer of the Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more than one (1) person(s) through your stockbrokers for the period up to the last date and time for sale or transfer of such Provisional Rights Shares with Warrants, without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To sell/transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I and III of the RSF. Please refer to **Section 10.4** of this Abridged Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your Provisional Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from his/her/their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website at http://www.bursamalaysia.com.

10.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office or from Bursa Securities' website at http://www.bursamalaysia.com, complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions contained therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 10.4** of this Abridged Prospectus also applies to renouncees who wish to accept the Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE RSF, THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

10.8 Procedure for Excess Application

You and/or your renouncee(s) (if applicable) may apply for additional Rights Shares with Warrants in excess of your entitlement by completing Part II of the RSF (in addition to Parts I and III) and forwarding it with a **separate remittance made in RM** for the full amount payable for the excess Rights Shares with Warrants applied for, to our Share Registrar **not later than 5.00 p.m.** on **Thursday**, **16 January 2014**, being the last date and time for application of and payment for the Excess Rights Shares with Warrants, or such later date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "ZELAN EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants applied for; and

(iv) finally, for allocation to renouncee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part II of the RSF in such a manner as our Board deems fit and expedient in the best interest of our Company subject always that such allocation being made on a fair and equitable basis and that the intention of our Board set out in (i) to (iv) above are achieved. Our Board also reserves the right to accept any application for Excess Rights Shares with Warrants in full or in part only without assigning any reason.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE OF APPLICATION OF AND PAYMENT

FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE OF APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK.

10.9 Form of issuance

Bursa Securities has prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, all dealings in the Rights Shares with Warrants will be subject to the SICDA and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected. No physical share or warrant certificate will be issued to you under the Rights Issue with Warrants. A notice of allotment will be despatched to you and/or your renounce(s) (if applicable) by ordinary post to the address shown on our Record of Depositors provided by Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance of and payment of the Rights Shares with Warrants.

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing Zelan Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares with Warrants shall mean that you consent to receive such Provisional Rights Shares with Warrants as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Rights Shares with Warrants or to whom the Provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his or her CDS account number in the space provided in the RSF. The Rights Shares and the Warrants will be credited directly as prescribed or deposited securities into his or her CDS Account upon allotment and issuance.

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applied for the Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in **Section 10.8** of this Abridged Prospectus.

10.10 Laws of foreign jurisdictions

This Abridged Prospectus and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, this Abridged Prospectus and the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, foreign Entitled Shareholders and/or their renouncee(s) (if applicable) may collect this Abridged Prospectus and the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue with Warrants.

The foreign Entitled Shareholders and/or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. AFFIN Investment, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/or their renouncee(s) shall solely be responsible to seek advice from their legal advisers and other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. AFFIN Investment, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/or AFFIN Investment in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are deemed to have represented, acknowledged, agreed and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) AFFIN Investment, our Company, our Directors and officers and other professional advisers that:

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares with Warrants;

(iii) the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are aware that the Rights Shares and the Warrants can only be transferred, sold or otherwise disposed of, charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and the Warrants; and

(vi) the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants.

Persons receiving this Abridged Prospectus and the accompanying NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by an agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s) (if applicable) in any foreign country or jurisdiction.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
ZELAN BERHAD

DATO' MOHD NOR BIN IDRUS
Managing Director

CERTIFIED TRUE COPY OF THE EXTRACT MINUTES OF OUR EGM HELD ON 30 SEPTEMBER 2013 IN RELATION TO THE RESOLUTIONS DULY APPROVED BY OUR SHAREHOLDERS AT OUR EGM PERTAINING TO THE CORPORATE EXERCISES

ZELAN BERHAD
(Company No. 27676-V)
(Incorporated in Malaysia)

EXTRACT MINUTES OF THE EXTRAORDINARY GENERAL MEETING ("EGM") OF ZELAN BERHAD ("ZELAN" OR "THE COMPANY") HELD AT MAHKOTA 2, BR LEVEL, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50250 KUALA LUMPUR ON MONDAY, 30 SEPTEMBER 2013 AT 3.00 P.M.

IT IS HEREBY APPROVED:

SPECIAL RESOLUTION 1

PROPOSED REDUCTION OF RM0.40 OF THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.50 EACH IN ZELAN PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("PROPOSED PAR VALUE REDUCTION")

THAT subject to the confirmation of the High Court of Malaya ("Court") pursuant to Section 64 of the Companies Act, 1965 and the passing of the Special Resolution 3 below, approval be and is hereby given to the Company to reduce its issued and paid-up share capital from RM281,631,485 comprising 563,262,970 ordinary shares of RM0.50 each in Zelan ("Zelan Shares") to RM56,326,297 comprising 563,262,970 ordinary shares of RM0.10 each in Zelan ("New Zelan Shares") through cancellation of RM0.40 from the existing par value of RM0.50 of each Zelan Share.

THAT the credit arising from the Proposed Par Value Reduction be fully utilised to eliminate the accumulated losses of the Company.

AND THAT authority be and is hereby given to the Directors of the Company ("Directors") to do all such deeds, acts and things and execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to finalise, implement and give effect to the Proposed Par Value Reduction with full power to assent to any conditions, modifications, variations as may be imposed or permitted by the relevant authorities/parties and/or the Court.

SPECIAL RESOLUTION 2

PROPOSED REDUCTION OF THE SHARE PREMIUM ACCOUNT OF ZELAN PURSUANT TO SECTIONS 60 AND 64 OF THE COMPANIES ACT, 1965 ("PROPOSED SHARE PREMIUM REDUCTION")

THAT subject to the confirmation of the Court pursuant to Sections 60 and 64 of the Companies Act, 1965, approval be and is hereby given to the Company to reduce the Company's share premium account by the cancellation of the sum of up to approximately RM124.396 million standing to credit of the Company's share premium account.

THAT the credit arising from the Proposed Share Premium Reduction be fully utilised to eliminate the accumulated losses of the Company.

ZELAN BERHAD
(Company No. 27676-V)
(Incorporated in Malaysia)

(Extract Minutes of EGM held on 30 September 2013 – cont'd)

AND THAT authority be and is hereby given to the Directors to do all such deeds, acts and things and execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to finalise, implement and give effect to the Proposed Share Premium Reduction with full power to assent to any conditions, modifications, variations as may be imposed or permitted by the relevant authorities/parties and/or the Court.

SPECIAL RESOLUTION 3

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF ZELAN ("PROPOSED MOA AMENDMENT")

THAT subject to the passing of the Special Resolution 1, the Memorandum of Association of the Company be amended in the manner set out in Section 2.4 of the Circular to Shareholders dated 9 September 2013 ("Circular").

AND THAT the Directors be and are hereby authorised to give effect to the aforesaid amendments to the Memorandum of Association of the Company.

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 281,631,485 NEW ORDINARY SHARES OF RM0.10 EACH IN ZELAN ("NEW ZELAN SHARES") ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 NEW ZELAN SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER TOGETHER WITH 281,631,485 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

THAT subject to the passing of Special Resolutions 1 and 3, and the approval from the relevant authorities being obtained where necessary, approval be and is hereby given for Zelan to undertake the Proposed Rights Issue with Warrants as set out in Section 2.5 of the Circular including the following:

(i) To provisionally allot and issue by way of renounceable rights issue of 281,631,485 Rights Shares at an issue price to be determined and announced later by the Board, together with 281,631,485 free Warrants on the basis of 1 Rights Share for every 2 New Zelan Shares together with 1 free Warrant for every 1 Rights Share subscribed in Zelan held by the entitled shareholders of the Company whose name appear in the Record of Depositors on an entitlement date to be determined and announced later;

(ii) To determine the final issue price of the Rights Shares and the exercise price of the Warrants prior to the price fixing date to be determined by the Board after taking into consideration the following:

    (a) the prevailing market conditions prior to the price fixing date;

    (b) the market price of New Zelan Shares;

    (c) the theoretical ex-rights price ("TERP") of the New Zelan Shares, based on the 5-day volume weighted average market price ("VWAMP") of

ZELAN BERHAD
(Company No. 27676-V)
(Incorporated in Malaysia)

(Extract Minutes of EGM held on 30 September 2013 - cont'd)

New Zelan Shares with a discount to the TERP if deemed appropriate by the Board; and

(d) the new par value of the New Zelan Shares of RM0.10 each.

(iii) To issue the Warrants based on the principal terms of which are set out in Section 2.5.6 of the Circular to Shareholders dated 9 September 2013 and upon the terms and conditions of a deed poll to be executed by Zelan ("Deed Poll");

(iv) To allot and issue such number of New Zelan Shares arising from the exercise of the Warrants during the tenure of the Warrants; and

(v) To allot and issue such other additional Warrants as may be required or permitted to be issued as a result of any adjustment under the provision of the Deed Poll.

THAT the Directors be and are hereby authorised to allocate the excess Rights Shares, if any, in a fair and equitable manner on a basis to be determined by the Directors in their absolute discretion.

THAT the Directors be and are hereby authorised to deal with all or any of the fractional entitlement of the Rights Shares and Warrants pursuant to the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such fair and equitable manner as the Directors may in their absolute discretion deems fit and in the best interest of the Company.

THAT the Rights Shares and the New Zelan Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank pari passu in all respects with the then existing New Zelan Shares, save and except that they will not be entitled to any dividend, rights, allotments and/or any other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares and the New Zelan Shares to be issued arising from the exercise of the Warrants.

THAT the proceeds from the Proposed Rights Issue with Warrants will be utilised for such purposes as set out in Section 4 of the Circular to Shareholders dated 9 September 2013 and the Directors be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities.

THAT the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit and expedient in order to implement, finalise and give effect to the aforesaid Deed Poll.

AND THAT the Directors be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority/authorities to give effect to the Proposed Rights Issue with Warrants, and to take all such steps as they may deem necessary or expedient in the best interest of the Company to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

CERTIFIED TRUE COPY OF THE EXTRACT MINUTES OF OUR EGM HELD ON 30 SEPTEMBER 2013 IN RELATION TO THE RESOLUTIONS DULY APPROVED BY OUR SHAREHOLDERS AT OUR EGM PERTAINING TO THE CORPORATE EXERCISES (CONT'D)

ZELAN BERHAD
(Company No. 27676-V)
(Incorporated in Malaysia)

(Extract Minutes of EGM held on 30 September 2013 – cont'd)

ORDINARY RESOLUTION 2

PROPOSED SHAREHOLDERS' MANDATE FOR THE DISPOSAL OF UP TO 56,671,000 ORDINARY SHARES OF RM1.00 EACH IN IJM CORPORATION BERHAD ("IJM SHARES") FOR CASH TO BUYERS TO BE IDENTIFIED AND AT PRICES TO BE DETERMINED LATER IN THE OPEN MARKET AND/OR VIA DIRECT BUSINESS TRANSACTIONS ("PROPOSED SHAREHOLDERS' MANDATE")

THAT approval be and is hereby given to the Company to dispose up to 56,671,000 IJM Shares for cash to buyers to be identified and at prices to be determined later in the open market and/or via direct business transactions.

AND THAT the Directors be and are hereby authorised to do all such acts and matters as they may consider necessary or expedient to give full effect to the aforesaid Proposed Shareholders' Mandate with full power to assent to any conditions, modifications, variations and/or amendments to the terms of the aforesaid Proposed Shareholders' Mandate as may be required by any relevant authorities and to execute, deliver and/or cause to be delivered such documents and agreements in connection therewith.

CERTIFIED TRUE COPY

NORLIDA BINTI JAMALUDIN
(L.S. 0006467)
Company Secretary

Dated: 20 December 2013

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 22 May 1976 under the Act as a private limited company under the name of Tronoh Mines Malaysia Sendirian Berhad. On 30 June 1976, we were converted to a public company under the name of Tronoh Mines Malaysia Berhad. On 10 November 1976, we were listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities). On 9 August 2004, our name was changed to Tronoh Consolidated Malaysia Berhad. We assumed our present name of Zelan Berhad on 11 December 2006.

Our Group is principally involved in the construction of power plants and buildings, property and development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works and management of properties.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital is as follow:

Type	No. of Zelan Shares	Par value	RM
		RM	
Authorised	4,000,000,000	0.10	400,000,000
Issued and paid-up	563,262,970	0.10	56,326,297

3. CHANGES IN AUTHORISED AND ISSUE AND PAID-UP SHARE CAPITAL

3.1 Authorised share capital

The change in our authorised share capital for the past 3 years preceding the LPD is set out below:

Date of creation	No. of Zelan Shares created	Par value	Cumulative
		RM	RM
15 November 2013	4,000,000,000	RM0.10*	400,000,000

Note:

* *The par value of each Share has been reduced from RM0.50 to RM0.10 pursuant to the Par Value Reduction undertaken by our Company effective on 15 November 2013.*

3.2 Issued and paid-up share capital

The change in our issued and paid-up share capital for the past 3 years preceding the LPD is set out below:

Date of change	No. of Zelan Shares alloted	Par Value	Consideration / Type of issue	Cumulative issued and paid-up share capital
		RM		RM
15 November 2013	-	RM0.10	Par value reduction via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each in our Company	56,326,297

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4. SUBSTANTIAL SHAREHOLDER'S SHAREHOLDINGS

Based on our Record of Depositors as at the LPD, the effects of the Rights Issue with Warrants on our substantial shareholder's shareholdings are as follows:

					I				II			
	As at the LPD				After the Rights Issue with Warrants				After the full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial Shareholder	No. of Zelan Shares	%	No. of Zelan Shares	%	No. of Zelan Shares	%	No. of Zelan Shares	%	No. of Zelan Shares	%	No. of Zelan Shares	%
	'000		'000		'000		'000		'000		'000	
MMC	221,053	39.25	-	-	331,580	39.25	-	-	442,107	39.25	-	-

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5. OUR BOARD OF DIRECTORS

5.1 Details of our Directors

The particulars of our Directors as at the LPD are set out below:

Name	Designation	Age	Address	Nationality	Profession
Dato' Anwar bin Aji	Non-Executive Chairman	63	110, Persiaran Desa Ampang 4 Taman Sri Ampang 68000 Ampang Selangor	Malaysian	Company Director
Dato' Abdullah bin Mohd Yusof	Independent Non-Executive Director	74	28, Jalan Setiamurni 12 Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Cdr Mohd Farit bin Ibrahim RMN (Retd)	Non-Independent Non-Executive Director	62	No. 81, Persiaran Bukit Setiawangsa Jalan 1/55C Taman Setiawangsa 54200 Kuala Lumpur	Malaysian	Company Director
Ooi Teik Huat	Independent Non-Executive Director	53	No. 2, Lorong Aminuddin Baki Empat Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Datuk Puteh Rukiah binti Abd Majid	Independent Non-Executive Director	60	No. 15, Jalan Pekaka 8/15E Kota Damansara 47810 Petaling Jaya Selangor	Malaysian	Company Director
Dato' Sri Che Khalib bin Mohamad Noh	Non-Independent Non-Executive Director	48	No. 6, Jalan Kenyalang 11/6C Kota Damansara, PJU 5 47810 Petaling Jaya Selangor	Malaysian	Company Director
Dato' Mohd Nor bin Idrus	Managing Director	61	14, Jalan Ibukota 9 Taman Ibukota, Gombak 53100 Kuala Lumpur	Malaysian	Company Director

5.2 Directors' shareholdings

The Rights Issue with Warrants will not have any effect on our Directors' shareholdings as our Directors do not hold any of our Shares, directly or indirectly, as at the LPD.

6. SUBSIDIARY COMPANIES

As at the LPD, our subsidiary companies are as follows:

Subsidiary companies	Date / Place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest
			RM	%
Zelan Holdings (M) Sdn. Bhd.	14 January 1991 Malaysia	Investment holding, civil engineering and building turnkey contractor	25,000,000	100
Terminal Bersepadu Gombak Sdn. Bhd.	13 April 2006 Malaysia	Concession operator	1,000,000	95
Konsesi Pusat Asasi Gambang Sdn. Bhd.	13 April 2006 Malaysia	Concession operator	5,000,000	100
Tronoh Consolidated (Overseas) Sdn. Bhd.	22 May 1976 Malaysia	Dormant	2	100
Subsidiaries of Zelan Holdings (M) Sdn Bhd				
Zelan Corporation Sdn. Bhd.	10 May 1993 Malaysia	Property development and management and operation of motor vehicles parking facilities	1,000,000	100
Sejara Bina Sdn. Bhd.	23 March 1983 Malaysia	Investment holding	2	100
Zelan Enterprise Sdn. Bhd.	26 September 1988 Malaysia	Contracting and supplying of building materials	500,000	100
Zelan Construction Sdn. Bhd.	6 August 1992 Malaysia	Piling and civil engineering contractor	20,000,000	100
PT Zelan Indonesia	22 July 2004 Indonesia	Civil technical design and construction of civil and building works	USD1,000,000	95
Zelan Construction (India) Private Limited	14 February 2005 India	Civil technical design and construction of civil and building works	INR100,000	100
Zelan Construction Arabia Co. Ltd.	12 June 2006 Saudi Arabia	Civil technical design and construction of civil and building works	SAR1,000,000	100
Zelan Consolidated (Overseas) Sdn. Bhd.	2 July 2004 Malaysia	Dormant	2	100

INFORMATION ON OUR COMPANY (CONT'D)

Subsidiary companies	Date / Place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest
			RM	%
Subsidiaries of Zelan Corporation Sdn Bhd				
Zelan Development Sdn. Bhd.	30 November 1988 Malaysia	Property development	1,000,000	100
Panduan Pelangi Sdn. Bhd.	13 January 1995 Malaysia	Building management and maintenance	2	100
Zelan Property Services Sdn. Bhd.	20 April 1995 Malaysia	Management of residential properties	2	100
Paduan Lima Sejati Sdn. Bhd.	16 May 2007 Malaysia	Management and operation of a fitness centre	2	100
Subsidiaries of Zelan Enterprise Sdn Bhd				
Eminent Hectares Sdn. Bhd.	20 April 1995 Malaysia	Investment holding	10,000	100
Vispa Sdn. Bhd.	9 July 1990 Malaysia	Dormant	3	100

7. ASSOCIATE COMPANIES

As at the LPD, our associate companies are as follows:

Associate companies	Date / Place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest
			RM	%
MMC Zelan Sdn. Bhd.	19 May 2010 Malaysia	Dormant	25,000	40
Associate of Zelan Holdings (M) Sdn Bhd				
Zelan Arabia Co. Ltd.	6 September 2006 Saudi Arabia	Civil technical design and construction of civil and building works	SAR5,000,000	40
Associate of Sejara Bina Sdn Bhd				
Essential Amity Sdn. Bhd.	21 October 1996 Malaysia	Turnkey contractor and property development	750,000	50

8. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 31 March 2011 to 31 March 2013 and the unaudited consolidated financial statements for the 6-month FPE 30 September 2013 are as follows:

	Audited FYE 31 March			Unaudited 6-month FPE 30 September
	2011	2012	2013	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	34,941	187,066	128,011	122,317
Cost of sales	(275,529)	(116,962)	(116,980)	(99,881)
Gross (loss) / profit	**(240,588)**	**70,104**	**11,031**	**22,436**
Administrative expenses	(19,919)	(18,004)	(18,861)	(8,904)
Other operating expenses	(37,851)	(36,336)	(1,798)	(2,792)
Other operating income	59,364	7,536	7,778	1,027
Depreciation	(6,326)	(1,104)	(3,102)	(1,236)
Finance income	17,829	14,645	32,630	10,957
Finance costs	(9,524)	(12,511)	(75,006)	(19,518)
Share of results of associates	(16,896)	168	(3,261)	(286)
(LBT) / PBT	**(253,911)**	**24,498**	**(50,589)**	**1,684**
Taxation	696	(12,699)	(27,285)	(73)
Loss from discontinued operation	(4,339)	-	-	-
(LAT) / PAT	**(257,554)**	**11,799**	**(77,874)**	**1,611**
(LAT) / PAT attributable to:				
Equity holders of our Company	**(257,428)**	**11,901**	**(77,796)**	**1,640**
Non-controlling interests	(126)	(102)	(78)	(29)
	(257,554)	**11,799**	**(77,874)**	**1,611**
EBITDA	(231,423)	40,470	(21,252)	17,049
Gross profit margin (%)	N/A	37.48	8.62	18.34
Net profit margin (%)	N/A	6.36	N/A	1.34
Number of Shares in issue ('000)	563,263	563,263	563,263	563,263
Basic (LPS) / EPS (sen)	(45.70)	2.11	(13.81)	0.29

Note:

N/A *Not applicable as our Group was making losses.*

Commentary on past financial performance

FYE 31 March 2011

For the FYE 31 March 2011, our Group recorded revenue from continuing operations of RM34.9 million as compared to RM998.6 million recorded in the previous FYE 31 March 2010. The significant decrease in the revenue was mainly due to the following:

(i) significant drop in construction activities with the completion of physical construction works in KSA while a project in UAE was temporarily suspended; and

(ii) provision made for the Liquidated Ascertained Damages ("**LAD**") of approximately RM97.1 million in relation to a project in Indonesia due to the anticipated delay by our Group to achieve commercial operation date.

Due to the above factors, our Group has recorded a significant decrease of revenue of RM963.7 million or 96.5% as compared to the revenue recorded in the previous FYE 31 March 2010.

Consequently, our Group recorded LAT attributable to equity holders of RM257.4 million as compared to LAT attributable to equity holders of RM274.9 million recorded in the previous FYE 31 March 2010. This was mainly due to project cost overrun amounted to RM220.3 million and the net provision for LAD made in respect of the above mentioned project in Indonesia.

FYE 31 March 2012

For the FYE 31 March 2012, our Group recorded revenue of RM187.1 million, representing an increase of RM152.2 million as compared to the revenue recorded in the previous FYE 31 March 2011 of RM34.9 million. This is mainly due to the write back of the LAD of RM66.1 million for our project in Indonesia as a result of our negotiation agreement with the project owner in February 2012.

Consequently, our Group recorded PAT attributable to equity holders of RM11.9 million as compared to LAT attributable to equity holders of RM257.4 million recorded in the previous FYE 31 March 2011. This was mainly due to the following:

(i) write back of the LAD of RM66.1 million from the previous provision of LAD; and

(ii) lower project cost incurred of RM117.0 million as opposed to higher project cost of RM275.5 million attributed to cost overrun incurred in the previous FYE 31 March 2011.

FYE 31 March 2013

For the FYE 31 March 2013, our Group recorded revenue of RM128.0 million, representing a decrease of 32% as compared to the revenue of RM187.1 million recorded in the previous FYE 31 March 2012. This was mainly due to the following:

(i) lower revenue by RM163.1 million due to further provision made in deduction of works and variations/deviations from contract of RM27.5 million and lower write back of the LAD of RM4.8 million for our project in Indonesia; and

(ii) this was offset by revenue generated from new local projects of RM72.5 million and increase of construction activities which contributed additional RM40.2 million from our project in UAE.

Consequently, our Group recorded LAT attributable to equity holders of RM77.8 million as compared to PAT attributable to equity holders of RM11.9 million recorded in the previous FYE 31 March 2012. This was mainly due to the following:

(i) higher interest expenses incurred of RM23.3 million;

(ii) provision on discount on the fair value of certain financial assets of RM53.0 million; and

(iii) recognition of foreign tax expense and related tax penalties in Indonesia amounting to RM46.9 million.

Unaudited 6-month FPE 30 September 2013

For the 6-month FPE 30 September 2013, our Group recorded revenue of RM122.3 million, representing an increase of more than 100% as compared to the corresponding period for the FPE 6-month FPE 30 September 2012 of RM34.5 million.

