AZRB
AHMAD ZAKI RESOURCES BERHAD
(432768-X)

30 years GROWTH PROGRESS
1982 - 2012

2011
annual report

Federal Territory Mosque

CONTENTS

Notice of
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the Company will be held at Dillenia & Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 19 June 2012 at 10:00 am for the following purposes:-

AGENDA

As Ordinary Business:

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

2. To approve the payment of Directors' fees for the year ended 31 December 2011. *(Resolution 1)*

3. To re-elect the following Directors retiring under the provisions of the Articles of Association of the Company:-

   (i) Raja Dato' Seri Aman Bin Raja Haji Ahmad *(Resolution 2)*
   (ii) Dato' Haji Ismail @ Mansor Bin Said *(Resolution 3)*
   (iii) Datuk (Prof.) A Rahman @ Omar Bin Abdullah *(Resolution 4)*

4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 5)*

As Special Business:-

To consider and if thought fit, to pass the following resolutions as ordinary resolutions with or without modifications:

5. **Ordinary Resolution**
   Authority to Directors to Allot and Issue Shares *(Resolution 6)*

   "**THAT**, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."

6. **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading in Nature *(Resolution 7)*

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particularly of which are set out in the Circular to Shareholders dated 28 May 2012 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders and that such transactions are made on the arm's length basis and on normal commercial terms.

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company (being the 16th AGM of the Company), at which time the said authority will lapse, unless by a resolution passed at a general meeting whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company (being the 16th AGM of the Company) is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earliest,

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

By Order of the Board

Haji Bahari Bin Johari (LS 0008773)
Seuhailey binti Shamsudin (MAICSA 7046575)
Wong Maw Chuan (MIA 7413)
Secretaries

Kuala Lumpur
28 May 2012

Notes

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

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies, (but not exceeding two (2) proxies), to attend and vote in his stead.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.

5. Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

7. Only a depositor whose name appears on the Record of Depositors as at 12 June 2012 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

Explanatory Notes on Special Business

Resolution 6

The proposed ordinary resolution 6, if passed, will give powers to the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors would consider in the best interest of the Company. The approval is sought to avoid any delay and cost involved in convening a general meeting for such issuance of shares. This authority, unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for the purpose of repayment of bank borrowings and for general working capital.

Resolution 7

Please refer to the Circular to Shareholders dated 28 May 2012 which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2011.

The purpose of this general mandate will enable the Company to enter into recurrent related party transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Statement accompanying notice of ANNUAL GENERAL MEETING

1. Board Meetings held in the financial year ended 31 December 2011

There were nine (9) Board Meetings held during the financial year ended 31 December 2011. Details of the attendance of the Directors are as follows:-

Executive Directors	Total Meeting Attended	% of Attendence
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	9/9	100%
Dato' Wan Zakariah bin Haji Wan Muda	8/9	89%
Dato' Haji Mustaffa bin Mohamad	9/9	100%
Dato' W Zulkifli bin Haji W Muda	9/9	100%
Non-Executive Directors		
Raja Dato' Seri Aman bin Raja Haji Ahmad	9/9	100%
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	9/9	100%
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	7/9	78%
Dato' Haji Ismail @ Mansor bin Said	7/9	78%

2. Place, date and time of Meeting

The 15th Annual General Meeting of the Company will be held at Dillenia & Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1A, 60000 Kuala Lumpur on Tuesday, 19 June 2012 at 10:00 am.

3. Directors who are seeking for re-election or re-appointments of the 15th Annual General Meeting of the Company

The Directors who are offering themselves for re-election at the Annual General Meeting of the Company are as follows:-

(i) Raja Dato' Seri Aman bin Raja Haji Ahmad
(ii) Datuk (Prof) A Rahman @ Omar bin Abdullah
(iii) Dato' Haji Ismail @ Mansor bin Said

Details of Directors are set out on pages 12 to 19 of this Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on page 153.

Corporate INFORMATION

BOARD OF DIRECTORS

1. Raja Dato' Seri Aman Bin Raja Haji Ahmad	*(Independent Non-Executive Chairman)*
2. Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	*(Executive Vice Chairman)*
3. Dato' Wan Zakariah Bin Haji Wan Muda	*(Managing Director)*
4. Dato' Haji Mustaffa Bin Mohamad	*(Executive Director)*
5. Dato' W Zulkifli Bin Haji W Muda	*(Executive Director)*
6. Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	*(Independent Non-Executive Director)*
7. Datuk (Prof.) A Rahman @ Omar Bin Abdullah	*(Independent Non-Executive Director)*
8. Dato' Haji Ismail @ Mansor Bin Said	*(Independent Non-Executive Director)*

AUDIT COMMITTEE

1. Raja Dato' Seri Aman Bin Raja Haji Ahmad	*(Chairman)*
2. Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	*(Member)*
3. Datuk (Prof.) A Rahman @ Omar Bin Abdullah	*(Member)*
4. Dato' Haji Ismail @ Mansor Bin Said	*(Member)*

COMPANY SECRETARIES

1. Haji Bahari bin Johari (LS 0008773)
2. Seuhailey binti Shamsudin @ Azraain (MAICSA 7046575)
3. Wong Maw Chuan (MIA 7413)

REGISTERED OFFICE

No. 6, Jalan Bangsar Utama 9,
Bangsar Utama, 59000 Kuala Lumpur
Tel: 03-2287 6833
Fax: 03-2287 1032

REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

PRINCIPAL BANKERS

Alliance Bank Berhad
United Overseas Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

AUDITORS

KPMG
KPMG Tower, 10 First Avenue
Bandar Utama
47800 Petaling Jaya, Selangor

STOCK EXCHANGE

Bursa Malaysia Securities Berhad

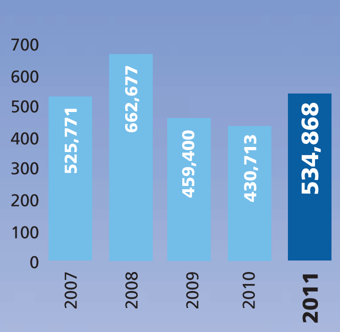
Corporate STRUCTURE

CONSTRUCTION	
1. AHMAD ZAKI SDN BHD	**100%**
2. AZSB MACHINERIES SDN BHD	**100%**
3. UNGGUL ENERGY & CONSTRUCTION SDN BHD	**100%**
CONCESSION	
1. EKVE SDN BHD	**100%**
2. PENINSULAR MEDICAL SDN BHD	**100%**
PROPERTY DEVELOPMENT	
1. KEMAMAN TECHNOLOGY & INDUSTRIAL PARK SDN BHD	**60%**
2. AZRB PROPERTIES SDN BHD	**100%**
3. TREND VISTA DEVELOPMENT SDN BHD	**100%**
OIL & GAS	
1. INTER-CENTURY SDN BHD	**100%**
2. ASTRAL FAR EAST SDN BHD	**100%**
PLANTATION	
1. PT ICHTIAR GUSTI PUDI	**95%**
OVERSEAS INVESTMENT	
1. AZRB CONSTRUCTION (INDIA) PVT LTD	**100%**
2. AZRB INTERNATIONAL VENTURES SDN BHD	**100%**
3. AHMAD ZAKI SAUDI ARABIA CO LTD	**100%**
QUARRY OPERATION	
1. TADOK GRANITE MANUFACTURING SDN BHD	**100%**
OTHERS	
1. MAXI HERITAGE SDN BHD	**20%**
2. FASA TIMUR SDN BHD	**50%**

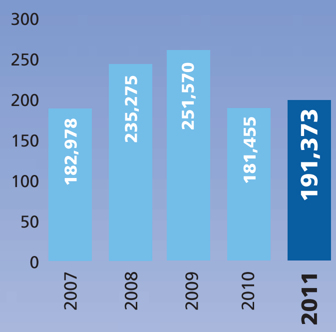
5-Year
FINANCIAL HIGHLIGHTS

Group Five Year Summary	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
	Year Ended 31 December				
Revenue	525,771	662,677	459,400	430,713	534,868
Profit/(Loss) before taxation	42,400	28,868	32,429	(49,914)	24,429
Profit/(Loss) attributable to owners of the Company	26,187	15,644	20,765	(61,630)	11,860
Paid up Capital	69,132	138,266	138,318	138,348	138,382
Shareholders' funds	182,978	235,275	251,570	181,455	191,373
Net tangible assets per share (sen)	259	84	90	64	68