Consequently, our Group recorded PAT of RM1.6 million for the cumulative 6-month FPE 30 September 2013 as compared to LAT of RM12.2 million for the cumulative 6-month FPE 30 September 2012. This was mainly attributable to:

(i) the local projects revenue recorded of RM122.0 million with gross profit (including dividend income) recognition of RM22.4 million;

(ii) gain on disposal of available-for-sale financial assets of RM14.2 million;

(iii) the offset by loss on fair value of derivative of RM14.3 million; and

(iv) the offset by interest expense and provision of discount on the fair value of certain financial assets of RM19.5 million.

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9. HISTORICAL SHARE PRICES

The monthly high and low market prices of our Shares as traded on Bursa Securities for the past 12 months from December 2012 up to November 2013 are as follows:-

	High	Low
	RM	RM
2012		
December	0.275	0.24
2013		
January	0.305	0.25
February	0.265	0.225
March	0.345	0.22
April	0.315	0.245
May	0.375	0.225
June	0.32	0.265
July	0.32	0.27
August	0.265	0.22
September	0.28	0.225
October	0.28	0.24
November	0.33	0.275

Last transacted market price of our Shares on 30 July 2013 (being the date prior to the announcement of the Corporate Exercises)	RM0.285
Last transacted market price of our Shares on 24 December 2013 (being the date prior to the ex-date for the Rights Issue with Warrants and the latest practicable date prior to the issuance of this Abridged Prospectus)	RM0.295

(Source: Bloomberg)

pwc

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

13 December 2013

PwC/YWY/HCY/LYH/zen2013

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Zelan Berhad ("Zelan" or "the Company") as at 31 March 2013. The Pro Forma Consolidated Statements of Financial Position which are set out in the attached Appendix A (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for inclusion in the Abridged Prospectus to be dated 30 December 2013 in connection with the renounceable rights issue of 281,631,485 new ordinary shares of RM0.10 each in Zelan ("Rights Shares") on the basis of 1 Rights Share for every 2 existing ordinary shares of RM0.10 each in Zelan (" Zelan Shares") held as at 5.00 p.m. on 30 December 2013 together with 281,631,485 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed at an issue price of RM0.15 per Rights Share ("Rights Issue with Warrants").

2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 and Note 2 of Appendix A and are specified in Appendix 4 of the Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission.

3 The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Completed Transactions and Rights Issue with Warrants on the audited Consolidated Statements of Financial Position of the Company as at 31 March 2013 had the Completed Transactions and Rights Issue with Warrants been effected on that date. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors from the Company's audited consolidated Statements of Financial Position as at 31 March 2013.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

pwc

The Board of Directors
Zelan Berhad
PwC/YWY/HCY/LYH/zen2013

13 December 2013

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

4 It is the sole responsibility of the Directors of the Company to prepare the Pro Forma Consolidated Statements of Financial Position on the basis set out in the notes thereon in accordance with the requirements of the Prospectus Guidelines – Abridged Prospectus.

Our Responsibilities

5 It is our responsibility to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in Note 1 and Note 2 of Appendix A.

6 We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 and Note 2 of Appendix A.

7 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

8 The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

pwc

The Board of Directors
Zelan Berhad
PwC/YWY/HCY/LYH/zen2013

13 December 2013

Our Responsibilities (continued)

9 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

10 The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company and its subsidiaries, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

Opinion

12 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 1 and Note 2 of Appendix A.

pwc

The Board of Directors
Zelan Berhad
PwC/YWY/HCY/LYH/zen2013

13 December 2013

Other matter

13 This report is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than as mentioned above.

Yours faithfully,

PricewaterhouseCoopers
(No. AF 1146)
Chartered Accountants

Yee Wai Yin
(No. 2081/08/14 (J))
Chartered Accountant

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

APPENDIX A

ZELAN BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

		Completed Transactions				Rights Issue with Warrants	
		Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV	Pro Forma V	Pro Forma VI
	Audited balance as at 31 March 2013	After the effects of the Completed Transaction 1.3(a)	After the effects of Pro Forma I and the Completed Transaction 1.3(b)	After the effects of Pro Forma II and the Completed Transaction 1.3(c)	After the effects of Pro Forma III and the Completed Transaction 1.3(d)	After the effects of Pro Forma IV and the Rights Issue with Warrants	After the effects of Pro Forma V and assuming the exercise of Warrants in full
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS							
Property, plant and equipment	15,213	15,213	15,213	15,213	15,213	15,213	15,213
Investment properties	5,273	5,273	5,273	5,273	5,273	5,273	5,273
Investments in associates	927	927	927	927	927	927	927
Financial receivables	180,793	180,793	180,793	180,793	180,793	180,793	180,793
Deposits, cash and bank balances (restricted)	12,446	12,446	12,446	12,446	12,446	12,446	12,446
Available-for-sale financial assets	361,335	308,857	28,122	28,122	28,122	28,122	28,122
	575,987	523,509	242,774	242,774	242,774	242,774	242,774
CURRENT ASSETS							
Inventories	9,080	9,080	9,080	9,080	9,080	9,080	9,080
Financial receivables	113,590	113,590	113,590	113,590	113,590	113,590	113,590
Other receivables	118,846	118,846	118,846	118,846	118,846	118,846	118,846
Tax recoverable	2,964	2,964	2,964	2,964	2,964	2,964	2,964
Deposits, cash and bank balances	30,386	30,386	30,386	30,386	30,386	30,386	82,005
	274,866	274,866	274,866	274,866	274,866	274,866	326,485
LESS: CURRENT LIABILITIES							
Financial payables	270,823	270,823	270,823	270,823	270,823	270,823	270,823
Other liabilities	22,476	22,476	22,476	22,476	22,476	22,476	22,476
Borrowings	232,940	181,335	73,375	73,375	73,375	32,756	13,968
Current tax liabilities	628	628	628	628	628	628	628
	526,867	475,262	367,302	367,302	367,302	326,683	307,895
NET CURRENT (LIABILITIES) / ASSETS	(252,001)	(200,396)	(92,436)	(92,436)	(92,436)	(51,817)	18,590
TOTAL ASSETS LESS CURRENT LIABILITIES	323,986	323,113	150,338	150,338	150,338	190,957	261,364
EQUITY AND NON-CURRENT LIABILITIES							
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:							
Share capital	281,632	281,632	281,632	56,326	56,326	84,489	112,652
Reserves							
- Share premium	124,396	124,396	124,396	124,396	2,356	2,356	58,682
- Foreign exchange reserve	2,705	2,705	2,705	2,705	2,705	2,705	2,705
- Fair value reserve	86,584	74,009	6,739	6,739	6,739	6,739	6,739
- Capital reserve	35,457	35,457	35,457	35,457	35,457	35,457	35,457
- General reserve	4,254	4,254	4,254	4,254	4,254	4,254	4,254
- Warrants reserve	-	-	-	-	-	14,082	-
- (Accumulated losses) / retained earnings	(392,549)	(379,324)	(308,858)	(83,552)	38,488	36,862	36,862
Total reserves	(139,153)	(138,503)	(135,307)	89,999	89,999	102,455	144,699
	142,479	143,129	146,325	146,325	146,325	186,944	257,351
Non-controlling interests	(170)	(170)	(170)	(170)	(170)	(170)	(170)
TOTAL EQUITY	142,309	142,959	146,155	146,155	146,155	186,774	257,181
NON-CURRENT LIABILITIES							
Borrowings	156,966	156,966	1,509	1,509	1,509	1,509	1,509
Derivative financial liability	22,037	20,514	-	-	-	-	-
Deferred tax liabilities	2,674	2,674	2,674	2,674	2,674	2,674	2,674
	181,677	180,154	4,183	4,183	4,183	4,183	4,183
TOTAL EQUITY AND NON-CURRENT LIABILITIES	323,986	323,113	150,338	150,338	150,338	190,957	261,364
Par value (RM)	0.50	0.50	0.50	0.10	0.10	0.10	0.10
No. of shares in issue ('000)	563,263	563,263	563,263	563,263	563,263	844,894	1,126,525
Net Assets per share (RM)	0.25	0.25	0.26	0.26	0.26	0.22	0.23
Total interest-bearing borrowings (RM '000)	389,906	338,301	74,884	74,884	74,884	34,265	15,477
Gearing ratio (times)	2.74	2.36	0.51	0.51	0.51	0.18	0.06

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

ZELAN BERHAD APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

1 INTRODUCTION

1.1 The Pro Forma Consolidated Statements of Financial Position of Zelan Berhad ("Zelan" or "the Company"), for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only, in connection with the renounceable rights issue of 281,631,485 new ordinary shares of RM0.10 each in Zelan ("Rights Shares") on the basis of 1 Rights Share for every 2 existing ordinary shares of RM0.10 each in Zelan ("Zelan Shares") held as at 5.00 p.m. on 30 December 2013 together with 281,631,485 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed at an issue price of RM0.15 per Rights Share ("Rights Issue with Warrants").

1.2 The Pro Forma Consolidated Statements of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of the Completed Transactions as set out in Note 1.3 and the Rights Issue with Warrants as set out in Note 1.1, on the audited Consolidated Statement of Financial Position of the Company as at 31 March 2013 had these transactions been effected on that date. Further, such information, because of its nature, does not purport to predict the Zelan Group's future financial position.

1.3 The Completed Transactions are as follows:

(a) Disposal of 9,629,000 ordinary shares of RM1.00 each held in IJM Corporation Berhad ("IJM") ("IJM Shares") during the period from 6 May 2013 to 15 July 2013

The Group has disposed of a total of 9,629,000 IJM Shares during the period from 6 May 2013 to 15 July 2013. The disposal has resulted in a net gain on disposal (net of the additional fair value loss on derivative financial liability) of approximately RM13,225,000.

(b) Disposal of 51,511,000 IJM Shares subsequent to the shareholders' approval during the Extraordinary General Meeting ("EGM") on 30 September 2013 to dispose up to 56,671,000 IJM Shares

The Group has disposed of a total of 51,511,000 IJM Shares during the period from 1 October 2013 to 9 December 2013, i.e. the Latest Practicable Date ("LPD"). The disposal has resulted in a net gain on disposal (net of the additional fair value loss on derivative financial liability) of approximately RM70,466,000.

(c) Completion of the reduction of RM0.40 of the par value of each existing ordinary share of RM0.50 each in Zelan ("Zelan Share" or "Share") pursuant to Section 64 of the Companies Act, 1965 ("Act") on 15 November 2013

The Company had completed the reduction of RM0.40 of the par value of each Zelan Share pursuant to Section 64 of the Act on 15 November 2013.

(d) Completion of the reduction of the share premium account of Zelan pursuant to Sections 60 and 64 of the Act on 15 November 2013

The Company had completed the reduction of the share premium account pursuant to Sections 60 and 64 of the Act on 15 November 2013.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ZELAN BERHAD APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

2 BASIS OF PREPARATION

2.1 The Pro Forma Consolidated Statements of Financial Position, for which the Directors of the Company are solely responsible, have been prepared based on the audited consolidated financial statements of the Company as at 31 March 2013 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and current accounting policies adopted by the Company except for the adoption of an additional accounting policy as set out below:

WARRANTS RESERVE

Warrants reserve arising from the issuance of free warrants together with the rights issue, is determined based on the allocation of the proceeds from the rights issue using the fair value of the warrants and the ordinary shares on a pro-rata basis. Proceeds from warrants which are issued at a value, are credited to a warrants reserve. Warrants reserve is non-distributable, and is transferred to the share premium account upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.1 Pro Forma I – After the effects of the disposal of 9,629,000 IJM Shares during the period from 6 May 2013 to 15 July 2013

Pro Forma I incorporates the effects of the audited consolidated statement of financial position of the Company as at 31 March 2013 and the Completed Transaction as set out in Note 1.3(a). This adjustment reflects the recognition of a net gain on disposal (net of the additional fair value loss on derivative financial liability) of approximately RM13,225,000 arising from the disposal of 9,629,000 IJM Shares during the period from 6 May 2013 to 15 July 2013.

The proceeds arising from the disposal of 9,629,000 IJM Shares of approximately RM54,097,000 have been used to repay the outstanding bank borrowings of RM51,605,000 and the derivative financial liability incidental to the repayment of bank borrowings of RM2,492,000 of the Group.

3.2 Pro Forma II – After the effects of Pro Forma I and the disposals of 51,511,000 IJM Shares subsequent to the shareholders' approval during the EGM on 30 September 2013 to dispose up to 56,671,000 IJM Shares

Pro Forma II incorporates the effects of Pro Forma I and the Completed Transaction as set out in Note 1.3(b). This adjustment reflects the recognition of a net gain on disposal (net of the additional fair value loss on derivative financial liability) of approximately RM70,466,000 arising from the disposal of 51,511,000 IJM Shares from 1 October 2013 to LPD.

The proceeds arising from the disposal of 51,511,000 IJM Shares of approximately RM297,414,000 will be used to repay the outstanding bank borrowings of RM263,417,000 and the derivative financial liability incidental to the repayment of bank borrowings of RM33,997,000 of the Group.

It is management's intention to hold the remaining 5,160,000 IJM Shares and these IJM Shares will continue to be accounted for as "Available-for-sale financial assets" in the Statement of Financial Position.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ZELAN BERHAD APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.3 Pro Forma III – After the effects of Pro Forma II and the completion of the reduction of RM0.40 of the par value of each Zelan Share pursuant to Section 64 of the Act on 15 November 2013

Pro Forma III incorporates the effects of Pro Forma II and the Completed Transaction as set out in Note 1.3(c). This adjustment reflects the reduction of RM0.40 of the par value of each existing ordinary share of RM0.50 each in Zelan pursuant to Section 64 of the Companies Act 1965. This will reduce the existing issued and paid-up share capital of Zelan from RM281,631,485 comprising 563,262,970 Zelan Shares to RM56,326,297 comprising 563,262,970 Zelan Shares.

The Par Value Reduction will give rise to a credit of approximately RM225,306,000 which will be utilised to partially offset the accumulated losses of Zelan as at 31 March 2013.

3.4 Pro Forma IV – After the effects of Pro Forma III and the completion of the reduction of the share premium account of Zelan pursuant to Sections 60 and 64 of the Act on 15 November 2013

Pro Forma IV incorporates the effects of Pro Forma III and the Completed Transaction as set out in Note 1.3(d). This adjustment reflects the reduction of Zelan's share premium account of RM122,040,000 to offset the accumulated losses of Zelan as at 31 March 2013.

3.5 Pro Forma V – After the effects of Pro Forma IV and the Rights Issue with Warrants

Pro Forma V incorporates the effects of Pro Forma IV and the Rights Issue with Warrants, assuming the full subscription of the Rights Shares with Warrants at RM0.15 per Rights Share by the shareholders. The indicative issue price of RM0.15 per Rights Share is allocated to the ordinary share and Warrant using the fair values of the Zelan Shares and the Warrants as at LPD of RM0.305 per ordinary share and RM0.14 per Warrant respectively, on a pro-rata basis, resulting in an allocated value per share (rounded to 2 decimal points for allocation purposes) of RM0.10 and RM0.05 for the ordinary share and Warrant respectively.

The proceeds arising from the Rights Issue with Warrants of approximately RM42,245,000 will be used to repay the outstanding bank borrowings of RM40,619,000 and the estimated expenses of RM1,626,000.

The estimated expenses for the Rights Issue with Warrants of RM1,626,000 are recognised in the profit or loss.

3.6 Pro Forma VI – After the effects of Pro Forma V and assuming the exercise of Warrants in full

Pro Forma VI incorporates the effects of Pro Forma V and assumes the exercise of Warrants at an exercise price of RM0.25 per Warrant by the warrant holders. This adjustment reflects the recognition of RM0.10 per ordinary share in the share capital account and the remaining RM0.15 per ordinary share in the share premium account. As a result of the exercise of warrants in full, the warrants reserve is transferred to the share premium account.

The proceeds arising from the exercise of Warrants in full of approximately RM70,407,000 will be used to repay the outstanding bank borrowings of RM18,788,000 and the remaining proceeds of RM51,619,000 will be used for working capital purposes.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ZELAN BERHAD

APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Share capital, share premium, fair value reserve, warrants reserve and accumulated losses / retained earnings

	No of ordinary shares	Share capital	Share premium	Fair value reserve	Warrants reserve	(Accumulated losses) / Retained earnings
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
Per audited balance of the Group as at 31 March 2013	563,263	281,632	124,396	86,584	-	(392,549)
Adjustments for Pro Forma I – Completed Transaction 1.3(a)						
- Reclassification adjustment included in the profit or loss upon disposal of 9,629,000 IJM Shares	-	-	-	(12,575)	-	-
- Gain on disposal of 9,629,000 IJM Shares	-	-	-	-	-	14,194
- Additional fair value loss on derivative financial liability arising from the equity collar option	-	-	-	-	-	(969)
Total adjustments for Pro Forma I	-	-	-	(12,575)	-	13,225
As Per Pro Forma I	**563,263**	**281,632**	**124,396**	**74,009**	-	**(379,324)**
Adjustments for Pro Forma II – Completed Transaction 1.3(b)						
- Reclassification adjustment included in the profit or loss upon disposal of 51,511,000 IJM Shares	-	-	-	(67,270)	-	-
- Gain on disposal of 51,511,000 IJM Shares	-	-	-	-	-	83,949
- Additional fair value loss on derivative financial liability arising from the equity collar option	-	-	-	-	-	(13,483)
Total adjustments for Pro Forma II	-	-	-	(67,270)	-	70,466
As Per Pro Forma II	**563,263**	**281,632**	**124,396**	**6,739**	-	**(308,858)**

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ZELAN BERHAD

APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.1 Share capital, share premium, fair value reserve, warrants reserve and accumulated losses / retained earnings (continued)

	No. of ordinary shares	Share capital	Share premium	Fair value reserve	Warrants reserve	(Accumulated losses) / Retained earnings
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
As Per Pro Forma II (continued)	**563,263**	**281,632**	**124,396**	**6,739**	-	**(308,858)**
Adjustment for Pro Forma III – Completed Transaction 1.3(c)						
- Reduction of RM0.40 of the par value of each existing ordinary share of RM0.50 each	-	(225,306)	-	-	-	225,306
As Per Pro Forma III	**563,263**	**56,326**	**124,396**	**6,739**	-	**(83,552)**
Adjustment for Pro Forma IV – Completed Transaction 1.3(d)						
- Reduction of Zelan's share premium account to offset the accumulated losses of Zelan as at 31 March 2013	-	-	(122,040)	-	-	122,040
As Per Pro Forma IV	**563,263**	**56,326**	**2,356**	**6,739**	-	**38,488**
Adjustments for Pro Forma V – Rights Issue with Warrants						
- Issuance of 281,631,485 Zelan Shares pursuant to the Rights Issue with Warrants at RM0.15 per Rights Share	281,631	28,163	-	-	14,082	-
- Recognition of the estimated expenses for the Rights Issue with Warrants in the profit or loss	-	-	-	-	-	(1,626)
Total adjustments for Pro Forma V	281,631	28,163	-	-	14,082	(1,626)
As Per Pro Forma V	**844,894**	**84,489**	**2,356**	**6,739**	**14,082**	**36,862**

PRICEWATERHOUSECOOPERS
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ZELAN BERHAD

APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.1 Share capital, share premium, fair value reserve, warrants reserve and accumulated losses / retained earnings (continued)

	No. of ordinary shares	Share capital	Share premium	Fair value reserve	Warrants reserve	(Accumulated losses) / Retained earnings
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
As Per Pro Forma V (continued)	**844,894**	**84,489**	**2,356**	**6,739**	**14,082**	**36,862**
Adjustments for Pro Forma VI – Assuming the exercise of Warrants in full						
- Exercise of Warrants in full at an average price of RM0.25 per Warrant into 281,631,485 Zelan Shares	281,631	28,163	42,244	-	-	-
- Transfer of the warrants reserve to the share premium account	-	-	14,082	-	(14,082)	-
Total adjustments for Pro Forma VI	281,631	28,163	56,326	-	(14,082)	-
As Per Pro Forma VI	**1,126,525**	**112,652**	**58,682**	**6,739**	**-**	**36,862**

Note:

In illustrating the effects of Pro Forma IV, it has been assumed that the accumulated losses of the Company will be eliminated in full upon the completion of the Completed Transactions as set out in Note 1.3 as set out below:

	RM'000
Per audited balance of the Company as at 31 March 2013	(470,568)
Effects of the:	
- Completed Transaction as set out in Note 1.3(a)	19,451
- Completed Transaction as set out in Note 1.3(b)	103,771
- Completed Transaction as set out in Note 1.3(c)	225,306
- Completed Transaction as set out in Note 1.3(d)	122,040
Adjusted balance of the accumulated losses of the Company	**-**

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ZELAN BERHAD | APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.2 Borrowings

	RM'000
Per audited balance of the Group as at 31 March 2013	389,906
Adjustment for Pro Forma I – Completed Transaction 1.3(a) -Repayment of the Group's outstanding borrowings arising from the proceeds from the disposal of 9,629,000 IJM Shares	(51,605)
As per Pro Forma I	**338,301**
Adjustment for Pro Forma II – Completed Transaction 1.3(b) -Repayment of the Group's outstanding borrowings arising from the proceeds from the disposal of 51,511,000 IJM Shares	(263,417)
As per Pro Formas II – IV	**74,884**
Adjustment for Pro Forma V – Rights Issue with Warrants - Repayment of the Group's outstanding borrowings arising from the proceeds from the Rights Issue with Warrants	(40,619)
As per Pro Forma V	**34,265**
Adjustment for Pro Forma VI – Assuming the exercise of Warrants in full - Repayment of the Group's outstanding borrowings arising from the proceeds from the exercise of Warrants	(18,788)
As per Pro Forma VI	**15,477**

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ZELAN BERHAD APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.3 Deposits, cash and bank balances (current assets)

	RM'000
Per audited balance of the Group as at 31 March 2013	30,386
Adjustments for Pro Forma I – Completed Transaction 1.3(a)	
- Proceeds arising from the disposal of 9,629,000 IJM Shares	54,097
- Repayment of the Group's outstanding borrowings	(51,605)
- Payment of the derivative financial liability incidental to the repayment of the Group's outstanding borrowings	(2,492)
Total adjustments for Pro Forma I	-
As per Pro Forma I	**30,386**
Adjustments for Pro Forma II – Completed Transaction 1.3(b)	
- Proceeds arising from the disposal of 51,511,000 IJM Shares	297,414
- Repayment of the Group's outstanding borrowings	(263,417)
- Payment of the derivative financial liability incidental to the repayment of the Group's outstanding borrowings	(33,997)
Total adjustments for Pro Forma II	-
As per Pro Formas II – IV	**30,386**
Adjustments for Pro Forma V – Rights Issue with Warrants	
- Proceeds from the Rights Issue with Warrants	42,245
- Repayment of the Group's outstanding borrowings	(40,619)
- Payment of the estimated expenses for the Rights Issue with Warrants	(1,626)
Total adjustments for Pro Forma V	-
As per Pro Forma V	**30,386**
Adjustment for Pro Forma VI – Assuming the exercise of Warrants in full	
- Total proceeds arising from the exercise of Warrants in full at RM0.25 per Warrant	70,407
- Repayment of the Group's outstanding borrowings	(18,788)
Total adjustments for Pro Forma VI	51,619
As per Pro Forma VI	**82,005**

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ZELAN BERHAD **APPENDIX A**

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.4 Available-for-sale financial assets

	RM'000
Per audited balance of the Group as at 31 March 2013	361,335
Adjustment for Pro Forma I – Completed Transaction 1.3(a)	
- Disposal of 9,629,000 IJM Shares	(52,478)
As per Pro Forma I	**308,857**
Adjustment for Pro Forma II – Completed Transaction 1.3(b)	
- Disposal of 51,511,000 IJM Shares	(280,735)
As per Pro Formas II – VI	**28,122**

4.5 Derivative financial liability

	RM'000
Per audited balance of the Group as at 31 March 2013	22,037
Adjustments for Pro Forma I – Completed Transaction 1.3(a)	
- Additional fair value loss on derivative financial liability arising from the equity collar option	969
- Payment of the derivative financial liability incidental to the repayment of bank borrowings	(2,492)
Total adjustments for Pro-Forma I	(1,523)
As per Pro Forma I	20,514
Adjustments for Pro Forma II – Completed Transaction 1.3(b)	
- Additional fair value loss on derivative financial liability arising from the equity collar option	13,483
- Payment of the derivative financial liability incidental to the repayment of bank borrowings	(33,997)
Total adjustments for Pro-Forma II	(20,514)
As per Pro Formas II – VI	-

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Zelan Berhad in accordance with a resolution dated 13 December 2013.