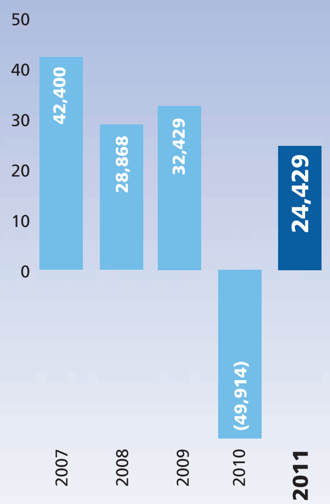
REVENUE
RM534.9 million



SHAREHOLDERS' FUNDS
RM191.4 million

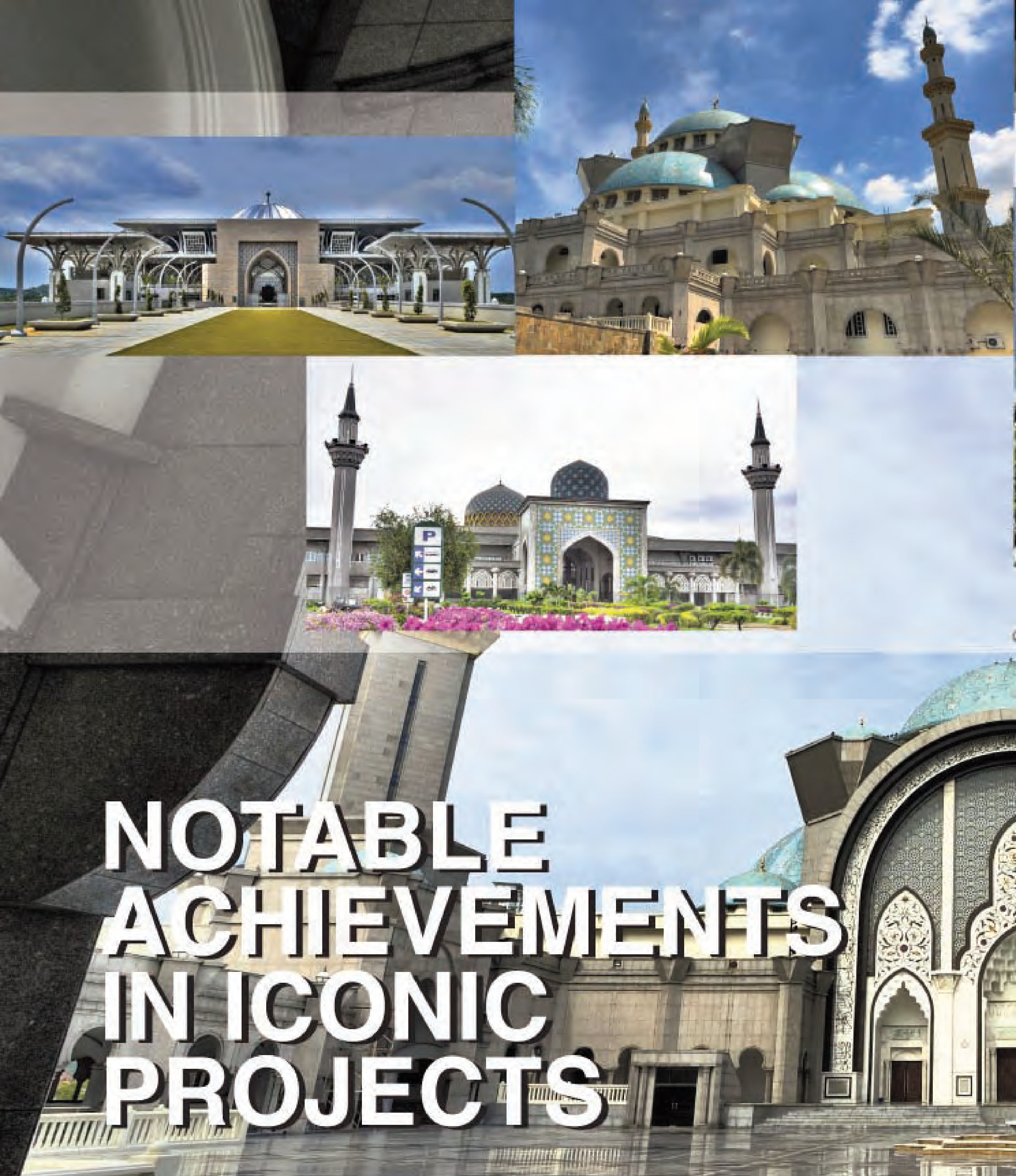


PROFIT/(LOSS) BEFORE TAXATION
RM24.4 million



NET TANGIBLE ASSETS PER SHARE
68.0 sen

Tuanku Mizan Mosque, Putrajaya



NOTABLE ACHIEVEMENTS IN ICONIC PROJECTS

Directors' PROFILE

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

SPMP, DPMP, PJK, AMN

A Malaysian, aged 66, was appointed Chairman and Independent Non-Executive Director and member of Audit Committee on 26 February 2004 and subsequently assumed the Chairmanship of the Audit Committee on 8 April 2004. He is also the Chairman of Board Risk Committee and sits on the Remuneration and Nomination Committees as an ordinary member.

He is a Fellow of the Institute of Chartered Accountants in England and Wales and also a member of Malaysian Institute of Accountants and Malaysia and Malaysian Institute of Certified Public Accountant. He held various positions in Maybank Group from 1974 to 1985 prior to joining Affin Bank Berhad in 1985 as Executive Director/CEO. He left Affin Bank Berhad (formerly known as Perwira Habib Bank Malaysia Berhad) in 1992 to join Perbadanan Usahawan Nasional Berhad as Chief Executive Officer. He was reappointed as Chief Executive Officer of Affin Bank Berhad in 1995 and retired in 2003.

Raja Dato' Seri Aman is also an Independent Non-Executive Director of Affin Holdings Berhad, Tomei Consolidated Berhad and Affin Investment Bank Berhad.

During the financial year ended 31 December 2011, he attended 9 out of 9 Board meetings held.

DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA

SSAP, SIMP, DPMT, PPN, PJK

A Malaysian, aged 63, was appointed the Executive Vice Chairman of AZRB on 24 March 1999. He subsequently held the post of Executive Chairman from 1 March 2000 and was redesignated as Executive Vice Chairman of AZRB on 26 February 2004. He is presently the Chairman of Remuneration Committee and an ordinary member of the Board Risk Committee.

He is the founder member of Ahmad Zaki Sdn Bhd ('AZSB'). Dato' Sri Haji Wan Zaki began his working career in 1971 as a Financial Assistant with Syarikat Permodalan Pahang Bhd, a Pahang state-owned company. In 1973, he joined Perkayuan Pahang Sdn Bhd as a Financial Assistant and Marketing Officer and subsequently rose to the position of Marketing Manager. He left Perkayuan Pahang Sdn Bhd in 1977 to join Pesaka Terengganu Bhd as its Operation Manager where he served until 1979 prior to joining Pesama Timber Corporation Sdn Bhd as Managing Director. He left Pesama Timber Corporation Sdn Bhd in 1984 to start AZSB.

Dato' Sri Haji Wan Zaki is also the Chairman of Chuan Huat Resources Bhd and sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2011, he attended 9 out of 9 Board meetings held.

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA
DSAP, DSSA

A Malaysian, aged 52, joined the board of the Company as an Executive Director on 24 March 1999 and subsequently was appointed to the post of Managing Director on 1 January 2003. He is presently the Chairman of the Establishment Committee and sits as a member of the Remuneration Committee.

He also sits on the boards of directors of several private limited companies.

He obtained a Bachelor of Science degree in Quantity Surveying from the Thames Polytechnic, United Kingdom in 1986. He started his career as Quantity Surveyor with the construction subsidiary AZSB and in 1996 was promoted to the post of Managing Director of AZSB until 2003.

During the financial year ended 31 December 2011, he attended 8 out of 9 Board meetings held.

Notes:

FAMILY RELATIONSHIP
Except for Dato' Sri Haji Wan Zaki bin Haji Wan Muda, Dato' Wan Zakariah bin Haji Wan Muda and Dato' W Zulkifli bin Haji W Muda who are brothers, none of the other Directors are related to one another, nor with any substantial shareholders.

CONFLICT OF INTEREST
Save as disclosed in the related party transactions on pages 145 to 146 (note 36) of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

CONVICTIONS FOR OFFENCES
None of the Directors have been convicted of any offence (excluding traffic offences) within the last 10 years.

DATO' HAJI MUSTAFFA BIN MOHAMAD
DPMT, PJK

A Malaysian, aged 61, was appointed an Executive Director of the Company on 24 March 1999 and is an ordinary member of the Establishment Committee.