DATO' MOHD NOR BIN IDRUS
MANAGING DIRECTOR

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

Company No. 27676-V

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON

Certified True Copy

PricewaterhouseCoopers

YEE WAI YIN
(NO.2081/08/14(J))
CHARTERED ACCOUNTANT

ZELAN BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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ZELAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The Directors hereby in submitting their annual report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2013.

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, construction of power plants and buildings, property development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works and management of residential properties.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
- Equity holders of the Company	(77,796)	(11,681)
- Non-controlling interests	(78)	-
Loss for the financial year	(77,874)	(11,681)

DIVIDEND

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

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2013.

RESERVES AND PROVISIONS

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

ZELAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

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	
Dato' Mohd Nor bin Idrus	
Datuk Puteh Rukiah binti Abd Majid	(appointed on 15.4.2013)
Dato' Sri Che Khalib bin Mohamad Noh	(appointed on 27.6.2013)
Dato' Abdullah bin Mohd. Yusof	
Mohd Farit bin Ibrahim	
Ooi Teik Huat	
Datuk Haji Hasni bin Harun	(resigned on 17.6.2013)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS IN SHARES

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

ZELAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of 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 of 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 of 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 of the Company to meet their obligations when they fall due.

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

(a) any charge on the assets of the Group or of 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 of the Company which has arisen since the end of the financial year other than those disclosed in Note 32 and Note 33 to the financial statements.

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

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the statements of comprehensive income, Note 2 and Note 31 to the financial statements; and

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

ZELAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

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

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

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 July 2013.

DATO' ANWAR BIN HAJI @ AJI	DATO' MOHD NOR BIN IDRUS
CHAIRMAN	MANAGING DIRECTOR

ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Anwar bin Haji @ Aji and Dato' Mohd Nor bin Idrus, two of the Directors of Zelan Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 9 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2013 and of the results and cash flows of the Group and 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 Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 July 2013.

DATO' ANWAR BIN HAJI @ AJI
CHAIRMAN

DATO' MOHD NOR BIN IDRUS
MANAGING DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Anuarifaei bin Mustapa, the officer primarily responsible for the financial management of Zelan Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 95 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ANUARIFAEI BIN MUSTAPA

Subscribed and solemnly declared by the abovenamed Anuarifaei bin Mustapa at Kuala Lumpur on 31 July 2013.

Before me,

PESURUHJAYA SUMPAH
NO. W465
KAPT. (B) JASNI BIN YUSOFF
MALAYSIA

31 JUL 2013

COMMISSIONER FOR OATHS

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZELAN BERHAD

(Incorporated in Malaysia)
(Company No. 27676 V)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Zelan Berhad on pages 9 to 94 which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 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 are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZELAN BERHAD (CONTINUED)

(Incorporated in Malaysia)
(Company No. 27676 V)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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 March 2013 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 Note 2 to the financial statements which describes the conditions that indicate the existence of a material uncertainty relating to the outcome of the arbitration process on the Group's project in Abu Dhabi and the ability of the Group and the Company to continue as going concerns. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ZELAN BERHAD (CONTINUED)

(Incorporated in Malaysia)
(Company No. 27676 V)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 2 to the financial statements, Zelan Berhad adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospective by the Directors to the comparative information in these financial statements including, the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 March 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the financial year then ended.

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

PRICEWATERHOUSECOOPERS	YEE WAI YIN
(No. AF: 1146)	(No. 2081/08/14 (J))
Chartered Accountants	Chartered Accountant

Kuala Lumpur
31 July 2013

ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	6	128,011	187,066	7,961	7,301
Cost of sales	7	(116,980)	(116,962)	-	-
Gross profit		11,031	70,104	7,961	7,301
Administrative expenses		(18,861)	(18,004)	(6,250)	(5,393)
Other operating expenses:					
- gain / (loss) on fair value of derivative		10,382	(32,419)	10,382	(32,419)
- unrealised foreign exchange gain / (loss), net		20,018	(233)	124	-
- allowance for doubtful debts		(41)	(843)	(9,538)	(147,510)
- impairment loss of property, plant and equipment		(6,702)	-	-	-
- others		(28,557)	(3,945)	(39)	(76)
Other operating income:					
- gain on disposal of available-for-sale financial assets		57	-	102	-
- gain on liquidation of a subsidiary	5	-	1,455	-	4,738
- others		7,721	6,081	1,074	642
Finance income	8	32,630	14,645	560	1,045
Finance costs	8	(75,006)	(12,511)	(16,044)	(9,898)
Share of results of associates	18	(3,261)	168	-	-
(Loss) / profit before taxation	9	(50,589)	24,498	(11,668)	(181,570)
Taxation	13	(27,285)	(12,699)	(13)	(1,807)
(Loss) / profit for the financial year		(77,874)	11,799	(11,681)	(183,377)

ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Other comprehensive (loss) / income:					
Available-for-sale financial assets:					
- fair value loss	20	(11,977)	(51,768)	(11,977)	(51,768)
- reclassification adjustment included in the profit or loss		(57)	-	(102)	-
Currency translation differences:					
- net movement during the financial year		3,264	(527)	-	-
- reclassification adjustment included in the profit or loss		-	(11,653)	-	-
Other comprehensive loss for the financial year, net of tax		(8,770)	(63,948)	(12,079)	(51,768)
Total comprehensive loss for the financial year		(86,644)	(52,149)	(23,760)	(235,145)
(Loss) / profit for the financial year attributable to:					
- Equity holders of the Company		(77,796)	11,901	(11,681)	(183,377)
- Non-controlling interests		(78)	(102)	-	-
(Loss) / profit for the financial year		(77,874)	11,799	(11,681)	(183,377)
Total comprehensive loss attributable to:					
- Equity holders of the Company		(86,603)	(40,389)	(23,760)	(235,145)
- Non-controlling interests		(41)	(11,760)	-	-
Total comprehensive loss for the financial year		(86,644)	(52,149)	(23,760)	(235,145)
(Loss) / earnings per share attributable to the equity holders of the Company during the financial year:					
		Sen	Sen		
Basic and diluted (loss) / earnings per share:	14	(13.81)	2.11		

ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

		Group			Company		
	Note	31.3.2013 RM'000	31.3.2012 RM'000	1.4.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.4.2011 RM'000
NON-CURRENT ASSETS							
Property, plant and equipment	15	15,213	27,948	39,353	29	65	141
Investment properties	16	5,273	5,415	5,557	-	-	-
Investments in subsidiaries	17	-	-	-	5,950	285	100
Investments in associates	18	927	12,341	15,383	-	-	10
Financial receivables	22	180,793	-	-	-	-	-
Other receivables	22	-	69,015	-	-	-	-
Deposits, cash and bank balances (restricted)	24	12,446	40,440	1,790	3,613	24,370	1,790
Available-for-sale financial assets	20	361,335	373,652	425,420	361,335	373,652	425,420
		575,987	528,811	487,503	370,927	398,372	427,461
CURRENT ASSETS							
Inventories	21	9,080	9,080	9,194	-	-	-
Financial receivables	22	113,590	193,825	313,340	39,809	26,921	10,848
Other receivables	22	118,846	67,957	233,258	-	-	-
Tax recoverable		2,964	15,381	22,962	-	1,985	1,985
Deposits, cash and bank balances	24	30,386	16,769	16,811	21,623	8,997	1,279
		274,866	303,012	595,565	61,432	37,903	14,112
LESS: CURRENT LIABILITIES							
Financial payables	26	270,823	237,391	298,164	24,253	8,983	5,217
Other liabilities	26	22,476	1,846	206,347	434	386	730
Borrowings	27	232,940	15,105	201,525	143,493	773	90,060
Current tax liabilities		628	1,307	18	60	138	-
Provision for liabilities and charges	29	-	28,192	93,179	-	-	-
		526,867	283,841	799,233	168,240	10,280	96,007
NET CURRENT (LIABILITIES) / ASSETS		(252,001)	19,171	(203,668)	(106,808)	27,623	(81,895)
TOTAL ASSETS LESS CURRENT LIABILITIES		323,986	547,982	283,835	264,119	425,995	345,566

ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 (CONTINUED)

		Group			Company		
	Note	31.3.2013 RM'000	31.3.2012 RM'000	1.4.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.4.2011 RM'000
EQUITY AND LIABILITIES							
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:							
Share capital	25	281,632	281,632	281,632	281,632	281,632	281,632
Reserves		(139,153)	(52,550)	(12,161)	(195,007)	(171,247)	63,898
		142,479	229,082	269,471	86,625	110,385	345,530
Non-controlling interests		(170)	(129)	11,631	-	-	-
TOTAL EQUITY		142,309	228,953	281,102	86,625	110,385	345,530
NON-CURRENT LIABILITIES							
Borrowings	27	156,966	283,934	36	155,457	283,191	36
Derivative financial liability	27	22,037	32,419	-	22,037	32,419	-
Deferred tax liabilities	28	2,674	2,676	2,697	-	-	-
		181,677	319,029	2,733	177,494	315,610	36
TOTAL EQUITY AND NON-CURRENT LIABILITIES		323,986	547,982	283,835	264,119	425,995	345,566

ZELAN BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		Attributable to equity holders of the Company									
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2012		281,632	124,396	(522)	98,618	35,457	4,254	(314,753)	229,082	(129)	228,953
Loss for the financial year		-	-	-	-	-	-	(77,796)	(77,796)	(78)	(77,874)
Other comprehensive income / (loss):											
Currency translation differences:											
- net movement during the financial year		-	-	3,227	-	-	-	-	3,227	37	3,264
Available-for-sale financial assets											
- fair value loss	20	-	-	-	(11,977)	-	-	-	(11,977)	-	(11,977)
- reclassification adjustment included in profit or loss		-	-	-	(57)	-	-	-	(57)	-	(57)
Total comprehensive income / (loss) for the financial year		-	-	3,227	(12,034)	-	-	(77,796)	(86,603)	(41)	(86,644)
At 31 March 2013		281,632	124,396	2,705	86,584	35,457	4,254	(392,549)	142,479	(170)	142,309

ZELAN BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

	Note	Attributable to equity holders of the Company									
		Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2011		281,632	124,396	-	150,386	35,457	4,254	(326,654)	269,471	11,631	281,102
Profit / (loss) for the financial year		-	-	-	-	-	-	11,901	11,901	(102)	11,799
Other comprehensive loss:											
Currency translation differences:											
- net movement during the financial year		-	-	(522)	-	-	-	-	(522)	(5)	(527)
Reclassification adjustment included in the profit or loss on liquidation of a subsidiary		-	-	-	-	-	-	-	-	(11,653)	(11,653)
Fair value loss on available-for-sale financial assets	20	-	-	-	(51,768)	-	-	-	(51,768)	-	(51,768)
Total comprehensive (loss) / income for the financial year		-	-	(522)	(51,768)	-	-	11,901	(40,389)	(11,760)	(52,149)
At 31 March 2012		281,632	124,396	(522)	98,618	35,457	4,254	(314,753)	229,082	(129)	228,953

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

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

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

			Non-distributable			Distributable		
	Note	Share capital RM'000	Share premium RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2012		281,632	124,396	141,530	18,456	3,258	(458,887)	110,385
Loss for the financial year		-	-	-	-	-	(11,681)	(11,681)
Other comprehensive loss:								
Available-for-sale financial assets:								
- fair value loss	20	-	-	(11,977)	-	-	-	(11,977)
- reclassification adjustment included in the profit or loss account		-	-	(102)	-	-	-	(102)
Total comprehensive loss for the financial year		-	-	(12,079)	-	-	(11,681)	(23,760)
At 31 March 2013		281,632	124,396	129,451	18,456	3,258	(470,568)	86,625

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

			Non-distributable			Distributable		
	Note	Share capital RM'000	Share premium RM'000	Fair value reserve^ RM'000	Capital reserve* RM'000	General reserve* RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2011		281,632	124,396	193,298	18,456	3,258	(275,510)	345,530
Loss for the financial year		-	-	-	-	-	(183,377)	(183,377)
Other comprehensive loss:								
Fair value loss on available-for-sale financial assets	20	-	-	(51,768)	-	-	-	(51,768)
Total comprehensive loss for the financial year		-	-	(51,768)	-	-	(183,377)	(235,145)
At 31 March 2012		281,632	124,396	141,530	18,456	3,258	(458,887)	110,385

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

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES				
(Loss) / profit for the financial year, attributable to equity holders of the Company	(77,796)	11,901	(11,681)	(183,377)
Adjustments for:				
Taxation	27,285	12,699	13	1,807
Finance costs	75,006	12,511	16,044	9,898
Finance income	(32,630)	(14,645)	(560)	(1,045)
Non-controlling interests	(78)	(102)	-	-
Depreciation of investment properties	142	142	-	-
(Gain) / loss on fair value of derivative	(10,382)	32,419	(10,382)	32,419
Net allowance for doubtful debts	41	843	8,479	147,510
Bad debts written off	704	3,409	-	3,033
Net (gain) / loss on unrealised foreign exchange	(20,018)	233	(124)	-
Dividend income	(7,961)	(7,301)	(7,961)	(7,301)
Impairment loss on investment in an associate	-	10	-	10
Property, plant and equipment:				
- gain on disposals	(4,956)	(289)	-	(64)
- impairment loss	6,702	-	-	-
- depreciation	6,568	6,831	39	76
Gain on disposal of available-for-sale financial assets	(57)	-	(102)	-
Share of results of associates	3,261	(168)	-	-
Gain on liquidation of a subsidiary	-	(1,455)	-	(4,738)
	(34,169)	57,038	(6,235)	(1,772)

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		-	114	-	-
Receivables, deposits and prepayments		(139,464)	173,232	1,236	(3,226)
Payables		69,299	(296,643)	16,964	6,480
Cash (used in) / generated from operations		(104,334)	(66,259)	11,965	1,482
Tax (paid) / refund		2,539	(2,484)	1,894	(1,670)
Net cash flows (used in) / generated from operating activities		(101,795)	(68,743)	13,859	(188)
INVESTING ACTIVITIES					
Proceeds from disposals of:					
- available-for-sale financial assets		340	-	340	-
- plant and equipment		5,981	5,537	-	65
Redemption of preference shares in an associate		-	2,200	-	-
Advances to a subsidiary		-	-	(22,603)	(163,388)
Dividends received from:					
- associate		8,153	1,000	-	-
- other investment		7,961	7,301	7,961	7,301
Interest from deposits and investment received		638	1,089	560	1,045
Purchases of plant and equipment		(1,395)	(949)	(3)	(1)
Additional investments in:					
- subsidiaries	17	-	-	(5,665)	(185)
Net cash flows generated from / (used in) investing activities		21,678	16,178	(19,410)	(155,163)

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
FINANCING ACTIVITIES					
Interest paid		(22,011)	(844)	(16,044)	(9,898)
Repayments of borrowings		(8,341)	(363,427)	-	(260,000)
Proceeds from borrowings		92,336	455,607	13,500	455,607
Deposits pledged as security		15,673	(49,100)	7,781	(30,359)
Repayment of hire purchase creditors		(213)	(95)	(36)	(60)
Increase in hire purchase creditors		1,246	832	-	-
Net cash flows generated from financing activities		78,690	42,973	5,201	155,290
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,427)	(9,592)	(350)	(61)
CURRENCY TRANSLATION DIFFERENCES		2,723	(900)	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		6,140	16,632	1,218	1,279
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	24	7,436	6,140	868	1,218

Included in the consolidated statement of cash flows is RM1,285,000 (2012: RM937,000) which relates to purchases of motor vehicles under hire purchase arrangements (Note 27).

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17 to the financial statements and comprise investment holding, construction of power plants and buildings, property development, civil engineering and building turnkey contractor, piling and civil engineer contractor, civil technical design and construction of civil and building works and management of residential properties.

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

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 located at 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 located at 23rd Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 July 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company for the financial year ended 31 March 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 "First-time Adoption of MFRS". Subject to certain transition elections disclosed in Note 36, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 April 2011 (transition date) and throughout the years presented, as if these policies had always been in effect. Comparative figures for 2012 in these financial statements have been restated to give effect to these changes. Subsequent to the transition in the financial reporting framework to MFRS on 1 April 2012, the restated comparative information has not been audited under MFRS. However, the comparative statements of financial position as at 31 March 2012, comparative statements of comprehensive income, changes in equity and cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia. Note 36 discloses the impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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. 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.

The Directors have considered the following matters in preparing the financial statements of the Group and the Company on a going concern basis.

Project in Indonesia

In respect of the project in Indonesia which was undertaken by the Group through a Consortium in which the Group is the consortium leader, the owner of the project has issued the taking over certificate ("TOC") for Unit 1 dated 1 February 2012 on 12 December 2012 and the Consortium received partial retention sum of USD11.4 million (approximately RM35 million) on 28 December 2012. Subsequently, on 28 January 2013, the owner issued TOC for Unit 2 dated 1 May 2012 and the retention sum of USD11.5 million (approximately RM35 million) was received on 26 February 2013. The defect liability period for this project is expected to expire on 30 September 2013, and the Group expects to receive the remaining retention sum, net of liquidated ascertained damages ("LAD"), of USD19.4 million (approximately RM59 million), of which USD9.7 million (approximately RM29 million) is expected to be received in the second quarter and another USD9.7 million (approximately RM29 million) is expected to be received in the third quarter of the financial year ending 31 March 2014.

The Group had, in the previous financial year, recognised an estimated LAD receivable of USD22.5 million (approximately RM69.7 million) from a subcontractor / supplier as a result of its delay in completing its scope of works as set out in the agreement for supply for the above project in Indonesia. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement, which is supported by the external legal advice.

Project in the Middle East

In respect of the Group's project in Abu Dhabi, United Arab Emirates ("UAE"), on 21 November 2012, the owner of the project in Abu Dhabi, UAE, gave notice to terminate the contract and liquidate the performance bond. On 9 December 2012, the guarantor of the performance bond released the performance bond of AED92.5 million (approximately RM78 million) to the project owner.

The Group, through its legal counsels in UAE, immediately initiated all necessary legal actions and issued 5 Notices of Intention to Commence Arbitration on 27 December, 31 December 2012 and 19 February 2013 due to the disputes which include under-certification of progress claims, the validity of the termination of contract and the validity of the liquidation of performance bond.

Company No.

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ZELAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Project in the Middle East (continued)

The Group has engaged an independent claim consultant to carry out a review on the Group's claim against the project owner based on the Group's entitlement for an extension of time and other additional payments in connection with the project.

The Group had also obtained legal opinions from external solicitors based in Dubai, UAE and Malaysia on 2 February, 14 April and 23 May 2013, respectively. Based on the claims consultant report and external legal advice, the Group is of the view that it has strong legal grounds to challenge the basis of the notice of termination issued by the project owner. The Group targets to commence the arbitration process in September 2013 to recover the amount due from the project owner.

The Group recorded a total receivable balance of AED170.3 million (approximately RM143.4 million) due from the project owner as at 31 March 2013, which includes the performance bond drawndown. Based on the advice from the claims consultant and the solicitors, the Group is of the view that these amounts due are recoverable. The expected timing of the receipt has been considered in arriving at the carrying value of the receivables.

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

Cash flows of the Group and the Company

The Group and the Company incurred a loss after taxation of RM77.9 million (2012: profit after taxation of RM11.7 million) and RM11.7 million (2012: RM183.4 million) for the financial year ended 31 March 2013, respectively. As at the same date, the Group and the Company had net current liabilities of RM252.0 million (31.3.2012: net current assets of RM19.2 million; 1.4.2011: net current liabilities of RM203.7 million) and RM106.8 million (31.3.2012: net current assets of RM27.6 million; 1.4.2011: net current liabilities of RM81.9 million), respectively.

The losses incurred by the Group and the Company for the financial year ended 31 March 2013, the financial positions of the Group and the Company as at that date, the ability of the Group and the Company to generate positive cash flows which are subject to shareholders' approval, the timeliness of the receipt of retention sums from the project owner in Indonesia and the uncertainty of the outcome of the arbitration of the Group's construction project in Abu Dhabi indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group and the Company to continue as a going concern, and therefore, the Group and the Company may be unable to realise the assets and discharge the liabilities in the normal course of business. If the Group and the Company cease to be a going concern, assets are to be stated at their estimated recoverable amounts and provisions are to be made for any further estimated liabilities which might arise.

In order to ensure that the Group and the Company would have sufficient cash flows within the next twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities, the Group had successfully restructured one of its existing unsecured term loan amounting to AED107.1 million (approximately RM89 million) in April 2013 which allows the Group to make progressive principal repayments over a period up to March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The Group and the Company also disposed of some of the existing available-for-sale financial assets which were pledged as security for the Group's and the Company's secured term loan in May 2013 to repay a portion of the term loan subsequent to the reporting date.

The Group and the Company are proposing to obtain the necessary approvals from the shareholders to dispose the remaining available-for-sale financial assets and undertake a corporate exercise which include a proposed capital restructuring and rights issue with warrants, of which the proceeds generated from these exercises will be utilised to repay the existing borrowings of the Group and the Company, complete the projects in progress, meet the working capital and financial covenant requirements, and to carry out all other investing and financing activities for the next twelve months from the date of the approval of the financial statements. It is anticipated that the Group and the Company will complete the disposal of the available-for-sale financial assets and the corporate exercise by the fourth quarter of the financial year ending 31 March 2014, subject to the approval from the shareholders.

With the various action plans by the Board as disclosed above, the Directors are of the view that the Group and the Company will have sufficient cash flows for the next 12 months from the end of the reporting period to meet the operating and financing cash flow requirements. Accordingly, the Board of Directors believes that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis.

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

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

Financial year beginning on/after 1 April 2013

Applicable to the Group and the Company

- MFRS 9 "Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities"
- MFRS 10 "Consolidated Financial Statements"
- MFRS 11 "Joint Arrangements"
- MFRS 12 "Disclosures of Interests in Other Entities"
- MFRS 13 "Fair Value Measurement"
- The revised MFRS 127 "Separate Financial Statements"
- The revised MFRS 128 "Investments in Associates and Joint Ventures"
- Amendments to MFRS 101 "Presentation of Items of Other Comprehensive Income"
- Amendments to MFRS 7 "Financial Instruments: Disclosures"

Financial year beginning on/after 1 April 2014

Applicable to the Group and the Company

- Amendment to MFRS 132 "Financial Instruments: Presentation"

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

Financial year beginning on/after 1 April 2015

Applicable to the Group and the Company

Amendment to MFRS 9 "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities"

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

(b) Economic entities in the Group

(i) Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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. Acquisition-related costs are expensed as incurred. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

<u>Changes in ownership interests in subsidiaries without change of control</u>

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

<u>Disposal of subsidiaries</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(ii) Associates

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

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

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

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

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

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

(iii) Joint ventures

<u>Jointly controlled entities</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Economic entities in the Group (continued)

(iii) Joint ventures (continued)

Jointly controlled entities (continued)

The Group's interest in jointly controlled entities is accounted for in the financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

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

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

Jointly controlled operations

A jointly controlled operation is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

In respect of its interest in jointly controlled operations, the Group recognises in its financial statements the assets that it controls and the liabilities that it incurs as well as the expenses that it incurs and its share of the income and expenses that it earns from the sales of goods or services by the jointly controlled operations.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2(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 in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis based on their estimated useful lives, summarised as follows:

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

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

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at each reporting date. 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 asset and recognised in the profit or loss.

At the end of the reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer accounting policy Note 2(h) on impairment of non-financial assets.

(d) Investment properties

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

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

At each reporting date, the carrying amounts of investment properties are reviewed to determine whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer accounting policy Note 2(h) on impairment of non-financial assets.

(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 the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

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

(f) Investment in subsidiaries, joint ventures and associates

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

(g) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goodwill (continued)

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

(h) Impairment of non-financial assets

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

(i) Inventories

Completed properties

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

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

(j) Construction contracts

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Construction contracts (continued)

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.

On the statement of financial position, the Group reports the net contract position of each contract as either an asset or a liability. The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

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

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

(l) Receivables

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

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks which are readily convertible to known amounts of cash and have insignificant risk of changes in value.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Share capital

Classification

Ordinary shares are classified as equity.

Share issue costs

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

Dividends to shareholders of the Company

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

Purchase of own shares

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

(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 the profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

Short-term employee benefits

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

Post-employment benefits - defined contribution plan

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

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

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

(q) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Group operates and generates taxable income.

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax (continued)

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

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

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

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Contingent liabilities and contingent assets (continued)

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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

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

Group companies

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

- assets and liabilities presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;
- income and expenses presented in the statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Foreign currencies (continued)

Group companies (continued)

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

(u) Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods and services

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

Dividend income

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

Interest income

Interest income from deposits at licensed financial institution are recognised in the profit or loss on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Investment income

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

Construction contracts

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

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NOTES TO THE FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

Other income

Other income earned by the Group are recognised on the following bases:
- Car park income - on an accrual basis
- Rental income - on an accrual basis

(v) Financial instruments

Description

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

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

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

Financial instruments recognised on the statement of financial position

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

Fair value estimation for disclosure purposes

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Financial assets

Classification

The Group classifies its financial assets in the following categories:

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

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months (or longer than the normal operating cycle of the business) after the end of the financial year which are presented as non-current assets respectively. The Group's loans and receivables are as disclosed in Notes 22 and 24 to the financial statements.

(ii) Available-for-sale financial assets

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

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement – gains and losses

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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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
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Financial assets (continued)

Subsequent measurement – impairment of financial assets (continued)

Assets classified as available-for-sale

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

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

De-recognition

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

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

(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 obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Financial liabilities (continued)

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

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

(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.

(aa) Derivative financial instruments

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(i) Foreign currency exchange risk

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

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

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

The Group and the Company do not apply hedge accounting.

The Group's exposure to foreign currencies, US Dollars ("USD"), in respect of its financial assets and financial liabilities for functional currency in Indonesian Ruppiah ("IDR") are as follows:

	USD RM'000	Others RM'000	Total RM'000
Group At 31 March 2013			
Financial assets			
Cash and cash equivalents	21,435	20	21,455
Trade receivables	2,789	-	2,789
	24,224	20	24,244
Less: Financial liabilities			
Trade and other payables	35,907	-	35,907
	35,907	-	35,907
Net financial (liabilities) / assets	(11,683)	20	(11,663)
Currency exposure	(11,683)	20	(11,663)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency exchange risk (continued)

The Group's exposure to foreign currencies in respect, USD Dollars ("USD") of its financial assets and financial liabilities for functional currency in Indonesian Ruppiah ("IDR") are as follows: (continued)

	USD RM'000	Others RM'000	Total RM'000
Group			
At 31 March 2012			
Financial assets			
Cash and cash equivalents	387	21	408
Trade receivables	9,734	-	9,734
	10,121	21	10,142
Less: Financial liabilities			
Trade and other payables	48,823	94	48,917
	48,823	94	48,917
Net financial liabilities	(38,702)	(73)	(38,775)
Currency exposure	(38,702)	(73)	(38,775)

	USD RM'000	Others RM'000	Total RM'000
Group			
At 1 April 2011			
Financial assets			
Cash and cash equivalents	182	26	208
Trade receivables	10,949	-	10,949
	11,131	26	11,157
Less: Financial liabilities			
Trade and other payables	3,891	94	3,985
Borrowings	16,950	-	16,950
	20,841	94	20,935
Net financial liabilities	(9,710)	(68)	(9,778)
Currency exposure	(9,710)	(68)	(9,778)

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NOTES TO THE FINANCIAL STATEMENTS
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3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency exchange risk (continued)

As at the reporting date, a near term 2% (2012: 2%) appreciation or depreciation in the foreign currency portfolio of the various foreign currencies to its respective functional currencies, with all other variables including tax rate being held constant, would have the following impact in the (loss) / profit after tax for the financial year:

	Increase	
	2013	2012
	RM'000	RM'000
Group		
Functional currency RM		
- US Dollar	234	774
- Singapore Dollar	-	2

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

A 1% (2012: 1%) increase in the functional currency of the subsidiaries will result in an increase / (decrease) the Group's foreign exchange reserve account as set out below:

	Increase / (decrease)	
	2013	2012
	RM'000	RM'000
Functional currency of Indian Rupee ("INR")	11	14
Functional currency of United Arab Emirates Dirham ("AED")	161	(639)
Functional currency of Indonesian Ruppiah ("IDR")	(154)	(2,348)
Functional currency of Saudi Arabian Riyal ("SAR")	(219)	(3,001)

A 1% (2012: 1%) weakening of the above currencies against the RM would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

(ii) Price risk

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

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

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3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Price risk (continued)

The table below summarises the impact of increases/decreases of the equity index on the Group's and the Company's equity. The analysis is based on the assumption that the equity index had increased/decreased by 10% (2012: 10%) with all other variables held constant and the entire Group's equity instrument moved according to the historical correlation with the index:

	Impact on other comprehensive income	
	2013	2012
	RM'000	RM'000
Index		
Bursa Malaysia	36,133	37,365

(iii) Cash flows interest rate risk

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

- The Group's and the Company's short-term deposits

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

- The Group's and the Company's borrowings

  Borrowings issued at variable interest rates expose the Group and the Company to cash flows interest rate risk which is partially offset by interest income earned by the Group's deposit placement at variable rates. As at 31 March 2013, the Group's borrowings at variable interest rate are denominated in RM and Arab Emirates Dirham ("AED") and the Company's borrowings are denominated in RM.

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

	Increase	
	2013	2012
	RM'000	RM'000
Group		
Borrowings denominated in AED	323	87
Borrowings denominated in RM	2,927	17,850
Company		
Borrowings denominated in RM	2,927	17,850

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk

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

All the financial liabilities of the Group and the Company at the end of the reporting date based on undiscounted contractual payments are as set out below:

	31.3.2013		31.3.2012		1.4.2011	
	Less than 1 year	Between 1 and 5 years	Less than 1 year	Between 1 and 5 years	Less than 1 year	Between 1 and 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Financial payables						
Trade payables	214,654	1,471	99,076	30,881	136,320	32,110
Amounts due to related companies	33	-	-	-	41	-
Amount due to an associate	3,613	-	7,790	-	4,840	-
Other payables and accruals	50,767	285	99,384	260	117,875	6,978
Borrowings	262,041	164,452	16,497	301,042	207,297	38
	531,108	166,208	222,747	332,183	466,373	39,126
Company						
Financial payables						
Amounts due to subsidiaries	22,860	-	8,649	-	5,014	-
Amounts due to related companies	33	-	-	-	41	-
Other payables and accruals	1,360	-	334	-	162	-
Borrowings	165,983	162,811	773	283,191	90,578	38
	190,236	162,811	9,756	283,191	95,795	38

One of the subsidiaries had, prior to 31 March 2013, obtained a waiver for trade facilities from the bank on its compliance with the covenant clauses for a period covering the financial year ended 31 March 2013 through to 30 June 2013. The Group has subsequently obtained indulgence from the bank for a further extension to 31 December 2013. Refer Note 27(c) for further details.

Another subsidiary has entered into a Rescheduling Agreement with the bank to reschedule the repayment of the outstanding unpaid facilities amounting to AED107.1 million (approximately RM89 million) which include the Performance Bond amount of AED92.5 million (approximately RM78 million) which was called by the project owner in the Middle East. The repayment was restructured into four instalments commencing from 31 August 2013 to 31 March 2014. Refer to Note 27(a)(i) for further details.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk (continued)

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

(v) Credit risk

The Group's and the Company's exposure to credit risk arises primarily from trade receivables. The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of its receivables. Credit evaluations are performed on all contract customers. The Group closely monitors its customers' financial strength to reduce the risk of loss.

At the reporting date, the Group has no significant concentration of credit risk other than three corporate debtors which represent 99.9% (31.3.2012: 99.8%; 1.4.2011: 99.8%) of the Group's total trade receivables, in which these balances are monitored closely. 52% (31.3.2012: 50%; 1.4.2011: 99.8%) of these trade receivables mainly relates to retention sums receivable from the owners of the Group's projects. The Company has no significant concentration of credit risk except for amounts due from subsidiaries.

The majority of the financial assets are deposits receivable and short-term money market instruments that are not concentrated to any particular group but widely dispersed across various licensed financial institutions. The only credit risk attributable to the short-term money market instruments such as deposits placement in various countries which will be affected by economic factors. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

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

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

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Not past due	294,000	193,599	223,414	39,753	26,921	10,848
Past due but not impaired	383	226	89,926	56	-	-
Impaired	180	843	3,409	519,024	510,545	366,068
	294,563	194,668	316,749	558,833	537,466	376,916

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NOTES TO THE FINANCIAL STATEMENTS
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3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Credit risk (continued)

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

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

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

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

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade and other receivables						
Past due 0 to 3 months	18	16	13,402	-	-	-
Past due 3 to 6 months	5	1	62,851	-	-	-
Past due over 6 months	360	209	1,784	56	-	-
Amounts due from related companies						
Past due over 6 months	-	-	11,889	-	-	-
	383	226	89,926	56	-	-

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

(c) Financial assets that are impaired

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

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade and other receivables	180	843	3,409	-	-	59
Amounts due from subsidiaries	-	-	-	519,024	510,545	366,009
	180	843	3,409	519,024	510,545	366,068

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Credit risk (continued)

(c) Financial assets that are impaired (continued)

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

	Group		Company	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables				
At 1 April	843	3,409	-	59
Allowance made	41	843	-	-
Write-offs against provisions	(704)	(3,409)	-	(59)
At 31 March (Note 22)	180	843	-	-
Amounts due from subsidiaries				
At 1 April	-	-	510,545	366,009
Allowance made	-	-	9,538	147,510
Write-offs against provisions	-	-	-	(2,974)
Write-back against provisions	-	-	(1,059)	-
At 31 March (Note 22)	-	-	519,024	510,545

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

(vi) Capital risk

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

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3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(vii) Fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments: deposits, cash and bank balances, financial receivables and payables (including non-trade amounts due to/from the Group and the Company) and borrowings except as disclosed in Notes 27(a)(iii) and 27(b).

Fair value estimation

The disclosure of fair value measurements by level of the fair value measurement hierarchy is as follows:

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

The following table presents the available-for-sale financial assets and the equity collar embedded in the term loan for the Group and the Company that are measured at fair value at the reporting date:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 31 March 2013				
Available-for-sale financial assets	361,335	-	-	361,335
Derivative financial liability on equity collar	-	-	22,037	22,037
At 31 March 2012				
Available-for-sale financial assets	373,652	-	-	373,652
Derivative financial liability on equity collar	-	-	32,419	32,419
At 1 April 2011				
Available-for-sale financial assets	425,420	-	-	425,420

The changes in Level 3 instruments for the financial year ended 31 March 2013 of RM10,382,000 (gain) (2012: loss of RM32,419,000) has been recognised in the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
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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) Preparation of the financial statements of the Group and the Company as going concerns

As disclosed in Note 2 to the financial statements, the ability of the Group and the Company to continue as going concerns are dependent on the disposal of further available-for-sale financial assets which are currently pledged as security for the Group's secured term loan and obtaining further cash through other fund-raising exercises, which would require shareholders' approvals.

(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.

Refer to Note 22 and Note 23 to the financial statements for further details on the amount recoverable from a subcontractor and the projects of the Group, respectively.

(iii) Recoverability of trade receivables

As disclosed in Note 2 to the financial statements, the total receivable balance due from the project owner in Abu Dhabi amounted to RM143.4 million as at 31 March 2013. The Directors have made an assessment and concluded that the total receivable balance is reasonable based on advice from the claims consultant and external solicitors as the Group has strong legal grounds to challenge the basis of the notice of termination issued by the project owner and the amount expected to be recoverable. The recovery of the outstanding balance from the project owner will be dependent on the outcome of the arbitration process, which is expected to commence in September 2013.

In the event that the amount is not recoverable, the exposure of the Group on a worst case scenario basis, is RM143.4 million.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions (continued)

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

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

As disclosed in Note 32(a), the Group has recorded a provision of RM14.4 million in respect of the interest charges on the late payment of the tax liability based on the revised tax assessment issued by the Indonesia Tax Authorities taking into account advice from an external tax consultant, having considered various legal grounds, and that the branch has submitted a Memorandum for Judicial Review to appeal the Tax Court's decision.

In the event that the Group has to pay the full amount as stated in the tax demand letters, the Group will be incurring additional interest charges of RM6.3 million.

The Group will also be recording additional tax expense of RM3.0 million in the event that the tax recoverable of the Group as at 31 March 2013 is not recovered.

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

The Group estimates the useful lives of property, plant and equipment and related depreciation charge of its property, plant and equipment to be recorded. The useful lives are estimated at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual review of the assumptions made on useful lives to ensure that the assumptions continue to be valid.

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

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

(vi) Fair value of the financial derivative of the equity collar

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

The fair value of the equity collar is estimated to be RM772,826 (2012: RM1,529,106) higher or lower should the expected volatility and expected rate of return on underlying share price per annum respectively used in the Black Scholes model differ by 1% (2012: 1%) from management's estimates.

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5 DISPOSALS / LIQUIDATION AND DISCONTINUED OPERATION

(a) Disposal of the Group

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

On 24 October 2011, Golden Solitaire (Australia) B.V, a subsidiary of which the Company has 66.7% equity interest, was dissolved by way of members' voluntary winding-up. As a result, the Group and the Company recorded a gain on liquidation of RM1,455,000 and RM4,738,000, respectively, for the financial year ended 31 March 2012.

6 REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Construction contracts, gross	114,052	112,355	-	-
Add: Write-back of provision for liquidated ascertained damages (Note 29)	4,817	66,077	-	-
Construction contracts, net	118,869	178,432	-	-
Dividend income	7,961	7,301	7,961	7,301
Car park income	774	754	-	-
Rental income	405	403	-	-
Sale of completed properties	-	174	-	-
Membership fees	2	2	-	-
	128,011	187,066	7,961	7,301

7 COST OF SALES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Construction contract costs	116,802	116,666	-	-
Cost of properties sold	-	114	-	-
Others	178	182	-	-
	116,980	116,962	-	-

8 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Finance income				
Interest income	637	1,088	560	1,045
Profit from Islamic deposits	1	1	-	-
Fair value at inception / unwinding of discount	31,992	13,556	-	-
	32,630	14,645	560	1,045

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NOTES TO THE FINANCIAL STATEMENTS
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8 FINANCE INCOME AND FINANCE COSTS (CONTINUED)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Finance costs				
Interest expense	23,265	10,088	16,044	9,898
Fair value at inception / unwinding of discount	52,995	11,667	-	-
Less: interest expense included in cost of sales (Note 23)	(1,254)	(9,244)	-	-
	75,006	12,511	16,044	9,898

9 (LOSS) / PROFIT BEFORE TAXATION

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts	41	843	9,538	147,510
Write-back of allowance for doubtful debts	-	-	(1,059)	-
Bad debts written off	704	3,409	-	3,033
Auditors' remuneration – statutory audit	513	583	66	63
Depreciation of investment properties	142	142	-	-
Directors' remuneration (Note 11)	1,692	1,330	1,692	1,330
Property, plant and equipment: (Note 15)				
- depreciation	6,568	6,831	39	76
- impairment loss	6,702	-	-	-
- gain on disposals	(4,956)	(289)	-	(64)
Gain on foreign exchange:				
- unrealised	(20,242)	(3,508)	(124)	-
- realised	(266)	-	-	-
Loss on foreign exchange:				
- realised	-	72	-	-
- unrealised	224	3,741	-	-
Rental of land and premises	654	570	17	17
Rental of office equipment	(361)	(361)	-	-
Staff costs (Note 10)	23,620	29,246	2,784	3,020
Gain on disposal of available-for-sale financial assets	(57)	-	(102)	-
Gain on liquidation of a subsidiary	-	(1,455)	-	(4,738)
Rental income on premises	(715)	(681)	-	-
Impairment loss on investment in an associate	-	10	-	10

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM405,000 (2012: RM403,000).

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10 STAFF COSTS

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages, salaries and bonuses	19,361	25,727	2,256	2,565
Defined contribution retirement plan	1,160	1,143	293	336
Other employee benefits	3,099	2,376	235	119
	23,620	29,246	2,784	3,020
Staff costs for the financial year are allocated as follows:				
Administrative expense	11,215	10,077	2,784	3,020
Cost of sales (Note 23)	12,405	19,169	-	-
	23,620	29,246	2,784	3,020

11 DIRECTORS' REMUNERATION

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

Executive Director
Dato' Mohd Nor bin Idrus (appointed as Managing Director on 1.12.2012)

Non-Executive Directors
Dato' Anwar bin Haji @ Aji, Chairman (redesignated as Non-Executive Chairman on 1.12.2012)
Dato' Abdullah bin Mohd. Yusof
Mohd Farit bin Ibrahim
Ooi Teik Huat
Datuk Haji Hasni bin Harun (resigned on 17.6.2013)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-Executive Directors:				
- fees	351	301	351	301
- other emoluments	150	65	150	65
Executive Director:				
- salaries and bonuses	1,001	780	1,001	780
- defined contribution retirement plan	127	117	127	117
- other employee benefits	63	67	63	67
	1,692	1,330	1,692	1,330

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12 AUDITORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
PricewaterhouseCoopers Malaysia*				
- Statutory audit	399	318	66	63
- Fees for other services	157	128	155	128
	556	446	221	191
Statutory audit:				
- Other member firms of PricewaterhouseCoopers International Limited*	-	46	-	-
- Firms other than member firms of PricewaterhouseCoopers International Limited	114	219	-	-

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

13 TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax:				
- Current financial year	(335)	283	1	137
- (Over) / under provisions in the prior years	(134)	1,176	12	1,670
	(469)	1,459	13	1,807
Foreign tax:				
- Current financial year	4,534	11,261	-	-
- Under provision in the prior years	23,222	-	-	-
	27,756	11,261	-	-
Deferred tax (Note 28):				
- Origination and reversal of temporary differences	6	(21)	-	-
- Over provisions in the prior years	(8)	-	-	-
	(2)	(21)	-	-
Total tax expense	27,285	12,699	13	1,807

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NOTES TO THE FINANCIAL STATEMENTS
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13 TAXATION (CONTINUED)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
The explanation of the relationship between tax charge and (loss) / profit before taxation is as follows:				
(Loss) / profit before taxation	(50,589)	24,498	(11,668)	(181,570)
Tax calculated at the Malaysian tax rate of 25 % (2012: 25%)	(12,647)	6,124	(2,917)	(45,393)
Tax effects of:				
- share of results of associates	(815)	41	-	-
- expenses not deductible for tax purposes	68,260	13,459	7,825	47,608
- income not subject to tax	(4,907)	(18,074)	(4,907)	(2,014)
- different tax rates in other countries	(45,249)	11,751	-	-
- temporary differences and tax losses not recognised	(437)	(1,778)	-	(64)
Under provisions in the prior years	23,080	1,176	12	1,670
Tax expense	27,285	12,699	13	1,807

During the financial year, the Group recognise a tax expense of RM23.2 million in respect of the Group's revised tax assessment in Indonesia following the outcome of the Indonesian Tax Court. Refer to Note 32(a) for further details.

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14 (LOSS) / EARNINGS PER SHARE

(a) Basic

The calculation of basic (loss) / earnings per share of the Group is calculated by dividing the loss attributable to the ordinary equity holders of the Company for the financial year of RM77,796,000 (2012: profit of RM11,901,000) by the weighted average number of ordinary shares in issue during the financial year of 563,262,970 (2012: 563,262,970).

	Group	
	2013	2012
	RM'000	RM'000
(Loss) / profit attributable to equity holders of the Company	(77,796)	11,901
	'000	'000
Weighted average number of shares in issue	563,263	563,263
	Sen	Sen
Basic (loss) / earnings per share attributable to equity holders of the Company	(13.81)	2.11

(b) Diluted

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

	Group	
	2013	2012
	Sen	Sen
Diluted (loss) / earnings per share attributable to equity holders of the Company	(13.81)	2.11

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15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
Group								
Net book value								
At 1 April 2012	7,181	559	1,349	1,267	12,522	315	4,755	27,948
Additions	-	22	1,285	74	-	-	14	1,395
Disposals	-	-	(119)	-	(906)	-	-	(1,025)
Impairment loss	-	(78)	-	(249)	(4,869)	-	(1,506)	(6,702)
Depreciation charge	(154)	(158)	(519)	(376)	(2,335)	(146)	(2,880)	(6,568)
Translation differences	-	(3)	(3)	(11)	116	-	66	165
At 31 March 2013	7,027	342	1,993	705	4,528	169	449	15,213
At 31 March 2013								
Cost	8,425	1,698	4,357	8,884	26,774	1,562	19,917	71,617
Accumulated depreciation and impairment loss	(1,398)	(1,356)	(2,364)	(8,179)	(22,246)	(1,393)	(19,468)	(56,404)
Net book value	7,027	342	1,993	705	4,528	169	449	15,213

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
Group								
At 1 April 2011								
Cost	8,425	1,562	4,939	4,305	92,652	1,717	21,561	135,161
Accumulated depreciation and impairment loss	(1,091)	(1,425)	(3,512)	(1,572)	(75,184)	(1,093)	(11,931)	(95,808)
Net book value	7,334	137	1,427	2,733	17,468	624	9,630	39,353

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NOTES TO THE FINANCIAL STATEMENTS
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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company				
Net book value				
At 1 April 2012	-	31	34	65
Additions	-	-	3	3
Depreciation charge	-	(30)	(9)	(39)
At 31 March 2013	-	1	28	29
At 31 March 2013				
Cost	40	316	473	829
Accumulated depreciation	(40)	(315)	(445)	(800)
Net book value	-	1	28	29
Net book value				
At 1 April 2011	-	95	46	141
Additions	-	-	1	1
Disposals	-	(1)	-	(1)
Depreciation charge	-	(63)	(13)	(76)
At 31 March 2012	-	31	34	65
At 31 March 2012				
Cost	40	316	470	826
Accumulated depreciation	(40)	(285)	(436)	(761)
Net book value	-	31	34	65
At 1 April 2011				
Cost	40	589	469	1,098
Accumulated depreciation	(40)	(494)	(423)	(957)
Net book value	-	95	46	141

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charge for the financial year is allocated as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Administrative expenses	2,960	962	39	76
Cost of sales (Note 23)	3,608	5,869	-	-
	6,568	6,831	39	76

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value of certain assets acquired under hire purchase arrangements	1,942	954	488	1	31	95

16 INVESTMENT PROPERTIES

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost	6,350	6,350	6,350	-	-	-
Less: Accumulated depreciation	(1,077)	(935)	(793)	-	-	-
Net book value	5,273	5,415	5,557	-	-	-

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Net book value</u>				
At beginning of the financial year	5,415	5,557	-	-
Less: Depreciation charge	(142)	(142)	-	-
Net book value	5,273	5,415	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (CONTINUED)

16 INVESTMENT PROPERTIES (CONTINUED)

As at 31 March 2013, the fair value of the investment properties was estimated at RM8,672,000 (31.3.2012: RM8,660,000; 1.4.2011: RM8,660,000) based on valuation by an independent professional qualified valuer. Valuations were based on open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms.