He graduated with a Bachelor of Laws (Hon) degree from the University of London in 1976. He was called to the English Bar at Lincoln's Inn, UK in 1981, and was admitted as Advocate & Solicitor in the High Courts of Malaya in 1994. He also holds a Post Graduate Diploma in Port and Shipping Administration from University of Wales, Institute of Science and Technology, Cardiff (1985); and been a member of the Chartered Institute of Logistic and Transport, UK since 1986. In 1985 he was awarded a Diploma in Syariah Law and Practice by the International Islamic University, Malaysia.

Currently he sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2011, he attended 9 out of 9 Board meetings held.

DATO' W ZULKIFLI BIN HAJI W MUDA

DIMP

A Malaysian, aged 50, was appointed a Non-Executive Director on 2 January 1999 and subsequently redesignated as the Executive Director with effect from 1 March 2003. He sits on the Establishment Committee as an ordinary member.

He holds a Bachelor of Science (Civil Engineering) degree, which he obtained in 1985 from the University of Southern Illinois, United States of America. He began his career with Ahmad Zaki Sdn Bhd ('AZSB') as a Project Engineer in 1985. He was promoted to the position of Project Manager and later Executive Director (Operations) of AZSB in 1996 and subsequently became the Managing Director of AZSB effective from 7 February 2003.

Dato' W Zulkifli does not hold directorship in any other public companies but sits on the board of directors of several private limited companies.

During the financial year ended 31 December 2011, he attended 9 out of 9 Board meetings held.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

A Malaysian, aged 63, was appointed as an independent Non-Executive Director of the Company on 15 November 2010. He was appointed as a member of the Board Risk Committee and Audit Committee on 29 November 2010 and 1 March 2011 respectively. Tan Sri Dato' Lau obtained his Diploma in Commerce with distinction from Tunku Abdul Rahman College, Malaysia in 1974.

Tan Sri Dato' Lau has been a member of the Malaysian Institute of Accountants since 1979. He was made a fellow of the Association of Chartered Certified Accountants, United Kingdom in 1981 and became a graduate member of the Institute of Chartered Secretaries and Administrators, United Kingdom in 1987. He was appointed as Senator of Dewan Negara for a three-year term commencing 25 November 2002 by Seri Paduka Baginda Yang di-Pertuan Agong, Malaysia until his voluntary resignation in March 2004.

Tan Sri Dato' Lau had served as Independent Non-Executive Director of Nanyang Press Holdings Berhad, Tenaga Nasional Berhad and Chairman of Star Publication (Malaysia) Berhad. As an Independent Non-Executive Director of Tenaga Nasional Berhad, Tan Sri also chaired the Board Audit Committee and sat on the Board Tender Committee.

Tan Sri Dato' Lau is currently an Independent Non-Executive Director of YTL Power International Berhad, a listed company in Malaysia and Media Chinese International Limited, a company listed in Malaysia and Hong Kong.

During the financial year ended 31 December 2011, he attended 9 out of 9 Board meeting held since appointment.

DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH

PJN, DPMT, JSM, SMT, AMN

A Malaysian, aged 67, was appointed an Independent Non-Executive Director on 1 January 2003. Effective from 29 November 2007, he was appointed as an ordinary member of the Audit Committee. He sits on the Audit Committee, Remuneration and Nomination Committee as an ordinary member.

He holds a Diploma in Quantity Surveying from Thames Polytechnic, London, United Kingdom, and an MSc in Construction Management from the Herriot-Watt University, Scotland. He also holds fellowships with The Royal Institute of Chartered Surveyors (UK) and the Institute of Surveyors Malaysia, as well as Professional Membership with The Chartered Institute of Building of United Kingdom.

Datuk (Prof.) A Rahman was the founding Chief Executive Officer of the Construction Industry Development Board ('CIDB') Malaysia, a post which he held from 1995 to the year 2002, after which he held the post of Chairman of CIDB until December 2006. Prior to CIDB, Datuk A Rahman started his career in the Public Works Department ('PWD') where he served for 25 years. His last post in the department was the Deputy Director General of PWD. In 1992, he was accorded as an Honorary Professor by the University Teknologi Malaysia. Among other appointments, he is the past President of the Institution of Surveyors Malaysia, the past President of the Board of Quantity Surveyors Malaysia and currently he is a Fellow of the Academy of Sciences Malaysia.

He does not hold directorship in any other public companies but sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2011, he attended 7 out of 9 Board meetings held.