17 INVESTMENTS IN SUBSIDIARIES

			Company
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Unquoted shares outside Malaysia, at cost	-	-	18,055
Less: Accumulated impairment losses	-	-	(18,055)
	-	-	-
Unquoted shares in Malaysia, at cost	146,375	140,710	140,525
Less: Accumulated impairment losses	(140,425)	(140,425)	(140,425)
	5,950	285	100
	5,950	285	100

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

Name of company	Country of incorporation	Group's effective interest			Principal activities
		31.3.2013	31.3.2012	1.4.2011	
		%	%	%	
Tronoh Consolidated (Overseas) Sdn. Bhd. #	Malaysia	100	100	100	Dormant
Golden Solitaire (Australia) B.V.	Netherlands	-	-	67	Liquidated
Zelan Holdings (M) Sdn. Bhd. #	Malaysia	100	100	100	Investment holding, civil engineering and building turnkey contractor
Terminal Bersepadu Gombak Sdn. Bhd.#	Malaysia	95	95	100	Concession operator
Konsesi Pusat Asasi Gambang Sdn. Bhd. #	Malaysia	100	100	100	Concession operator

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NOTES TO THE FINANCIAL STATEMENTS
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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Group's effective interest 31.3.2013 %	31.3.2012 %	1.4.2011 %	Principal activities
Subsidiaries of Zelan Holdings (M) Sdn. Bhd.					
Zelan Corporation Sdn. Bhd. #	Malaysia	100	100	100	Property development and management and operation of motor vehicles parking facilities
Sejara Bina Sdn. Bhd.*	Malaysia	100	100	100	Investment holding
Zelan Enterprise Sdn. Bhd. #	Malaysia	100	100	100	Contracting and supplying of building materials
Zelan Construction Sdn. Bhd. #	Malaysia	100	100	100	Piling and civil engineering contractor
P T Zelan Indonesia *	Indonesia	95	95	95	Civil technical design and construction of civil and building works
Zelan Consolidated (Overseas) Sdn. Bhd.*	Malaysia	100	100	100	Dormant
Zelan Construction (India) Private Limited *	India	100	100	100	Civil technical design and construction of civil and building works
Zelan Construction Arabia Co. Ltd.*	Saudi Arabia	100	100	100	Civil technical design and construction of civil and building works
Subsidiaries of Zelan Corporation Sdn. Bhd.					
Zelan Development Sdn. Bhd. #	Malaysia	100	100	100	Property development
Panduan Pelangi Sdn. Bhd. *	Malaysia	100	100	100	Building management and maintenance
Zelan Property Services Sdn. Bhd.*	Malaysia	100	100	100	Management of residential properties
Paduan Lima Sejati Sdn. Bhd.*	Malaysia	100	100	100	Management and operation of a fitness centre

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Group's effective interest			Principal activities
		31.3.2013	31.3.2012	1.4.2011	
		%	%	%	
Subsidiaries of Zelan Enterprise Sdn. Bhd.					
Vispa Sdn. Bhd.*	Malaysia	100	100	100	Dormant
Eminent Hectares Sdn. Bhd.*	Malaysia	100	100	100	Investment holding

Note:
Audited by PricewaterhouseCoopers, Malaysia.
* Audited by a firm other than the member firm of PricewaterhouseCoopers International Limited.

18 INVESTMENTS IN ASSOCIATES

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted shares in Malaysia, at cost	385	385	2,585	10	10	10
Less: Accumulated impairment losses	(10)	(10)	-	(10)	(10)	-
	375	375	2,585	-	-	10
Unquoted shares outside Malaysia, at cost	1,971	1,971	1,971	-	-	-
Group's share of post -acquisition reserves	(1,419)	9,995	10,827	-	-	-
	927	12,341	15,383	-	-	10

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

	Group	
	2013	2012
	RM'000	RM'000
Revenue	395	6,486
(Loss) / profit after taxation (including non-controlling interests)	(3,261)	168

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18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	Group		
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Non-current assets	5	16	43
Current assets	57,392	13,492	17,631
Current liabilities	(56,168)	(1,144)	(2,097)
Non-current liabilities	(302)	(23)	(194)
Net assets	927	12,341	15,383

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

Name of company	Country of incorporation	Group's effective interest			Principal activities
		31.3.2013	31.3.2012	1.4.2011	
		%	%	%	
MMC Zelan Sdn. Bhd.	Malaysia	40	40	40	Dormant
IJM-Zelan-Sunway Builders-LFE Consortium	Malaysia	25	25	25	Design, execution and completion of towers
Associates of Zelan Holdings (M) Sdn. Bhd.					
Zelan Arabia Co. Ltd.	Saudi Arabia	40	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	50	Turnkey contractor and property development

The construction contract undertaken by IJM-Zelan-Sunway Builders-LFE Consortium ("Consortium") has a contractual completion date of September 2010. However, the completion of the contract was delayed due to non-payment of overdue progress billings by the owner of the project. The Group had recorded a cumulative net loss in respect of this project amounting to RM2.8 million as at 31 March 2013 (31.3.2012: Nil; 1.4.2011: Nil).

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19 JOINT VENTURES

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

Name of company	Principal activities	Share of interest 31.3.2013	31.3.2012	1.4.2011
		%	%	%
Zelan - Murray Roberts Joint Venture	Dormant	50	50	50
Zelan BEC Consortium	Design and construction of chimney	51	-	-

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2013	2012	Company 2013	2012
	RM'000	RM'000	RM'000	RM'000
Quoted shares in Malaysia				
At beginning of the financial year	373,652	425,420	373,652	425,420
Disposals during the financial year	(340)	-	(340)	-
Fair value loss during the financial year	(11,977)	(51,768)	(11,977)	(51,768)
At end of the financial year	361,335	373,652	361,335	373,652

	Group 31.3.2013	31.3.2012	1.4.2011	Company 31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Restricted – pledged to a term loan (Note 27)	361,335	373,269	425,176	361,335	373,269	425,176
Not restricted	-	383	244	-	383	244
	361,335	373,652	425,420	361,335	373,652	425,420

As at the reporting date, the available-for-sale financial assets (restricted) of the Group and the Company are pledged against the borrowings as disclosed in Note 27 to the financial statements.

21 INVENTORIES

	Group 31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Completed properties for sale	9,080	9,080	9,194

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22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial receivables						
Non-current						
Trade receivables	180,793	-	-	-	-	-
Current						
Trade receivables	93,417	178,098	263,799	-	-	-
Amount due from an associate	2,055	1,963	1,724	-	-	-
Amounts due from related companies	14	36	11,903	-	-	-
	95,486	180,097	277,426	-	-	-
Other receivables and deposits	18,284	14,571	39,323	78	254	118
Less: Allowance for doubtful debts	(180)	(843)	(3,409)	-	-	(59)
	18,104	13,728	35,914	78	254	59
Amounts due from subsidiaries	-	-	-	558,755	537,212	376,798
Less: Allowance for doubtful debts	-	-	-	(519,024)	(510,545)	(366,009)
	-	-	-	39,731	26,667	10,789
	113,590	193,825	313,340	39,809	26,921	10,848
Total financial receivables	294,383	193,825	313,340	39,809	26,921	10,848

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22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables						
Non-current						
Amount recoverable from subcontractor	-	69,015	-	-	-	-
Current						
Other receivables	11,357	23,312	24,678			
Amounts due from contract customers (Note 23)	3,590	40,412	66,304	-	-	-
Amount recoverable from subcontractor	69,668	-	68,133	-	-	-
Advances to subcontractors	32,894	1,572	71,085	-	-	-
Prepayments	1,337	2,661	3,058	-	-	-
	118,846	67,957	233,258	-	-	-
Total other receivables	118,846	136,972	233,258	-	-	-

Retention on contracts, included in trade receivables of the Group, amounted to RM113,269,000 (31.3.2012: RM197,736,000; 1.4.2011: RM213,698,000).

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

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

The amount recoverable from a subcontractor of RM69,668,000 (31.3.2012: RM69,015,000; 1.4.2011: RM68,133,000) is in respect of estimated LAD to be recovered from the subcontractor as a result of the delay in completing its scope of work as set out in the agreement for supply. The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement, and this is supported by external legal advice. As the Group is expected to receive the amount within the next twelve months after the reporting date, the amount recoverable from the subcontractor is classified as current asset as at 31 March 2013.

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23 CONSTRUCTION CONTRACTS

			Group
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Aggregate costs incurred to date	7,056,261	6,155,099	7,258,177
Add: Attributable profits	321,879	303,074	275,453
Less: Foreseeable losses	(509,339)	(46,771)	(557,185)
	6,868,801	6,411,402	6,976,445
Less: Progress billings	(6,867,715)	(6,371,747)	(7,034,756)
	1,086	39,655	(58,311)
Amounts due from contract customers (Note 22)	3,590	40,412	66,304
Amounts due to contract customers (Note 26)	(2,504)	(757)	(124,615)
	1,086	39,655	(58,311)

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

		Group
	2013	2012
	RM'000	RM'000
Rental of premises	1,022	1,609
Depreciation of property, plant and equipment (Note 15)	3,608	5,869
Interest expense on (Note 8):		
- hire purchase	8	-
- term loans	1,246	7,377
- revolving credits	-	1,867
	1,254	9,244
Staff costs (Note 10)	12,405	19,169

The effective interest rate for borrowing costs in construction contract costs incurred during the financial year is 7.4% (2012: 15.00%) per annum.

23 CONSTRUCTION CONTRACTS (CONTINUED)

Project in Indonesia

The project in Indonesia is disclosed in detail in Note 2 to the financial statements.

During the financial year ended 31 March 2011, the Group provided a total of USD41 million (RM129.2 million), comprising LAD of USD30.8 million (RM97.1 million) due to anticipated delays in the completion of the project and certain deviations from the original contract of USD10.2 million (RM32.1 million).

As a result of the negotiation agreement entered in February 2012, the Group revised its provision to an aggregate sum of USD18.4 million (RM56.4 million), mainly arising from LAD and certain deviations from the contract as at 31 March 2012.

During the financial year ended 31 March 2013, the Group has written back a further provision of USD1.5 million (RM4.8 million) and paid LAD amounting to USD3.8 million (RM11.9 million) leaving a balance of LAD payable of USD3.8 million (RM11.8 million) as at 31 March 2013.

The Group is currently in the midst of completing the first year inspection of the power plant and anticipates to complete this inspection by the second quarter of the financial year ending 31 March 2014.

Project in the Middle East

The Group entered into a construction contract agreement in Abu Dhabi, UAE to construct a mixed development in March 2008 with a contractual completion date in September 2010. In September 2009, the project was temporarily suspended due to irregular payments and substantial outstanding payments from the owner of the project.

In June 2011, the Group entered into a supplementary agreement with the owner, which includes revision to the contract sum due to changes in the scope of work, agreed repayment terms of the outstanding progress billings previously certified, recommencement date of July 2011 and a revised completion date of 21 months from the recommencement date. As a result, the Group had resumed the project.

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

However, on 21 November 2012, the owner of the project gave notice to terminate the contract and liquidate the performance bond. On 9 December 2012, the guarantor of the performance bond released the performance bond of AED92.5 million (approximately RM78 million) to the project owner.

As set out in Note 2, the Group, through its legal counsels in UAE, immediately initiated all necessary legal actions and issued 5 Notices of Intention to Commence Arbitration and engaged an independent claim consultant to carry out a preliminary review on the Group's claim against the project owner based on the Group's entitlement for an extension of time and other additional payments in connection with the project. The Group had also obtained legal opinions from external solicitors based in Dubai, UAE and Malaysia.

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23 CONSTRUCTION CONTRACTS (CONTINUED)

Project in the Middle East (continued)

Based on the claims consultant report and external legal advice, the Group is of the view that it has strong legal grounds to challenge the basis of the notice of termination issued by the project owner. The Group targets to commence the arbitration process in September 2013 to recover the amount due from the project owner.

Projects in Malaysia

The Group has commenced a few projects in Malaysia during the current financial year and these projects were progressing as scheduled as at 31 March 2013.

24 CASH AND CASH EQUIVALENTS

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	35,396	51,069	1,969	24,368	32,149	1,790
Cash and bank balances	7,436	6,140	16,632	868	1,218	1,279
Deposits, cash and bank balances	42,832	57,209	18,601	25,236	33,367	3,069
Less: Deposits pledged as security	(35,396)	(51,069)	(1,969)	(24,368)	(32,149)	(1,790)
	7,436	6,140	16,632	868	1,218	1,279
Cash and cash equivalents is analysed between:						
Current:						
- Restricted	22,950	10,629	179	20,755	7,779	-
- Not-restricted	7,436	6,140	16,632	868	1,218	1,279
	30,386	16,769	16,811	21,623	8,997	1,279
Non-current:						
- Restricted	12,446	40,440	1,790	3,613	24,370	1,790
	42,832	57,209	18,601	25,236	33,367	3,069

Included in deposits placed with licensed banks of the Group and the Company is an amount of RM35,396,000 (31.3.2012: RM51,069,000; 1.4.2011: RM1,969,000) and RM24,368,000 (31.3.2012: RM32,149,000; 1.4.2011: RM1,790,000), respectively, which have been pledged to secure banking facilities, primarily for performance guarantee facility, granted to the Group and the Company as at the reporting date.

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24 CASH AND CASH EQUIVALENTS (CONTINUED)

Included in the cash and bank balances of the Group is RM121,000 (31.3.2012: RM119,000; 1.4.2011: RM116,000) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Contract and Licensing) Act,1966) that may only be used in accordance with the said Act.

Deposits of the Group and the Company at the reporting date have an average maturity of 360 days (31.3.2012: 360 days; 1.4.2011: RM180 days) and 360 days (31.3.2012: 360 days; 1.4.2011: 180 days) respectively. Bank balances are deposits held at call with licensed banks.

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

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	%	%	%	%	%	%
Deposits placed with licensed banks						
- Licensed banks	2.89	2.93	2.41	2.88	2.90	2.41
Bank balances	2.10	1.66	2.41	2.10	1.48	2.41

25 SHARE CAPITAL

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

	Group/Company					
	No. of ordinary shares			Amount		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	'000	'000	'000	RM'000	RM'000	RM'000
Authorised:						
At start and end of the financial year	800,000	800,000	800,000	400,000	400,000	400,000
Issued and fully paid:						
At start and end of the financial year	563,263	563,263	563,263	281,632	281,632	281,632

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26 PAYABLES

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial payables						
Trade payables	216,125	129,957	168,430	-	-	-
Amounts due to subsidiaries	-	-	-	22,860	8,649	5,014
Amounts due to related companies	33	-	41	33	-	41
Amount due to an associate	3,613	7,790	4,840	-	-	-
Other payables and accruals	51,052	99,644	124,853	1,360	334	162
	270,823	237,391	298,164	24,253	8,983	5,217
Other liabilities						
Amounts due to contract customers (Note 23)	2,504	757	124,615	-	-	-
Advances received on contracts	4,580	134	79,612	-	-	-
Others	15,392	955	2,120	434	386	730
	22,476	1,846	206,347	434	386	730

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

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

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27 BORROWINGS

		Group			Company		
		31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current:							
Term loan (secured)	(a)(i)	89,052	14,242	48,893	-	-	-
Term loan embedded with equity collar (secured)	(a)(iii)	129,920	737	-	129,920	737	-
Hire purchase liabilities (secured)	(b)	393	126	95	-	36	60
Revolving credits (secured)	(c)	-	-	152,330	-	-	90,000
I-Financing	(d)	13,573	-	-	13,573	-	-
Overdraft facility (unsecured)		2	-	207	-	-	-
		232,940	15,105	201,525	143,493	773	90,060
Non-current:							
Term loan embedded with equity collar (secured)	(a)(iii)	155,457	283,191	-	155,457	283,191	-
Hire purchase liabilities (secured)	(b)	1,509	743	36	-	-	36
		156,966	283,934	36	155,457	283,191	36
Total:							
Term loan (secured)	(a)(i)	89,052	14,242	48,893	-	-	-
Term loan embedded with equity collar (secured)	(a)(iii)	285,377	283,928	-	285,377	283,928	-
Hire purchase liabilities (secured)	(b)	1,902	869	131	-	36	96
Revolving credits (secured)	(c)	-	-	152,330	-	-	90,000
I-Financing	(d)	13,573	-	-	13,573	-	-
Overdraft facility (unsecured)		2	-	207	-	-	-
		389,906	299,039	201,561	298,950	283,964	90,096

(a) Term loans - secured

(i) Term loan – Middle East project

The term loan of the Group is secured by:

- Assignment of sale proceeds from Zelan Berhad, in respect of 950,000 issued and fully paid up ordinary shares of RM1 each in the capital of Terminal Bersepadu Gombak Sdn. Bhd., a subsidiary, in favour of the bank.

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NOTES TO THE FINANCIAL STATEMENTS
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27 BORROWINGS (CONTINUED)

(a) Term loans – secured (continued)

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

The term loan of the Group is secured by: (continued)

- Assignment of contract proceeds from Zelan Construction Sdn. Bhd., a subsidiary, in respect to the subcontract awarded by Mudajaya Corporation Berhad for the subcontract package no: TJN/M01 and TJN/M02 Cooling Water Intake, Cooling Water Filtration, Pump Station and Offshore Cooling Water Discharge Culverts, in favour of the bank.
- Marginal deposit for AED728,000 against the guarantees issued.
- Letter of comfort issued by the Company to the subsidiary.

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

As at 31 March 2013, the Group was negotiating with the bank to restructure the repayment terms of the loan. The Group had subsequently restructured the term loan via four instalment payments, with the first instalment payment being due on 31 August 2013 and subsequent instalments are to be paid by 31 October 2013, 31 December 2013 and 31 March 2014.

(ii) Bridging loan facility

The Group had, in June 2011, obtained a bridging loan facility of RM170,000,000 for a tenure of five months, which was secured on the available-for-sale financial assets of the Group. The bridging loan facility was subsequently repaid in the same financial year ended 31 March 2012.

(iii) Term loan embedded with equity collar – secured

On October 2011, the Group obtained a term loan facility embedded with equity collar of RM285.6 million for tenure of up to 36 months and is secured by the available-for-sale financial assets of the Group. Accordingly, the available-for-sale financial assets are classified as restricted in the statements of financial position as at 31 March 2012 and 31 March 2013. The proceeds of the term loan were utilised to repay certain borrowings of the Group.

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

The fair value of the term loan embedded with equity collar is RM22,037,000 as at 31 March 2013 (31.3.2012: RM32,419,000; 1.4.2011: Nil).

(iv) Fair value of the derivative

At the reporting date, the Group performed a valuation of the equity collar embedded in the term loan which is secured by the available-for-sale financial assets (Note 20) in accordance with MFRS 139. Based on the valuation, the Group and the Company recognised a gain on the fair value of RM10.4 million (2012: loss on fair value of RM32.4 million) in the profit or loss for the financial year ended 31 March 2013 arising from the fair value changes on the equity collar.

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27 BORROWINGS (CONTINUED)

(a) Term loans – secured (continued)

(iv) Fair value of the derivative (continued)

However, the changes to the fair value of the available-for-sale financial assets are recorded in other comprehensive income as a separate component in the fair value reserve. During the financial year ended 31 March 2013, the Group and the Company recorded a fair value loss of RM11,977,000 (2012: RM51,768,000) in the fair value reserve.

The fair value loss of the equity collar embedded in the term loan was measured using the Black Scholes valuation model. As at 31 March 2013, the fair value loss of the derivative was valued at RM22,037,000 (31.3.2012: RM32,419,000; 1.4.2011: Nil). The significant inputs of the valuation are as follows:

	Group/Company		
	31.3.2013	31.3.2012	1.4.2011
	%	%	%
Significant input of valuation:			
- embedded volatility per annum	15.28 - 30.56	10.95 - 23.01	-
- Malaysian ringgit interest rate curve	3.10 - 3.64	3.08 - 4.92	-

(b) Hire purchase liabilities – secured

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase liabilities:						
Payable within one year	478	216	99	-	37	63
Payable between one and two years	952	376	37	-	-	37
Payable between two and five years	689	376	-	-	-	-
	2,119	968	136	-	37	100
Less: Finance charges	(217)	(99)	(5)	-	(1)	(4)
	1,902	869	131	-	36	96
Present value of hire purchase liabilities:						
Payable within one year	393	126	95	-	36	60
Payable between one and two years	845	383	36	-	-	36
Payable between two and five years	664	360	-	-	-	-
	1,902	869	131	-	36	96

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27 BORROWINGS (CONTINUED)

(b) Hire purchase liabilities – secured (continued)

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fair value:						
Hire purchase	1,901	970	128	-	36	102

(c) Revolving credits

The revolving credit facilities as at 1 April 2011 were secured by:
- Assignment of proceeds accounts, project proceeds and supplier bonds.
- Letters of undertaking and subordination of debts.
- Pledge of quoted shares of the Group and the Company. (Note 20)

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

The Group repaid the revolving credits in full during the financial year ended 31 March 2012.

The Group's standby credit facilities which comprise the Group's revolving credits and the performance bond issued to the owner of Indonesia project were subject to covenant clauses, whereby the Group was required to meet certain key financial ratios based on the terms and conditions set out in the agreement. The Group did not fulfil the financial ratios as at 31 March 2013. The Group had, in December 2012, obtained waiver for non-compliance of the covenants clauses through to 30 June 2013. The Group has subsequently obtained indulgence from the bank for a further extension of the waiver to 31 December 2013.

(d) I-Financing

In December 2012, the Group had 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 project owner of the project.

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27 BORROWINGS (CONTINUED)

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

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	%	%	%	%	%	%
Term loan	7.30 -11.00	15.00	12.67	-	-	-
Term loan embedded with equity collar	5.15	5.25	-	5.15	5.25	-
Hire purchase liabilities	2.37-10.0	2.20 -2.52	1.75-5.10	-	2.20-2.52	2.20-2.52
Revolving credits	7.30 - 7.60	-	4.01-5.57	7.60	-	4.82-5.57
I-Financing	7.30 - 7.60	-	-	7.30 - 7.60	-	-
Overdraft facility	-	-	22.00	-	-	-

28 DEFERRED TAX LIABILITIES

	Group		
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Deferred tax liabilities	2,674	2,676	2,697

	Group	
	2013	2012
	RM'000	RM'000
Movement during the financial year is as follows:		
At start of the financial year	2,676	2,697
Charged / (credited) to the profit or loss: (Note 13)		
- provisions	(8)	-
- property, plant and equipment	6	(21)
	(2)	(21)
At end of the financial year	2,674	2,676

	Group		
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
<u>Subject to income tax</u>:			
Deferred tax asset (before offsetting)			
- Provisions	-	-	(121)
Offsetting	-	-	121
Deferred tax asset (after offsetting)	-	-	-

28 DEFERRED TAX LIABILITIES (CONTINUED)

			Group
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Subject to income tax: (continued)			
Deferred tax liability (before offsetting)			
- Property, plant and equipment	2,674	2,676	2,818
Offsetting	-	-	(121)
Deferred tax liability (after offsetting)	2,674	2,676	2,697

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

			Group			Company
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences	51,483	52,187	53,298	-	-	-
Unabsorbed capital allowances	165	535	918	-	85	50
Tax losses	73,243	39,037	44,084	-	-	-
	124,891	91,759	98,300	-	85	50

29 PROVISION FOR LIABILITIES

		Group
	2013	2012
	RM'000	RM'000
At start of the financial year	28,192	93,179
Write-back during the financial year	(4,817)	(66,077)
Reclassification to financial liabilities	(23,756)	-
Exchange translation differences	381	1,090
At end of the financial year	-	28,192

As at 31 March 2011, the Group recognised a provision for liquidated ascertained damages ("LAD") for one of its projects in Indonesia of USD30.8 million (RM97.1 million). As a result of the negotiation agreement entered into by the Group and the owner in February 2012, the Group wrote back an aggregate of USD21.6 million (approximately RM66.0 million) during the financial year ended 31 March 2012. During the financial year ended 31 March 2013, the Group wrote back a further provision of USD1.5 million (RM4.8 million) and reclassified the provision to financial liabilities as this amount was contractually agreed with the project owner. Refer to the Note 23 to the financial statements for further details.

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30 SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Transactions with other related parties:				
Non-trade:				
Rental of office premises receivable from:				
- MMC Engineering Services Sdn. Bhd., a subsidiary of a corporate shareholder of the Company	165	165	-	-
- Tradewinds Corporation Berhad, a related party of a corporate shareholder of the Company	405	405	-	-
Transaction with subsidiary of the Company				
Non-trade:				
Rental fee payable by Zelan Holdings (M) Sdn. Bhd.	-	-	17	17

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

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

Key management compensation

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

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries and bonuses	2,083	1,719	1,603	1,290
Defined contribution retirement plan	278	247	210	183
	2,361	1,966	1,813	1,473
Estimated monetary value of benefits-in-kind	115	100	69	49
	2,476	2,066	1,882	1,522

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

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

(i) On 15 July 2013, the Company disposed of 1,336,600 ordinary shares of RM1.00 each in IJM Corporation Berhad in the open market at an average disposal price of RM5.75 per share for a total consideration of RM7.7 million. The proceeds from the disposal have been utilised towards repayment of bank borrowing.

(ii) On 27 June 2013, the Company disposed of 3,692,000 ordinary shares of RM1.00 each in IJM Corporation Berhad in the open market at an average disposal price of RM5.56 per share for a total consideration of RM20.5 million. The proceeds from the disposal have been utilised towards repayment of bank borrowing.

(iii) On 20 June 2013, the Company disposed of 3,600,400 ordinary shares of RM1.00 each in IJM Corporation Berhad in the open market at an average disposal price of RM5.69 per share for a total consideration of RM20.4 million. The proceeds from the disposal have been utilised towards repayment of bank borrowing.

(iv) On 6 May 2013, the Company disposed of 1,000,000 ordinary shares of RM1.00 each in IJM Corporation Berhad in the open market at an average disposal price of RM5.57 per share for a total consideration of RM5.55 million. The proceeds from the disposal have been utilised towards repayment of bank borrowing.

(v) The following announcements have been made by the Company in relation to Meena Plaza Mixed Use Development Project, Abu Dhabi, United Arab Emirates (UAE) ("the Project"):

1. On 22 November 2012, the Company announced that its wholly owned subsidiary Zelan Holdings (M) Sdn. Bhd. ("ZHSB") has received a letter dated 21 November 2012 from the project owner giving fourteen days' notice to terminate the contract and to liquidate the performance bond.

2. On 27 November 2012, the Company further announced on the following:

   The Company regarded the notice of termination as baseless and wrongful in view of the application for extension of time submitted by ZHSB prior to the notice of termination which has yet to be assessed and determined then in accordance with the provisions of the contract.

   The Company, through its legal counsels in UAE, was in the midst of initiating the necessary legal actions to dispute the validity of the project owner's notice of termination and notice of liquidation of the performance bond in accordance with the provisions of the contract and the laws of UAE.

3. On 2 January 2013, the Company announced that its wholly owned subsidiary, ZHSB, has issued notices of intention to commence arbitration on several disputes in relation to the Project with the project owner, in accordance with the provisions of the contract.

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

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

(v) The following announcements have been made by the Company in relation to Meena Plaza Mixed Use Development Project, Abu Dhabi, United Arab Emirates (UAE) ("the Project"): (continued)

3. The notices which have been issued by ZHSB are as follows:

(a) A Notice of Intention to Commence Arbitration dated 27 December 2012, in respect of the dispute between ZHSB and the project owner on the project owner's under certification of the value of materials on site in the progress claims submitted by ZHSB; and

(b) Two Notices of Intention to Commence Arbitration both dated 31 December 2012, in respect of the disputes between ZHSB and the project owner on the delay and progress of works.

4. On 21 February 2013, ZHSB had issued two (2) additional notices of intention to commence arbitration on several disputes in relation to the Project with the project owner, in accordance with the provisions of the contract.

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

On 3 January 2013, the Company announced that the Concession Company has received a letter from the Ministry of Higher Education Malaysia which confirms that the Concession Company has fulfilled all the conditions precedent in the Concession Agreement, and accordingly declares 2 January 2013 as the effective date of the Concession Agreement.

Based on the provisions of the Concession Agreement, the Construction Works shall commence fourteen days from the effective date ("Construction Commencement Date") and shall complete within thirty six months thereafter. The Concession Period of twenty three years granted to the Concession Company shall commence on the Construction Commencement Date.

(vii) On 14 November 2012, the Company announced that its wholly owned subsidiary, Zelan Construction Sdn. Bhd., has been awarded by Pelabuhan Tanjung Pelepas Sdn Bhd ("PTPSB") the contract for the construction, completion and maintenance of wharf structures for Berths 13 & 14 and back of wharf works at Pelabuhan Tanjung Pelepas in Johor Darul Takzim for the contract sum of RM179,325,195. The completion period for the abovementioned works is 17 months, commencing on 12 November 2012.

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

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

(viii) On 3 September 2012, the Company's wholly-owned subsidiary, Zelan Construction Sdn. Bhd., has been awarded by Mudajaya Corporation Berhad ("Mudajaya") the subcontract for the engineering design and construction works of the following structures (Cooling water intake, Cooling water filtration and pump station and Offshore water discharge culverts) for the development of Tanjung Bin's 1 x 1,000 MW Coal Fired Power Plant Project in Negeri Johor Darul Takzim for the lump sum amount of RM215,250,000. The commencement date for the abovementioned works is 3 September 2012 and the completion date is 15 August 2014.

(ix) On 2 August 2012, the Company announced that Zelan BEC Consortium, in which Zelan Berhad has 51% participating interest, has on the same day accepted the letter of award issued by Mudajaya Corporation Berhad ("Mudajaya") for the design and build of chimney for the development of Tanjung Bin's 1 X 1,000 MW Coal Fired Power Plant Project in Negeri Johor Darul Takzim ("Works") for the lump sum price of RM34,770,743 and Zelan Construction Sdn. Bhd., a wholly owned subsidiary of Zelan Berhad, has on 2 August 2012 entered into a Definitive Collaboration Agreement ("Collaboration Agreement") with Balanced Engineering & Construction Pte Ltd ("BEC") to form a joint venture on an unincorporated basis by the name of Zelan BEC Consortium ("Consortium") for the sole purpose of undertaking the execution and completion of the works.

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

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

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

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

On 1 August 2012, Zelan Berhad announced that Zelan-Kiara Teratai JV had on 31 July 2012 received a letter from NGISB dated 26 July 2012 stating that the Company was not able to issue any confirmation on the Date of Site Possession.

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32 CONTINGENT LIABILITIES

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

(a) A subsidiary's branch in Indonesia ("Branch") received a revised tax assessment for the 2007 fiscal year on 26 June 2009. The Branch disputed the assessment and filed for a review of the assessment at the Tax Court in Indonesia. In June 2012, the Tax Court delivered a verbal judgement against the Branch and ruled that a potential tax payable and related tax penalties of approximately RM32.5 million would be payable by the Branch. The Group has made a full provision of the amount in the profit or loss during the financial year ended 31 March 2013 upon receipt of the written judgement from the Tax Court in August 2012, and made a full payment of this amount, in compliance with the judgement, during the financial year. The Branch had in October 2012 submitted a Memorandum for Judicial Review at the Supreme Court of Indonesia against the Tax Court's decision and the outcome is not known as of the date of approval of the financial statements.

The Branch had, on 20 May 2013 and 29 May 2013, received two tax demand letters stating that an amount approximately RM20.7 million is payable as the interest charges on the late payment of the tax charged based on the revised tax assessment issued by the Indonesian Tax Authorities. The Branch, through its tax consultants in Indonesia, has submitted an application to the Indonesian Tax Authorities for the waiver of the interest charges. Pending the outcome of the said application and the abovementioned Judicial Review, management has recorded a provision of RM14.4 million based on the advice from the external tax consultants, having duly the considered various legal grounds and basis of the aforementioned application and Judicial Review.

(b) In June 2010, a supplier of ready mixed concrete in the Kingdom of Saudi Arabia ("KSA") had filed a claim of SAR67,422,000 (approximately RM58,655,000) against a subsidiary of the Company, incorporated in KSA, for the outstanding invoices, quantities of concrete not ordered by the subsidiary, bank surcharges, equipment, manpower and material standby cost, equipment rental costs and value of damaged plants at the Commercial Department, Administrative Court, Aseer Region, KSA. The subsidiary has counterclaimed an amount of SAR38,720,000 against the supplier.

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

The next KSA Court hearing has been fixed on 27 August 2013.

(c) A contractor to a subsidiary's branch ("Branch") in Abu Dhabi has filed a claim against the Branch for a sum of AED13,500,000 (approximately RM11,100,000) for works done and a sum of AED1,000,000 (approximately RM820,000) as compensation in relation to a completed project in the United Arab Emirates ("UAE").

Following the above, the Court of Appeal has made an order against a subsidiary's branch in Abu Dhabi for AED12,900,000 (approximately RM11.0 million) as outstanding payment together with AED300,000 (approximately RM0.25 million) as compensation and dismissed the subsidiary's appeal for a counter action to join the project owner as co-defendant in the suit.

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32 CONTINGENT LIABILITIES (CONTINUED)

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

(c) On 6 August 2012, 3 September 2012 and 24 September 2012, the Execution Court has issued letters to the project owner instructing the project owner to deposit the sum of AED14,250,000 (approximately RM12.1 million) to the Execution Court in order to pay the judgment obtained by the subcontractor. This has been appealed by the project owner and the matter was fixed for hearing on 7 October 2012. The subsidiary's branch in Abu Dhabi had then submitted its objection to the said appeal by project owner. On 17 October 2012, the Court has dismissed the said appeal by the project owner. Hence, the earlier instruction from the Execution Court for the project owner to pay the sum of AED14,250,000 to the Execution Court remains.

However, due to delay in obtaining the judgement sum from the project owner, the subcontractor instead executed the judgement obtained against the subsidiary company's branch in Abu Dhabi by requesting the Execution Court to execute the judgement against the attached bank account of the subsidiary's branch in Abu Dhabi that the subcontractor has earlier made. HSBC has since released the sum attached in the bank account of subsidiary's branch in Abu Dhabi to the Execution Court to realise part of the judgement obtained by the subcontractor.

No provision has been made in the financial statements as the branch is acting as a project manager to the owner of the project on a cost-plus basis, as set out in the agreement with the owner of the project. Therefore, all the construction costs incurred by the Branch in relation to the project were to be reimbursed from the project owner.

(d) A contractor of a subsidiary's branch ("Branch") has filed a claim against the Branch at Abu Dhabi First Instance Court for a sum of AED51,677,000 (approximately RM 43.5 million) and return its performance bond bank guarantee in relation to a project in Abu Dhabi where the Branch was the main contractor. However, the Court has issued a preliminary judgement which states that the documents filed by the said contractor are not sufficient for the Court to form an opinion and to have a full clarification of the dispute. The Court has therefore made the decision to delegate the assignment to three technical experts to inter alia value the work done by the contractor at site and to determine if the work has been carried out in accordance with the contract.

33 INSURANCE LIABILITIES

In the ordinary course of business, the Company has given guarantees amounting to RM43,888,000 (31.3.2012: RM28,160,000; 1.4.2011: RM69,641,000) to the owners of the projects as security for the subsidiaries' performance of their obligations under the relevant projects and the Company does not anticipate any outflows of economic benefits arising from these undertakings.

34 COMMITMENTS

(a) Capital commitments

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

34 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

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

			Group
	31.3.2013	31.3.2012	1.4.2011
	RM'000	RM'000	RM'000
Less than one year	1,126	1,736	4,976

35 SEGMENTAL INFORMATION

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

(a) Engineering and construction
(b) Property and development
(c) Investment
(d) Others

The engineering and construction business segment includes the Group's projects in Indonesia, Middle East and Malaysia as described in Note 23 to the financial statements.

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

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

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

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

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35 SEGMENTAL INFORMATION (CONTINUED)

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

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
Year ended 31 March 2013					
Segment revenue	156,369	776	10,760	-	167,905
Less: Inter-segment sales	(37,810)	-	(2,084)	-	(39,894)
Revenue from external customers	118,559	776	8,676	-	128,011
Results					
Segment results	(2,153)	(6,375)	1,784	(11)	(6,755)
Writeback for provision for liquidated ascertained damages	4,817	-	-	-	4,817
Allowance for doubtful debts	(41)	-	-	-	(41)
Depreciation of property, plant and equipment and investment properties	(6,368)	(147)	(194)	(1)	(6,710)
Impairment of property, plant and equipment	(6,702)	-	-	-	(6,702)
Finance income	32,067	3	560	-	32,630
Finance costs	(58,962)	-	(16,044)	-	(75,006)
Gain on disposal of available-for-sale financial assets	-	-	57	-	57
Gain on fair value of derivative	-	-	10,382	-	10,382
Share of results of associates	(3,261)	-	-	-	(3,261)
Loss before taxation	(40,603)	(6,519)	(3,455)	(12)	(50,589)

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35 SEGMENTAL INFORMATION (CONTINUED)

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

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
Year ended 31 March 2012					
Segment revenue	180,205	931	9,363	-	190,499
Less: Inter-segment sales	(2,083)	-	(1,350)	-	(3,433)
Revenue from external customers	178,122	931	8,013	-	187,066
Results					
Segment results	2,022	689	(7,807)	(5)	(5,101)
Writeback for provision for liquidated ascertained damages	66,077	-	-	-	66,077
Allowance for doubtful debts	(843)	-	-	-	(843)
Depreciation of property, plant and equipment and investment properties	(6,589)	(235)	(148)	(1)	(6,973)
Finance income	13,590	9	1,046	-	14,645
Finance costs	(12,508)	-	(3)	-	(12,511)
Gain on liquidation of subsidiary company	-	-	1,455	-	1,455
Loss on fair value of derivative	-	-	(32,419)	-	(32,419)
Share of results of associates	167	-	1	-	168
Profit / (loss) before taxation	61,916	463	(37,875)	(6)	24,498

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35 SEGMENTAL INFORMATION (CONTINUED)

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

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
At 31 March 2013					
Total assets:					
Segment assets	440,433	12,634	393,882	13	846,962
Investments in associates	927	-	-	-	927
	441,360	12,634	393,882	13	847,889
Add: Unallocated assets					2,964
					850,853
Total liabilities:					
Segment liabilities	377,929	671	326,637	5	705,242
Add: Unallocated liabilities					3,302
					708,544
At 31 March 2012					
Total assets:					
Segment assets	380,052	12,778	411,244	27	804,101
Investments in associates	12,341	-	-	-	12,341
	392,393	12,778	411,244	27	816,442
Add: Unallocated assets					15,381
					831,823
Total liabilities:					
Segment liabilities	280,711	686	317,484	6	598,887
Add: Unallocated liabilities					3,983
					602,870

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35 SEGMENTAL INFORMATION (CONTINUED)

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

	Engineering and construction RM'000	Property and development RM'000	Investment RM'000	Others RM'000	Total RM'000
At 1 April 2011					
Total assets:					
Segment assets	585,460	14,919	444,317	27	1,044,723
Investments in associates	15,383	-	-	-	15,383
	600,843	14,919	444,317	27	1,060,106
Add: Unallocated assets					22,962
					1,083,068
Total liabilities:					
Segment liabilities	707,129	646	91,472	4	799,251
Add: Unallocated liabilities					2,715
					801,966

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

The Group's business segments are managed in four main geographical areas:

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

	Malaysia RM'000	Indonesia RM'000	UAE RM'000	KSA RM'000	Others RM'000	Total RM'000
At 31 March 2013						
Segment revenue	72,456	(21,915)	77,470	-	-	128,011
Segment assets	491,570	167,268	184,631	4,390	2,994	850,853
Segment liabilities	414,536	123,492	148,873	19,770	1,873	708,544
At 31 March 2012						
Segment revenue	8,621	141,192	37,253	-	-	187,066
Segment assets	445,195	263,846	102,045	16,322	4,415	831,823
Segment liabilities	352,958	182,444	42,639	22,097	2,732	602,870

35 SEGMENTAL INFORMATION (CONTINUED)

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

	Malaysia RM'000	Indonesia RM'000	UAE RM'000	KSA RM'000	Others RM'000	Total RM'000
At 1 April 2011						
Segment assets	496,500	302,801	229,805	37,476	16,486	1,083,068
Segment liabilities	118,655	377,278	250,740	52,927	2,366	801,966

Total external revenue includes 4 customers (2012: 2 customers) from the engineering and construction business segment who have contributed 61%, 29%,18% and negative revenue of 17% (2012: 78% and 17%) respectively to the overall Group's revenue for the financial year ended 31 March 2013.

36 TRANSITION FROM FRS TO MFRS

The effects of the Group's and the Company's transition to MFRS as described in Note 2 are summarised as follows:

(a) MFRS 1 mandatory exceptions

(i) MFRS Estimates

MFRS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with FRS.

(b) MFRS 1 exemption option

(i) Exemption for cumulative foreign exchange differences

MFRS 1 permits cumulative foreign exchange gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative foreign exchange differences in accordance with MFRS 121 "The Effects of Changes in Foreign Exchange Rates" from the date a foreign operation was acquired. The Group elected to reset all cumulative foreign exchange differences to zero in the opening accumulated losses at its transition date. At the transition date, cumulative foreign exchange differences amounted to a credit balance of RM54,007,000.

36 TRANSITION FROM FRS TO MFRS (CONTINUED)

The effects of the Group's and the Company's transition to MFRS as described in Note 2 are summarised as follows: (continued)

(c) Explanation of transition from FRS to MFRS

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The transition from FRS to MFRS has had no effect on the total comprehensive income, equity and the reported cash flows of the Group and the Company in the previous financial years.

However, there were certain reclassifications arising from the application of the MFRS 1 exemption option on the Group's statement of comprehensive income and the statement of changes in equity as set out below:

	As previously reported under FRS RM'000	Transitioning adjustment (Note 36(b)(i)) RM'000	As restated under MFRS RM'000
Group			
Statement of changes in equity As at 1 April 2011			
Foreign exchange reserve	54,007	(54,007)	-
Accumulated losses	(380,661)	54,007	(326,654)
As at 31 March 2012			
Foreign exchange reserve	51,772	(52,294)	(522)
Accumulated losses	(367,047)	52,294	(314,753)
Statement of comprehensive income For the financial year ended 31 March 2012			
Gain on liquidation of a subsidiary	3,168	(1,713)	1,455
Profit before taxation	26,211	(1,713)	24,498
Profit for the financial year	13,512	(1,713)	11,799
Other comprehensive loss:			
- Reclassification adjustment included in the profit or loss	(13,366)	1,713	(11,653)
Other comprehensive loss for the financial year, net of tax	(65,661)	1,713	(63,948)
Profit for the financial year attributable to equity holders of the Company	13,614	(1,713)	11,901
Basic and diluted earnings per share (sen)	2.42	(0.31)	2.11

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

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	(1,185,116)	(1,443,869)	(470,568)	(458,887)
- unrealised	163,166	24,069	-	-
	(1,021,950)	(1,419,800)	(470,568)	(458,887)
Total share of accumulated losses of the associates:				
- realised	7,263	10,525	-	-
- unrealised	(4,763)	(1,137)	-	-
	(1,019,450)	(1,410,412)	(470,568)	(458,887)
Less: Consolidation adjustments	626,901	1,095,659	-	-
Total consolidated accumulated losses per the financial statements	(392,549)	(314,753)	(470,568)	(458,887)

The disclosure of realised and unrealised retained profits / (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.