DATO' HAJI ISMAIL @ MANSOR BIN SAID

DPMT, AMN

A Malaysian, aged 63, was appointed a Non-Executive Director on 26 May 1997 and subsequently assumed the responsibility as an Independent Director. He presently sits on the Audit Committee, Board Risk Committee and Remuneration Committee as an ordinary member and is the Chairman of the Nomination Committee.

He holds a Bachelor of Economics degree from the University of Malaya. He was a Member of Parliament from 1978-1995, Parliamentary Secretary of the Ministry of Youth and Sports (1990-1995) and the Chairman of MARA from 1987 to 1990. He was also appointed by Parliament as the Chairman of the Public Accounts Committee where he served from 1985 to 1990. He was also a Director of Sistem Televisyen Malaysia Berhad from 1995 to 2000 and the President of Institut Usahawan Bumiputera from 1988 to 2002.

Dato' Haji Ismail is also a director of Lion Diversified Holdings Berhad and sits on the board of directors of two private limited companies.

During the financial year ended 31 December 2011, he attended 7 out of 9 Board meetings held.

COMMITMENT, QUALITY & INNOVATION

Upgrading of Jalan Duta

Statement of
INTERNAL CONTROL

The Board of Directors is responsible for the Group's system of internal control and for reviewing its integrity and adequacy. The system of internal control covers, inter alia, internal audit, financial, operational and compliance controls including risk management. The system is designed to monitor, identify and manage risks in the pursuit of the Group's business objectives, safeguard shareholder's investments and the Group's assets.

However, it should be noted that any system can only provide reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures is not to exceed the expected benefits.

RISK MANAGEMENT

Pursuant to Best Practice AAI of the Malaysian Code on Corporate Governance, the Board is expected, in the discharging of its stewardship responsibilities, to identify principal risks and ensure implementation of appropriate systems to manage these risks.

Enterprise Risk Management ('ERM') is a structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the Group faces as it creates value.

The following are the key principles of the Group's ERM framework:

- To facilitate a systematic and consistent identification of key business risks for AZRB and its principal subsidiaries;
- To facilitate an objective assessment of key controls in managing the relevant businesses identified;
- To enhance the documentation and communication of risks and promote awareness of risk management; and
- To develop a framework to monitor and report risks and controls, with the assignment of responsibilities within the companies for managing risks.

The Group held a Risk Awareness Workshop on 2 December 2011 to improve the understanding of ERM processes by the Group's top management and key staff.

In addition, various meetings were held by the Risk Executive Committee ('REC') to evaluate and monitor key business risks.

This risk management exercise is ongoing and continuously evolves as the Group expands into new projects and business ventures.

CONTROL ACTIVITIES AND PROCEDURES

Being part of the control tools, the Board reviews and approves annual budget prepared by the management. The budgets are then compared to the actual performance of the Group and any material variances will be addressed in detail by the Board and delivered to management for immediate actions.

Performance appraisals are being carried out annually to gauge the employee's performance for any confirmation, promotion, transfer and annual increment exercise. Policies and procedures with regards to employee's code of conducts and benefits are properly set out in the employee handbook for employees to adhere. A Committee has also been established by the Board to look after employees welfare, grievances and any disciplinary matters.

In line with the adopted risk based internal auditing, the Audit Committee had approved the Group's internal audit plan for the year 2011. The audit plan was derived by the Group's in-house Internal Auditors after evaluating the effectiveness of the Group's system of internal control and mitigation of risks including financial, operational and compliance risks. The audit plan was directed to focus in areas of significant risks to the Group. The plan was formulated in order of priority, areas of high and significant risk critical to the Group's performance and conducts independent risk based audits to ensure that the system of internal controls developed to mitigate those risks identified are effective and working satisfactorily. This yearly audit plan will give the opportunity to structure the audit plan in accordance with the changes in risks the Group may be exposed to, given the fact that the Group's objectives, the industry and the organisation itself are continuously evolving.

INFORMATION AND COMMUNICATION

The Board has received and approved periodic financial and operational progress reports detailing the overview performance of divisions within the Group including the material related parties' transactions. The Board also received progressive reports from the Business Development Committee ('BDC') which studies and makes proposals on any viable business opportunities the Group intends to undertake. Major corporate proposals are tabled and deliberated at REC and Board Risk Committee before such proposals are being endorsed by the Board for implementation.