Company No. 27676-V

OUR UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE 6-MONTH FPE 30 SEPTEMBER 2013

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ZELAN BERHAD 27676-V

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013

	Individual Quarter		Cumulative Period	
	Current year quarter 30/09/2013 RM'000 Unaudited	Preceding year quarter 30/09/2012 RM'000 Unaudited	Current year to date 30/09/2013 RM'000 Unaudited	Preceding year to date 30/09/2012 RM'000 Unaudited
Continuing operations				
Revenue	51,590	9,173	122,317	34,463
Cost of sales	(43,282)	(17,051)	(99,881)	(42,088)
Gross profit	8,308	(7,878)	22,436	(7,625)
Other operating income				
- Interest income	5,626	277	10,900	2,283
- Profit from Islamic deposits	28	-	57	-
- Other operating income	911	4,835	1,172	5,705
- Gain on disposal of available-for-sale financial assets	2,124	57	14,194	57
- (Loss) / gain on fair value of derivative	(5,929)	10,627	(14,339)	32,160
Unrealised foreign exchange (loss) / gain, net	(467)	(1,396)	(781)	19,791
Administrative expenses	(4,194)	(3,648)	(8,904)	(7,356)
Other operating expenses	(1,220)	(8,995)	(2,011)	(9,217)
Depreciation	(650)	(927)	(1,236)	(1,258)
Finance costs	(11,060)	(3,554)	(19,518)	(22,078)
Share of results of associates	335	(484)	(286)	(529)
(Loss) / profit before taxation	(6,188)	(11,086)	1,684	11,933
Tax expense	(56)	(24,137)	(73)	(24,172)
(Loss) /profit for the period	(6,244)	(35,223)	1,611	(12,239)
Other comprehensive income / (loss) :				
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of available-for-sale financial assets	7,479	(19,892)	20,321	(60,376)
Reversal of fair value on disposal of available-for-sale financial assets	(2,124)	(57)	(14,194)	(57)
Exchange difference from translation of foreign operations	3,447	6,938	4,562	(12,076)
Total items that may be reclassified subsequently to the profit or loss	8,802	(13,011)	10,689	(72,509)
Total comprehensive income / (loss) for the period	2,558	(48,234)	12,300	(84,748)
(Loss) / profit for the period				
Attributable to:				
Equity holders of the parent	(6,216)	(35,202)	1,640	(12,216)
Non-controlling interests	(28)	(21)	(29)	(23)
	(6,244)	(35,223)	1,611	(12,239)
Total comprehensive income / (loss) for the period				
Equity holders of the parent	2,555	(48,220)	12,298	(84,759)
Non-controlling interests	3	(14)	2	11
	2,558	(48,234)	12,300	(84,748)
Basic and diluted (losses) / earnings per share attributable to equity holders of the Company (sen)	(1.10)	(6.25)	0.29	(2.17)

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013)

OUR UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE 6-MONTH FPE 30 SEPTEMBER 2013 (CONT'D)

ZELAN BERHAD 27676-V

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	AS AT END OF CURRENT QUARTER 30 SEPTEMBER 2013 RM'000 Unaudited	AS AT END OF FINANCIAL YEAR ENDED 31 MARCH 2013 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	14,244	15,213
Investment properties	5,202	5,273
Investments in associates	641	927
Financial and other receivables	239,265	180,793
Cash and bank balances (restricted)	4,474	12,446
Available-for-sale financial assets	327,558	361,335
	591,384	575,987
Current assets		
Inventories	9,080	9,080
Financial and other receivables	188,872	232,436
Tax recoverable	2,803	2,964
Deposit, cash and bank balances	23,644	30,386
	224,399	274,866
TOTAL ASSETS	815,783	850,853
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	281,632	281,632
Reserves	(126,855)	(139,153)
	154,777	142,479
Non-controlling interests	(168)	(170)
Total equity	154,609	142,309
Non-current liabilities		
Borrowings	129,188	156,966
Derivative financial liability	33,879	22,037
Deferred tax liabilities	2,671	2,674
	165,738	181,677
Current liabilities		
Trade and other payables	215,257	293,299
Borrowings	279,630	232,940
Current tax liabilities	549	628
	495,436	526,867
Total liabilities	661,174	708,544
TOTAL EQUITY AND LIABILITIES	815,783	850,853
Net assets per share (RM)	0.27	0.25

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013)

OUR UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE 6-MONTH FPE 30 SEPTEMBER 2013 (CONT'D)

ZELAN BERHAD 27676-V

STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013

	Attributable to equity holders of the parent									
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Fair Value Reserve ^ RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Balance as at 1 April 2013	281,632	124,396	2,705	35,457	4,254	86,584	(392,549)	142,479	(170)	142,309
Total comprehensive income / (loss):										
Profit / (loss) for the period	-	-	-	-	-	-	1,640	1,640	(29)	1,611
Other comprehensive income:										
Currency translation difference	-	-	4,531	-	-	-	-	4,531	31	4,562
Available-for-sale financial assets:										
- fair value gain	-	-	-	-	-	20,321	-	20,321	-	20,321
- reclassification adjustment included in profit or loss	-	-	-	-	-	(14,194)	-	(14,194)	-	(14,194)
Total comprehensive income / (loss) for the period	-	-	4,531	-	-	6,127	1,640	12,298	2	12,300
Balance as at 30 September 2013	281,632	124,396	7,236	35,457	4,254	92,711	(390,909)	154,777	(168)	154,609
Balance as at 1 April 2012	281,632	124,396	(522)	35,457	4,254	98,618	(314,753)	229,082	(129)	228,953
Total comprehensive income / (loss):										
Loss for the period	-	-	-	-	-	-	(12,216)	(12,216)	(23)	(12,239)
Other comprehensive (loss) / income:										
Currency translation difference	-	-	(12,110)	-	-	-	-	(12,110)	34	(12,076)
Available-for-sale financial assets:										
- fair value loss	-	-	-	-	-	(60,376)		(60,376)	-	(60,376)
- reclassification adjustment included in profit or loss	-	-	-	-	-	(57)	-	(57)	-	(57)
Total comprehensive (loss) / income for the period	-	-	(12,110)	-	-	(60,433)	(12,216)	(84,759)	11	(84,748)
Balance as at 30 September 2012	281,632	124,396	(12,632)	35,457	4,254	38,185	(326,969)	144,323	(118)	144,205

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

^ This reserve relates to changes in fair value of an availabe-for-sale financial assets

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013)

OUR UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE 6-MONTH FPE 30 SEPTEMBER 2013 (CONT'D)

ZELAN BERHAD 27676-V

STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013

	Current year to date 30/09/2013 RM'000	Preceding year to date 30/09/2012 RM'000
OPERATING ACTIVITIES		
Profit / (loss) for the period attributable to equity holders of the Company	1,640	(12,216)
Adjustments for :		
Tax expense	73	24,172
Depreciation of property, plant and equipment	1,165	1,187
Depreciation of investment properties	71	71
Fixed assets written off	8	-
Gain on disposal of property, plant and equipment	12	(4,734)
Gain on disposal of available-for-sale financial assets	(14,194)	(57)
Loss / (gain) on fair value of derivative	14,339	(32,160)
Interest income	(10,900)	(2,283)
Profit from Islamic deposits	(57)	-
Finance costs	19,518	22,078
Unrealised foreign exchange loss / (gain)	781	(19,791)
Dividend income	(5,877)	(5,309)
Non-controlling interests	(29)	(23)
Share of results of associates	286	529
	6,836	(28,536)
Changes in working capital :		
Receivables	(21,339)	1,870
Payables	(62,530)	(6,559)
Cash flows used in operations	(77,033)	(33,225)
Tax refund	6	22,542
Net cash flows used in operating activities	(77,027)	(10,683)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(198)	(15)
Proceeds from disposal of property, plant and equipment	-	5,324
Proceeds from disposal of other investments	54,098	340
Dividends received from an associate company	-	1,550
Dividends received	5,877	5,309
Interest received	106	527
Profit from Islamic deposits received	57	-
Net cash flows from investing activities	59,940	13,035
FINANCING ACTIVITIES		
Repayments of borrowings	(74,166)	(2,606)
Proceeds from borrowings	82,088	-
Repayments of hire purchase liabilities	(202)	(102)
Interest paid	(13,707)	(8,124)
Release of deposits pledged as security	21,213	1,150
Net cash flows from / (used in) financing activities	15,226	(9,682)
Net movement in cash and cash equivalents	(1,861)	(7,330)
Cash and cash equivalents at beginning of the period	7,436	6,140
Currency translation differences	8,360	7,650
Cash and cash equivalents at end of the period	13,935	6,460

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013)

ZELAN BERHAD
("ZB" or "the Group")
(Company No: 27676-V)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

PART A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134

1. Basis of Preparation

The interim financial information is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013. The explanatory notes attached to the interim financial information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2013.

The accounting policies and methods of computation adopted for the interim financial information are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2013 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRS").

MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendments to MFRS 7	Financial Instruments: Disclosures

1. **Basis of Preparation (Continued)**

MFRS, Amendments to MFRS and IC Intepretation that are applicable to the Group but not yet effective

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these are effective for the Group's financial statements for the financial period beginning on or after 1 April 2014:

Amendments to MFRS 132	Offsetting Financial Assets and Liabilities (effective from 1 January 2014)
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities (effective from 1 January 2014)
Amendments to MFRS 136	Recoverable Amount Disclosures for Non Financial Assets (effective from 1 January 2014)
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)
IC Intepretations 21	Levies (effective from 1 January 2014)
MFRS 9	Financial Instruments: Classifications and Measurement of Financial Assets and Financial Liabilities (effective date from 1 January 2015)

In addition, the interim financial information complies with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Group recorded a net loss of RM6.2 million during the quarter ended 30 September 2013 and a net profit of RM1.6 million for the six month's period ended 30 September 2013 and, as of that date, the current liabilities of the Group exceeded its current assets by RM271.0 million.

The Directors have considered the following matters in preparing the interim financial information of the Group on a going concern basis:

Project in Indonesia

In respect of the project in Indonesia which was undertaken by the Group through a Consortium in which the Group is the consortium leader, the owner of the project has issued the taking over certificate ("TOC") for Unit 1 dated 1 February 2012 on 12 December 2012 and the Consortium received partial retention sum of USD11.4 million (approximately RM35 million) on 28 December 2012. Subsequently, on 28 January 2013, the owner issued TOC for Unit 2 dated 1 May 2012 and the retention sum of USD11.5 million (approximately RM35 million) was received on 26 February 2013. On 31 July 2013, the owner issued the Final Acceptance Certificate for Unit 1 dated 15 July 2013, and subsequently on 15 August 2013, the Group received partial retention sum, net of liquidated ascertained damages ("LAD"), of USD9.4 million (approximately RM29.8 million).

1. **Basis of Preparation (Continued)**

Project in Indonesia (continued)

The Group expects to receive the remaining retention sum, net of LAD, of USD9.7 million (approximately RM30.8 million) in the third quarter of the financial year ending 31 March 2014.

The Group had, in the previous financial year, recognised an estimated LAD receivable of USD22.5 million (approximately RM71.2 million) from a subcontractor / supplier as a result of its delay in completing its scope of works as set out in the agreement for supply for the above project in Indonesia.

The Group is virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement, which is supported by the external legal advice.

Project in the Middle East

In respect of the Group's project in Abu Dhabi, United Arab Emirates ("UAE"), on 21 November 2012, the owner of the project in Abu Dhabi, UAE, gave notice to terminate the contract and liquidate the performance bond. On 9 December 2012, the guarantor of the performance bond released the performance bond of AED92.5 million (approximately RM78 million) to the project owner.

The Group has, to date, issued 8 Notices of Intention to Commence Arbitration on 27 December, 31 December 2012, 19 February 2013 and 19 August 2013 due to the disputes which include under-certification of progress claims, the validity of the termination of contract, the validity of the liquidation of performance bond, dispute on the rejection of entitlement to extension of time by the owner's engineer, dispute on the engineer's certification of interim claims and the owner's payments and dispute on the insurance claim submission.

The Group has engaged an independent claim consultant to carry out a review on the Group's claim against the project owner based on the Group's entitlement for extension of time and other additional payments in connection with the project.

The Group had also obtained legal opinions from external solicitors based in Dubai, UAE and Malaysia on 2 February, 14 April and 23 May 2013, respectively. Based on the claims consultant report and external legal advice, the Group is of the view that it has strong legal grounds to challenge the basis of the notice of termination issued by the project owner. The Group targets to commence the arbitration process in February 2014 to recover the amount due from the project owner.

1. **Basis of Preparation (Continued)**

Project in the Middle East (Continued)

The Group recorded a total receivable balance of AED172.3 million (approximately RM152.9 million) due from the project owner as at 30 September 2013, which includes the performance bond drawndown. Based on the advice from the claims consultant and the solicitors, the Group is of the view that these amounts are recoverable. The expected timing of the receipt of the outstanding balance has been considered in arriving at the carrying value of the receivable.

Notwithstanding the above, the Group is currently in the midst of negotiations with the project owner to reach a commercial settlement on the purported wrongful termination of contract and for the Group to proceed with the completion of the project. Based on the positive developments of the negotiations, the Group anticipates to sign a Supplementary Agreement with the project owner by the end of the third quarter ending 31 December 2013. Following the signing of the Supplementary Agreement, the expected timing of the receipt of the outstanding balances will be revised, taking into consideration the repayment terms of these balances and other terms and condition as set out in the Supplementary Agreement, which may result in a reversal of the effects of the discounting of approximately RM25 million based on the outstanding balances as at 30 September 2013. This effect has not been accounted for in the profit or loss for the Group for the period ended 30 September 2013.

Cash flows of the Group

As at 30 September 2013, the Group is in a current liabilities position of RM271.0 million. The financial position of the Group as at 30 September 2013, the ability of the Group to generate positive cash flows, the timeliness of the receipt of retention sums from the project owner in Indonesia and the uncertainty of the outcome of the arbitration of the Group's construction project in Abu Dhabi indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern, and therefore, the Group may be unable to realise the assets and discharge the liabilities in the normal course of business. If the Group ceases to be a going concern, assets are to be stated at their estimated recoverable amounts and provisions are to be made for any further estimated liabilities which might arise.

In order to ensure that the Group would have sufficient cash flows within the next twelve months from the reporting date to repay the existing borrowings, complete the projects in progress, meet working capital and covenant requirements, and the investing and financing activities, the Group had successfully restructured one of its existing unsecured term loan amounting to AED107.1 million (approximately RM89 million) in April 2013 which allows the Group to make progressive principal repayments over a period up to March 2014.

1. **Basis of Preparation (Continued)**

Cash flows of the Group (Continued)

The Group has also disposed of some of its existing available-for-sale financial assets which were pledged as security for the Group's secured term loan during the six month's period ended 30 September to repay a portion of the term loan. The Group obtained the necessary approvals from the shareholders on 30 September 2013 to dispose of its remaining available-for-sale financial assets and to undertake a corporate exercise which include a proposed capital restructuring and rights issue with warrants of which the proceeds generated from these exercises will be utilised to repay the existing borrowings of the Group, complete the projects in progress, meet the working capital and financial covenant requirements, and to carry out all other investing and financing activities for the next twelve months from the reporting date. It is anticipated that the Group will complete the disposal of the available-for-sale financial assets and the corporate exercise by the fourth quarter of the financial year ending 31 March 2014.

With the various action plans by the Board as disclosed above, the Directors are of the view that the Group will have sufficient cash flows for the next twelve months from the end of the reporting period to meet the operating and financing cash flow requirements. Accordingly, the interim financial information of the Group is prepared on a going concern basis.

2. **Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

3. **Seasonal or Cyclical Factors**

The Group's operations were not materially affected by any seasonal or cyclical factors.

4. **Unusual Items**

Current quarter and period to date

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter under review because of their nature, size, or incidence except for the following:

4. Unusual Items (Continued)

i) as at 30 September 2013, the fair value of the derivative was RM33.9 million, resulting in a further loss on fair value of RM5.9 million and RM14.3 million to the income statement during the quarter and six months period under review, respectively.

ii) a net increase of fair value reserve amounting to RM5.4 million in respect of the available-for-sale financial assets for the quarter ended 30 September 2013 due to the increase in market value from RM5.45 per IJM Corporation Berhad ("IJM") share as at 30 June 2013 to RM5.78 per share as at 30 September 2013 and an increase of RM6.1 million for the period to date due to increase in market value to RM5.78 per share as at 30 September 2013 from RM5.65 per IJM share as at 31 March 2013.

The sale of 1,336,600 of IJM shares for the quarter resulted in the transfer of RM2.1 million from the "Fair Value Reserve" to the statement of comprehensive income as gain on disposal of the available-for-sale financial assets.

The sale of 9,629,000 of IJM shares for the period to date resulted in the transfer of RM14.2 million from the "Fair Value Reserve" to the statement of comprehensive income as gain on disposal of the available-for-sale financial assets.

5. Changes in Estimates of Amount Reported Previously

There was no change in estimates of amounts reported in the prior financial period that has a material effect in the current quarter.

6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter ended 30 September 2013.

7. Dividends Paid

For the current financial period-to-date, no dividend has been paid. For the preceding year's corresponding period, no dividend was paid.

8. Segmental Reporting

Segment analysis for the current quarter is as follows:

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Revenue				
Total	84,195	207	3,354	87,756
Inter-segment	(32,913)	-	(3,253)	(36,166)
External	**51,282**	**207**	**101**	**51,590**

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Results				
Segment profit/(loss)	4,646	253	(1,561)	3,338
Interest income	5,622	-	4	5,626
Profit from Islamic deposits	-	-	28	28
Gain on disposal of available-for-sale financial assets	-	-	2,124	2,124
Depreciation	(591)	(36)	(23)	(650)
Loss on fair value of derivative	-	-	(5,929)	(5,929)
Finance costs	(7,613)	-	(3,447)	(11,060)
Share of results of associates	335	-	-	335
Profit /(loss) before taxation	2,399	217	(8,804)	(6,188)
Tax expense				(56)
Loss for the quarter				**(6,244)**

8. Segmental Reporting (Continued)

Analysis by business segments for the financial period to date:

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Revenue				
Total	159,512	416	10,492	170,420
Inter-segment	(43,690)	-	(4,413)	(48,103)
External	**115,822**	**416**	**6,079**	**122,317**

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Results				
Segment profit	8,924	374	2,614	11,912
Interest income	10,890	1	9	10,900
Profit from Islamic deposits	-	-	57	57
Depreciation	(1,118)	(73)	(45)	(1,236)
Loss on fair value of derivative	-	-	(14,339)	(14,339)
Gain on disposal of available-for-sale financial assets	-	-	14,194	14,194
Finance costs	(11,909)	-	(7,609)	(19,518)
Share of results of associates	(286)	-	-	(286)
Profit/(loss) before taxation	6,501	302	(5,119)	1,684
Tax expense				(73)
Profit for the period				**1,611**

The Group's segmental report for the corresponding three-month financial quarter and financial period to date ended 30 September 2012 is as follows:

Segment analysis for the quarter is as follows:

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Revenue				
Total	3,571	191	5,892	9,654
Inter-segment	(77)	-	(404)	(481)
External	**3,494**	**191**	**5,488**	**9,173**

8. Segmental Reporting (Continued)

	Engineering & construction RM'000	Property & development RM'000	Investment & others RM'000	Total RM'000
Results				
Segment (loss)/profit	(21,253)	253	3,918	(17,082)
Interest income	10	1	266	277
Depreciation	(809)	(79)	(39)	(927)
Gain on fair value of derivative	-	-	10,627	10,627
Gain on disposal of available-for-sale financial assets	-	-	57	57
Finance costs	438		(3,992)	(3,554)
Share of results of associates	(484)	-	-	(484)
(Loss)/profit before taxation	(22,098)	175	10,837	(11,086)
Tax expense				(24,137)
Loss for the quarter				**(35,223)**

Analysis by business segments for the financial period to date:

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Revenue				
Total	28,562	389	7,742	36,693
Inter-segment	(155)	-	(2,075)	(2,230)
External	**28,407**	**389**	**5,667**	**34,463**

	Engineering & construction RM'000	Property & development RM'000	Investment & Others RM'000	Total RM'000
Results				
Segment (loss) /profit	(1,667)	421	2,544	1,298
Interest income	1,786	1	496	2,283
Depreciation	(1,064)	(116)	(78)	(1,258)
Gain on fair value of derivative	-	-	32,160	32,160
Gain on disposal of available-for-sale financial asset	-	-	57	57
Finance costs	(14,076)	-	(8,002)	(22,078)
Share of results of associates	(529)	-	-	(529)
(Loss)/profit before taxation	(15,550)	306	27,177	11,933
Tax expense				(24,172)
Loss for the period				**(12,239)**

9. Material Events Subsequent to the End of the Reporting Period

There was no material event subsequent to the end of the current quarter under review that has not been reflected in the interim financial report except for:

(i) The Company had on 19 November 2013 announced that pursuant to the proposed par value reduction and proposed share premium reduction exercises as approved by the shareholders during the Extraordinary General Meeting ("EGM") on 30 September 2013, the Certificate of Lodgment of Order of High Court Confirming Reduction of Share Capital dated 15 November 2013 has been received from Companies Commission of Malaysia on 19 November 2013, marking the completion of the Par Value Reduction and Share Premium Reduction effective from 15 November 2013.

(ii) The Company obtained the shareholders' approval to dispose of 56.671 million IJM shares during the EGM on 30 September 2013. Subsequent to the approval, the Company had disposed of 51.511 million IJM shares for a net cash consideration of RM297.4 million. The entire proceeds from the disposal of the IJM shares were used to repay bank borrowings which had improved significantly the Group's gearing position and enhanced its earnings per share.

10. Changes in Composition of the Group

There was no change in the composition of the Group during the current quarter.

11. Changes in Contingent Liabilities or Contingent Assets

Save and except as disclosed below, there was no change in contingent liabilities or contingent assets since the last quarter.

(i) As at 30 September 2013, the Company has given guarantees amounting to RM23,148,131 (30 June 2013: RM23,148,131) to an owner of a project as security for a subsidiary's performance of its obligations under the relevant project and the Company does not anticipate any outflows of economic benefits arising from these undertakings.

12. Fair Value Measurements

The disclosure of fair value measurements by level of the fair value measurement hierarchy is as follows:

Level 1:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

Level 2:

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);

Level 3:

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the available-for-sale financial assets and the equity collar embedded in the term loan for the Group that are measured at fair value as at 30 September 2013:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 September 2013				
Available-for-sale financial assets	327,558	-	-	327,558
Derivative financial liability on equity collar	-	-	33,879	33,879

The movements of the derivative financial liability (Level 3) are as follows:

	30.09.2013 RM'000
At 1 April 2013	22,037
Loss recognised in the profit or loss	14,339
Unwinding of the derivative financial liability	(2,497)
At 30 September 2013	33,879

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the last financial year ended 31 March 2013.

ZELAN BERHAD

("ZB" or "the Group")
(Company No: 27676-V)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

PART B Additional Information as required by Part A of Appendix 9B of the Bursa Malaysia Listing Requirements

1. Review of Performance

For the current quarter under review, the Group recorded revenue from engineering and construction operations of RM51.3 million as compared to a revenue of RM3.5 million in the same quarter last year. The current quarter's revenue is mainly attributed to local projects revenue of RM57.6 million and offset by an adjustment on the revenue and cost of sales on Meena Plaza project in Abu Dhabi, United Arab Emirates ("UAE") of RM6.3 million as compared to revenue for the construction of Meena Plaza in Abu Dhabi of RM26.1 million, and a reversal of net provision for Liquidated Ascertained Damages for a project in Rembang, Indonesia amounting to RM22.6 million recorded in corresponding quarter last year.

The revenue recorded from property and development for the quarter is comparable to the corresponding quarter last year.

For the investment and others segment, the Group recorded lower revenue of RM0.1 million (30.09.2012: RM5.5 million) mainly due to the dividend recognition from its available-for-sale financial assets in the corresponding quarter last year.

The Group recorded a loss after taxation of RM6.2 million for the current quarter as compared to a loss after taxation of RM35.2 million in the same quarter last year. The loss is mainly derived from the gross profit from local projects amounting to RM8.3 million (30.09.2012: overseas projects loss of RM7.9 million), gain from sale of available-for-sale financial assets amounting to RM2.1 million (30.09.2012: RM0.1 million). However, the gross profit and gain from sale of available-for-sale financial assets is offset by the loss in fair value of derivative of RM5.9 million (30.9.2012: gain of RM10.6 million) resulting from the valuation of the fair value of the equity collar derivative embedded with the term loan obtained in November 2011. In addition, the Group incurred finance cost of RM11.1 million (30.09.2012: RM3.6 million). The Group had also recorded an unfavourable unrealised foreign exchange loss of RM0.5 million (30.9.2012: RM1.4 million) for the current quarter. In the corresponding quarter last year there was a provision of tax expense and its related tax penalty charges of RM32.5 million incurred.

2. Material Changes in the Quarterly Results Compared to the preceding quarter

For the current quarter under review, the Group recorded revenue from engineering and construction segment of RM51.3 million as compared to a revenue of RM64.5 million in the preceding first quarter ended 30 June 2013.

The revenue for the both quarters is mainly contributed from the local projects of RM57.6 million in the current quarter and RM64.4 million in the first quarter ended 30 June 2013.

The revenue recorded from property and development segment is recurring rental income from office premises and car park bays.

The revenue recorded from the investment holding and others segment of RM0.1 million as opposed to the segment revenue of RM6.0 in the preceding first quarter is mainly due to the dividend recognised from available-for-sale financial assets in the first quarter ended 30 June 2013.

For the current quarter, the Group recorded a loss after taxation of RM6.2 million as compared to the preceding first quarter's profit after taxation of RM7.9 million. The loss for the quarter is mainly attributable to the loss on fair value of the derivative of RM5.9 million (30.06.2013: RM8.4 million) and higher finance cost of RM11.1 million (30.06.2013: RM8.4 million).

3. Current Year Prospects

For the current year, the Group is focusing on completing the projects that have already been secured while continuing to secure new local projects. Cost optimization and, where appropriate, cost reduction will continue to be the focal points in driving increased operational efficiencies.

The Group has embarked on the corporate exercise to dispose its available-for-sale investment, capital restructuring and issuance of rights issue with detachable warrants in order to enhance its financial position, strengthening its balance sheet and at the same time reducing its gearing position by paring down significantly its bank borrowings.

Based on the foregoing, the Group expects to be in a position to remain profitable for the financial year ending 31 March 2014.

4. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued in a public document for the current financial period.

5. Taxation

	Current Quarter Ended		Six months Ended	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Malaysian income tax	58	23	76	44
Overseas income tax	-	24,114	-	24,129
Deferred tax	(2)	-	(3)	(1)
Tax expense	56	24,137	73	24,172

The effective tax rate for the Group is lower than the applicable statutory rates mainly due to certain companies within the Group which were loss making and certain income which was capital in nature and not subject to tax.

6. Status of Corporate Proposals Announced

There is no other corporate proposal announced up to the date of this announcement except for:-

a) On 19 November 2013 an announcement was made by AFFIN Investment Bank Berhad on behalf of Zelan Berhad that the sealed order of the High Court of Malaya in Kuala Lumpur confirming the Par Value Reduction and Share Premium Reduction dated 14 November 2013 has been lodged with the Companies Commission of Malaysia on 15 November 2013. The Certificate of Lodgment of Order of High Court Confirming Reduction of Share Capital dated 15 November 2013 has been received from the Companies Commission of Malaysia on 19 November 2013, marking the completion of the Par Value Reduction and Share Premium Reduction effective from 15 November 2013. Following the completion of the Par Value Reduction and the Share Premium Reduction, the Amendment to the Company's Memorandum of Association was completed on the same date.

7. Borrowings and Debt Securities

	As at 30.09.2013 RM'000
(i) Current borrowings	
Secured	
- Term loan	170,664
- I-Financing	13,585
- Hire purchase liabilities	420
	184,669
Unsecured	
- Overdraft	1
- Term loan	94,960
Total	**279,630**

(ii) Non-current borrowings	
Secured	
- Term loan	72,363
- I-Financing	55,463
- Hire purchase liabilities	1,362
Total	**129,188**

Included in the overdraft and term loan (current borrowing) is an amount of RM95.0 million which is denominated in United Arab Emirates Dirhams.

In relation to the term loan facility with equity collar financial derivative, the Group is required to perform a valuation of the equity collar financial derivative on each reporting date. As a result, the Group has recognised a loss on fair value of derivative of RM5.9 million during the quarter and RM14.3 million during the period ended 30 September 2013 arising from the fair value changes on the equity collar options.

These shares are reflected as available-for-sale financial assets. A fair value assessment of the available-for-sale financial assets is carried out at each reporting date, and the change in fair value is recorded in the fair value reserve in equity. As at 30 September 2013, the fair value on the available-for-sale financial assets reserve stood at RM92.7 million.

8. (Losses) /Earnings Per Share

The basic earnings/(losses) per share for the financial period are calculated based on the Group's profit/(loss) attributable to the equity holders of the Company, divided by the number of ordinary shares outstanding at the end of the period to date.

8. (Losses)/Earnings Per Share (Continued)

	Current Quarter Ended		Six Months Ended	
	30.09.13	**30.09.12**	**30.09.13**	**30.09.12**
Group's (loss)/profit for the period, attributable to the equity holders of the parent (RM' 000)	(6,216)	(35,202)	1,640	(12,216)
Number of ordinary shares in issue (Million)	563.264	563.264	563.264	563.264
Basic and diluted (loss) /earnings per share for the period (sen)	(1.10)	(6.25)	0.29	(2.17)

The Group has no dilution in its earnings per ordinary share, as there is no potential dilutive ordinary shares in issue during the current financial period.

9. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements

The following analysis of realised and unrealised accumulated losses at the Group is prepared in accordance with Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad's 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.

	As at 30.09.2013 RM'000	**As at 31.03.2013 RM'000**
Accumulated losses of the Group and its subsidiaries		
- realised	**(1,341,353)**	(1,185,116)
- unrealised	**105,852**	163,166
	(1,235,501)	(1,021,950)
Accumulated losses of the associates		
- realised	**7,113**	7,263
- unrealised	**(4,898)**	(4,763)
	(1,233,286)	(1,019,450)
Consolidated adjustments	**842,377**	626,901
Total accumulated losses as per consolidated accounts	**(390,909)**	(392,549)

9. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements (Continued)

The disclosure of realised and unrealised 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.

10. Changes in Material Litigation

There was no change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last annual reporting date as at 31 March 2013, except in relation to Note 32 (d) of the Audited Financial Statement, the contractor, in the process of valuing the work done has submitted a revised claim in the sum of AED83,888,747 to three Court Experts for consideration. The subsidiary company's branch in Abu Dhabi has submitted its objection to the revised claim on the basis that there is no provision for the amount claimed under the contract and the sum claimed is not substantiated by documentary proof. The Court Experts fixed 5 December 2013 for a meeting for both parties to submit their final Memorandum.

11. Dividends

There was no dividend declared for the quarter under review.

12. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 November 2013.

By order of the Board

Norlida Jamaludin
Secretary

Kuala Lumpur
26 November 2013

Company No. 27676-V

APPENDIX VI

DIRECTORS' REPORT
(Prepared for the inclusion in this Abridged Prospectus)

Date: 20 December 2013

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

To: Shareholders of Zelan Berhad ("Zelan" or "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of Zelan ("**Board**"), I wish to report that, after making due enquiries in relation to the Company and its subsidiary companies ("**Zelan Group**") during the period between 31 March 2013 (being the date on which the last audited consolidated financial statements have been made up), and the date hereof, being a date not earlier than fourteen (14) days before the issue date of the Abridged Prospectus:

(i) the business of the Zelan Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Zelan Group which have adversely affected the trading or the value of the assets of the Zelan Group;

(iii) the current assets of the Zelan Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Zelan Group;

(v) there have been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Zelan Group since the last audited consolidated financial statements of the Zelan Group; and

(vi) save as disclosed in the Abridged Prospectus, there have been no material change in the published reserves or any unusual factor affecting the profits of the Zelan Group since the last audited consolidated financial statements of the Zelan Group.

Yours faithfully,
For and on behalf of the Board
ZELAN BERHAD

DATO' MOHD NOR BIN IDRUS
Managing Director

ZELAN BERHAD (27676-V)
23rd Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur, Malaysia.
T +603 9173 9173 F +603 9171 8191

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

(ii) There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

(iii) The new Zelan Shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Zelan Shares, save and except that such Shares will not be entitled to any dividend, rights, allotment and/or other distribution unless the allotment and issuance of such Shares were made on or paid prior to entitlement date of such dividend, rights, allotment and/or other distribution.

(iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants, which is the subject of this Abridged Prospectus, no person has been or is entitled to be given an option to subscribe for any securities, shares or debentures in our Company or our subsidiary companies.

(v) Save for the Rights Shares and the Warrants, none of our securities have been issued or are proposed to be issued either as fully or partly paid-up otherwise than in cash within the 2 years immediately preceding the date of this Abridged Prospectus.

2. DIRECTORS' REMUNERATION

The provisions as extracted from our Articles of Association in relation to the remuneration of our Directors are as follows:-

Article 87

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:

(a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and

(e) if any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any kind, including services on any Committee established by the Board, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

Article 88

The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company within Malaysia.

Article 115

The remuneration of a Managing Director or Managing Directors or Executive Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the 2 years preceding the date of this Abridged Prospectus:

(i) Deed Poll in respect of the Rights Issue with Warrants dated 13 December 2013 executed by our Company in connection with the provisional allotment and issue of the Warrants for the protection of the rights and interest of the persons for the time being holding Warrants in our Company and whose names appear in the Register of Warrants and the Record of Depositors as the holders of the Warrants; and

(ii) Underwriting Agreement dated 13 December 2013 between our Company and the Underwriter where the Underwriter had agreed to underwrite the remaining 171,104,792 Rights Shares not covered by the Undertaking ("**Underwritten Shares**") for a commission of 2.0% of the total value of the Underwritten Shares based on the issue price of RM0.15 per Rights Share, where the said commission is payable by our Company.

4. MATERIAL LITIGATION

As at the LPD, save as disclosed below, neither our Company nor any of our subsidiary companies are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and our Board is not aware of any proceeding pending or threatened against our Group or any facts likely to give rise to any proceeding which may materially affect the financial position or business of our Group:

(i) Tropical Gulf Contracting LLC ("TGC") v Abu Dhabi Branch

TGC is a sub-contractor of the Abu Dhabi Branch for a project in Abu Dhabi known as the "**Royal Chalet Project**". TGC had on 20 January 2010 initiated a legal action against the Abu Dhabi Branch to claim for :

(a) AED12,916,515.75 (equivalent to approximately RM11.32 million) as outstanding payment in connection with the sub-contract works together with legal interest of 12% from the date of action to the date of full payment; and

(b) compensation for loss of profit and losses incurred by TGC in connection with the action.

On 27 June 2011, the Court of First Instance granted a judgement in favour of TGC for the Abu Dhabi Branch to pay TGC an amount of AED12,316,761.31 (equivalent to approximately RM10.79 million) together with AED300,000 (equivalent to approximately RM263,000) as compensation ("**Court of First Instance Decision**").

The Abu Dhabi Branch has filed an appeal against the Court of First Instance Decision and the Court of Appeal has confirmed the Court of First Instance Decision and such decision was further upheld by the Cassation Court on 30 May 2012 where the Cassation Court ruled that the amount payable to TGC is AED12,916,515.75 (equivalent to approximately RM11.32 million) with 5% delay interest to be calculated from the date of filing of the court proceedings until full payment and compensation of AED300,000 (equivalent to approximately RM263,000) together with 5% delay interest to be calculated from the date of the Court of Appeal judgement of 12 October 2011 until full payment.

The Abu Dhabi Branch had vide its letter dated 9 July 2012, requested Tamouh Investments LLC ("**Tamouh**"), which is the owner of the Royal Chalet Project, to pay the sum of AED13,216,515.75 (equivalent to approximately RM11.58 million) to the Execution Court for the purpose of fulfilling the judgement of the Cassation Court above in favour of TGC. The request was made on the basis that the legal action initiated by TGC against the Abu Dhabi Branch is due to the default of Tamouh to pay the Abu Dhabi Branch such outstanding payments pursuant to the contract entered into between Tamouh and the Abu Dhabi Branch dated 10 May 2008 where the Abu Dhabi Branch has been appointed as the contractor for the Royal Chalet Project on a cost plus basis.

Pursuant to the request by the Abu Dhabi Branch to the Execution Court for Tamouh to be instructed by the Execution Court to pay the judgement sum of TGC into the Execution Court, Tamouh has been instructed by the Execution Court to deposit the sum of AED14,256,520.17 (equivalent to approximately RM12.49 million) to the Execution Court for the fulfillment of the judgement obtained by TGC. This decision had been appealed by Tamouh and the court has dismissed such appeal on 17 October 2012. Hence, the earlier instruction from the Execution Court for Tamouh to pay the sum of AED14,256,520.17 (equivalent to approximately RM12.49 million) to the Execution Court remains valid.

However, due to Tamouh's non-compliance with the Execution Court's instructions to pay the judgement sum due to TGC, the Abu Dhabi Branch has settled AED9,884,117.38 (equivalent to approximately RM8.66 million) of the judgement sum to TGC. The Abu Dhabi Branch has initiated a separate legal action to recover, *inter alia,* the judgement sum from Tamouh (details of which are set out in Section 4 (ii) below).

(ii) Abu Dhabi Branch v Tamouh

On 14 October 2012, the Abu Dhabi Branch had initiated a legal action in Abu Dhabi against Tamouh to claim for the amount of AED27,430,276.21 (equivalent to approximately RM24.04 million) being the outstanding payment from Tamouh to the Abu Dhabi Branch pursuant to a contract entered into between Tamouh and the Abu Dhabi Branch dated 10 May 2008 where the Abu Dhabi Branch has been appointed by Tamouh as the contractor for the Royal Chalet Project on a cost plus basis.

Tamouh has submitted its memorandum of defence contesting the claim, *inter alia,* on the following premises:

(a) it is not obliged to pay the Abu Dhabi Branch the compensation and interests based on the judgement granted to TGC pursuant to the legal action initiated by TGC against the Abu Dhabi Branch (as set out in Section 4(i) above);

(b) the Abu Dhabi Branch has no right to claim for such amount which Tamouh is obliged to pay to the execution court for the satisfaction of the judgement granted in favour of TGC pursuant to the legal action between TGC and the Abu Dhabi Branch above; and

(c) there were defects appearing at the Royal Chalet Project after the expiry of the defect liability period that have yet to be rectified by the Abu Dhabi Branch.

In the course of the legal proceeding, Kanok Middle East, one of the sub-contractors of the Abu Dhabi Branch for the Royal Chalet Project, has been allowed by the court to be the co-plaintiff in the legal proceeding against Tamouh.

On 19 February 2013 the court has issued its preliminary judgement for the appointment of an engineering expert to determine the works done by the Abu Dhabi Branch ("**Court Expert**"). Pursuant to a site visit of the Royal Chalet Project by the Court Expert on 8 May 2013, the Court Expert has instructed the Abu Dhabi Branch, via his letter to the Abu Dhabi Branch's solicitors, to proceed to carry out the rectifications works, failing which the Court Expert will appoint another contractor to rectify the defects and informed the court accordingly.

The solicitors of the Abu Dhabi Branch had advised the Abu Dhabi Branch that the Court Expert has contradicted his role to act impartially as directed by the court and accordingly the Abu Dhabi Branch filed the application to remove the Court Expert to be replaced with another engineering expert.

In the interim, pursuant to an application filed by the Abu Dhabi Branch, the summary court had ruled that the Abu Dhabi Branch's evidence of debt has proven an estimated amount of AED24,004,885 (equivalent to approximately RM21.03 million) and accordingly granted a precautionary seizure order for the sum of AED24,004,885 (equivalent to approximately RM21.03 million) against the funds in Tamouh's bank accounts.

The court reserved the hearing until 30 December 2013 for judgement.

It is a strict policy of the Abu Dhabi Branch's solicitors not to give any opinion on the potential outcome of the on-going legal actions.

(iii) Al-Shati Trade Establishment ("Al-Shati") v ZCACL

Al-Shati, being a supplier of ready mixed concrete for the Shuqaiq II Independent Water and Power Plant project in KSA had on 14 June 2010 filed a claim against ZCACL at the Commercial Department, Administrative Court, Aseer Region, KSA for the outstanding invoices, quantities of concrete not ordered by ZCACL, consequential damages such as bank surcharges and/or equipment, manpower and material standby cost for a total sum of SAR67,422,063.34 (equivalent to approximately RM57.86 million) and ZCACL counterclaimed against Al-Shati for the amount of SAR38,719,998.32 (equivalent to approximately RM33.23 million).

On 2 March 2013, the Board of Grievances ("**Court**") has dismissed the claim by Al-Shati without prejudice due to the non-appearance by the counsel of Al-Shati. However the case was later re-instated by the Court as Al-Shati reopened the claim.

The solicitors of ZCACL are of the opinion that Al-Shati does not have a valid legal case based on the terms and conditions of the contract between ZCACL and Al-Shati dated 12 August 2007.

The next Court hearing has been fixed on 21 January 2014.

(iv) Alumco UAE LLC ("Alumco") v Abu Dhabi Branch

By a contract dated 9 September 2009 between Alumco and the Abu Dhabi Branch, Alumco has been appointed as the sub-contractor for the Abu Dhabi Branch for the sub-contract works, *inter alia*, relating to the design, supply, installation and polishing of aluminium works and aluminium fire non-resistance plates for the Meena Plaza Project. The Abu Dhabi Branch is the main contractor of the Meena Plaza Project.

Alumco has filed a claim against the Abu Dhabi Branch at the Abu Dhabi Court of First Instance for a sum of AED51,677,741 (equivalent to approximately RM45.28 million) for, *inter alia*, works done pursuant to the sub-contract above and the return of its performance bond in relation to the sub-contract works.

On 27 May 2013, the court has issued a preliminary judgement which states that the documents filed by Alumco are not sufficient for the court to form an opinion and to have a full clarification of the dispute. The court has therefore made the preliminary judgement to delegate the assignment to three technical experts ("**Court Experts**") to, *inter alia*, value the work done by Alumco at site and to determine if the works has been carried out in accordance with the sub-contract.

It is a strict policy of the Abu Dhabi Branch's solicitors not to give any opinion on the potential outcome of the on-going legal actions.

(v) Notice of Intention to Commence Arbitration issued by the Abu Dhabi Branch to Meena

On 3 March 2008, the Abu Dhabi Branch and Meena had entered into a contract ("**Contract**") whereby the Abu Dhabi Branch was appointed by Meena as the main contractor for the Meena Plaza Project.

On 22 November 2012, the Abu Dhabi Branch had received a letter dated 21 November 2013 from Meena whereby Meena has given the Abu Dhabi Branch a 14 days' termination notice of the Abu Dhabi Branch's appointment as the main contractor of the Meena Plaza Project and to call upon the performance bond provided by the Abu Dhabi Branch of AED92,530,000 (equivalent to approximately RM81.08 million). The grounds for termination were primarily that the Abu Dhabi Branch had persistently failed and neglected to deploy adequate manpower on the site and failed to proceed with the works in accordance with the programme as well as failed to mitigate its own delays.

In response, the Abu Dhabi Branch had challenged the purported termination and the call on the performance bond as the said actions were in breach of the provisions of the Contract and contrary to the laws in UAE. The Abu Dhabi Branch had subsequently issued notices of its intention to commence arbitration on several disputes with Meena in relation to the Meena Plaza Project in accordance with the provisions of the Contract as follows:

(a) Notice of Intention to Commence Arbitration dated 27 December 2012 in respect of the dispute between the Abu Dhabi Branch and Meena on Meena's under certification of the value of materials on site in the progress claims submitted by the Abu Dhabi Branch;

(b) 2 Notices of Intention to Commence Arbitration both dated 31 December 2012, in respect of the disputes between the Abu Dhabi Branch and the Employer on the delay and progress of works;

(c) Notice of Intention to Commence Arbitration dated 19 February 2013 in respect of the dispute on the validity of the Engineer's Certification of the Abu Dhabi Branch's persistent defaults under the Contract, Meena's Notice of Termination and the Abu Dhabi Branch's rejection of Meena's Notice of Termination;

(d) Notice of Intention to Commence Arbitration dated 19 February 2013 in respect of the dispute on the validity of the Meena's call on the performance bond;

(e) Notice of Intention to Commence Arbitration dated 19 August 2013 in respect of the dispute on the Abu Dhabi Branch's entitlement to extension of time;

(f) Notice of intention to Commence Arbitration dated 19 August 2013 in respect of the dispute on the interim certification and payments; and

(g) Notice of intention to Commence Arbitration dated 19 August 2013 in respect of the dispute of basement 2 slab rectification insurance claim.

It is provided in the Contract that where a notice of intention to commence arbitration as to a dispute has been given, the parties shall attempt to settle such dispute amicably before the commencement of arbitration. Provided that, unless the parties otherwise agree, arbitration may be commenced on or after the 56th day after the day on which notice of intention to commence arbitration of such dispute was given, even if no attempt at amicable settlement thereof has been made.

The solicitors of the Abu Dhabi Branch are of the view that the Abu Dhabi Branch has a reasonably good case in establishing that the termination of the appointment of the Abu Dhabi Branch under the Contract was unlawful or wrongful based on the provisions of the Contract and the laws in UAE.

(vi) Judicial Review Petition Memorandum on Indonesian Tax Court Decision

In 2009, the Indonesia Branch was subjected to a tax audit for its financial year 2007 and the Indonesian Income Tax Department raised an assessment on 26 June 2009 subjecting the Indonesia Branch to a tax liability of IDR60,840,288,200 (equivalent to approximately RM16.37 million) and tax penalty of IDR19,906,114,130 (equivalent to approximately RM5.35 million). Subsequently, the Indonesia Branch filed for a review of the assessment to the Tax Court in Indonesia and accordingly, the Indonesia Branch has made a deposit amounting to IDR30,420,144,100 (equivalent to approximately RM8.18 million) as part of the requirement to appeal to the Tax Court in Indonesia.

The hearing at the Tax Court in Indonesia was completed in November 2011 and the Tax Court had on 29 June 2012 ruled against the Indonesia Branch.

The Indonesia Branch's tax consultant in Indonesia had advised that strictly based on merit and relevant facts of the case, the Indonesia Branch has a good ground to defend its position, hence the Indonesia Branch should proceed to appeal against this decision by filing a judicial review at the Supreme Court of Indonesia.

Accordingly, the Indonesia Branch, with the professional assistance from the tax consultant and solicitors in Indonesia, had submitted its Judicial Review Petition Memorandum of the above Tax Court decision at the Supreme Court of Indonesia on 30 October 2012.

The Indonesia Branch's solicitors handling the Judicial Review have advised that even though they could not predict how the Supreme Court would rule with regard to the Judicial Review Petition Memorandum, the Indonesia Branch has a credible chance of prevailing in the action strictly based on the merits of the case and the application of the relevant tax regulations.

Subsequent to the submission of the Judicial Review Petition Memorandum at the Supreme Court, the Indonesia Branch has paid the abovementioned tax liability of IDR60,840,288,200 (equivalent to approximately RM16.37 million) and tax penalty of IDR19,906,114,130 (equivalent to approximately RM5.35 million) in full.

5. GENERAL

(i) There is no existing or proposed service contract entered into or to be entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, as at the LPD, the financial conditions and operations of our Group are not affected by any of the following:-

(a) known trends or known demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(b) material commitments for capital expenditure of our Group;

(c) unusual or infrequent events or transactions or significant economic changes which materially affect the amount of reported income from operations;

(d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income;

(e) fluctuations in our Group's revenue; and

(f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.

6. CONSENTS

(i) The written consents of the Adviser, Underwriter, Company Secretary, Share Registrar, Due Diligence Solicitors for the Rights Issue with Warrants, Principal Bankers and Bloomberg for the inclusion of their names in this Abridged Prospectus in the form and context in which such names appear, have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn; and

(ii) The written consent of the Auditors and Reporting Accountants, Messrs. PricewaterhouseCoopers for the inclusion in this Abridged Prospectus of their name on the proforma consolidated statements of financial position of our Group as at 31 March 2013 together with notes and the reporting accountants' letter thereon and the audited consolidated financial statements of our Group for the FYE 31 March 2013 together with the Auditors' report thereon, in the form and context in which such name appear have been given before the issuance of this Abridged Prospectus and has not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at our registered office at 24th Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

(i) Our Memorandum and Articles of Association;

(ii) Our audited consolidated financial statements for the past two (2) FYE 31 March 2012 and 31 March 2013;

(iii) Our latest unaudited consolidated quarterly financial results for the 6-month FPE 30 September 2013;

(iv) The proforma consolidated statements of financial position of our Group as at 31 March 2013 together with the notes and the reporting accountants' letter thereon as set out in **Appendix III** of this Abridged Prospectus;

(v) The Directors' Report as set out in **Appendix VI** of this Abridged Prospectus;

(vi) The material contracts referred to in **Section 3** of this Appendix;

(vii) The relevant cause papers in respect of the material litigations referred to in **Section 4** of this Appendix;

(viii) The consent letters referred to in **Section 6** of this Appendix; and

(ix) The irrevocable undertaking letter from MMC as referred to in **Section 8** of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and RSF have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

AFFIN Investment, being the Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

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