MONITORING

The Board places importance on maintaining a sound system of internal control and is responsible for reviewing the effectiveness of the system. The need for proper risk assessment, which is a critical component of a sound internal control system, is essential. This is achieved through the reports by the Audit Committee at periodic Board meetings. The Audit Committee, which is chaired by an independent non-executive director, reviews the internal control system findings of the internal auditors and external auditors and accordingly endorses the appropriate remedial action.

In addition, follow up reviews are carried out by the Group's Internal Auditors to ensure implementation of corrective actions agreed by the management.

The Board remains committed to ensure that appropriate remedial measures are taken to address any control weaknesses that become evident, and that every effort is put into place to further strengthen the internal control system to protect the interests of its shareholders.

This statement of internal control is made in accordance with the resolution of the Board of Directors dated 21 May 2012.

Corporate
GOVERNANCE STATEMENT

The Board of Directors of Ahmad Zaki Resources Berhad is committed towards the adoption of principles and best practices as enshrined in the Malaysian Code of Corporate Governance throughout the Group. It is recognised that the adoption of the highest standards of governance is imperative for the enhancement of stakeholders' value. The Group has complied with the Best Practices set out in Part 2 of the Code throughout the financial year unless otherwise noted.

The Board is pleased to present the following report on the application of principles and compliance with best practices as set out in the Malaysian Code of Corporate Governance.

SECTION 1: DIRECTORS

(a) Composition of the Board

The Board is currently led by an Independent Non-Executive Chairman and has eight (8) members comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors. The Board is composed of members with experience in business, construction and finance, required for effective and independent decision making at the Board level. The Board considers its current size adequate given the present scope and nature of the Group's business operations. A brief description on the background of each Director is presented on pages 12 to 19 of the Annual Report.

The presence of four (4) Independent Directors shall provide unbiased and independent views and judgment in the decision making process at the Board level and ensure that no significant decisions and policies are made by any individual and that the interest of minority shareholders are safeguarded.

The positions of the Chairman and the Managing Director are held by two individuals. There is a clear division of responsibilities between the Chairman and the Managing Director which will ensure a balance of power and authority. Generally, the Chairman is responsible for the orderly conduct and working of the Board while the Managing Director is responsible for the day to day management of the Group as well as to implement policies and strategies adopted by the Board. The Board exercises its responsibilities collectively.

All the Directors have given their undertaking to comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Malaysia') Listing Requirements and the Independent Directors have confirmed their independence in writing.

(b) Board Responsibilities and Supply of Information

The Board recognises its responsibilities, which amongst others includes the six principal responsibilities set out in Best Practice AAI of the Code in discharging its stewardship role for its shareholders.

The Board has laid down formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Group is firmly in its hands. The Managing Director is responsible to ensure that the management adheres to the guidelines and policies set by the Board.

The Directors have full access to information pertaining to all matters requiring the Board's decision. Prior to any Board meeting, all Directors shall be furnished with proper board papers which contains the necessary information for each of the meeting agenda in advance to enable the Director to obtain further explanations, where necessary, in order to be briefed properly before the meeting. Matters to be discussed are not limited to financial performance of the Group but also to address major investment decisions as well as operational issues and problems encountered by the Group.

SECTION 1: DIRECTORS (CONT'D)

(b) Board Responsibilities and Supply of Information (cont'd)

The Board has also set out agreed procedures for the Directors to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Rules of the Bursa Malaysia or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

Besides the Audit Committee which was set up on 24 March 1999, several Board committees were established subsequently to assist the Board in discharging its duties and responsibilities. All committees have written terms of reference and procedures duly endorsed by the Board to examine a particular issue and report back to the Board with a recommendation. Chairman of the committee concerned will report to the Board on matters dealt by the said committee which will be incorporated as part of the Board minutes.

The additional committees set up are Nomination Committee, Remuneration Committee, Establishment Committee and the Board Risk Committee having the following primary functions and members:

NOMINATION COMMITTEE

Primary function

The Nomination Committee was established on 16 January 2002. The Nomination Committee is primarily responsible for constantly assessing the overall effectiveness of the Board and Board committees and make recommendation to the Board for any new candidate as Board member or Board committee member. In addition, the Nomination Committee also performs introduction briefing for the new Board members with regards to the overall operations and corporate objectives of the Group and continues to ensure that the Board members undergo the necessary Mandatory Accreditation Programme ('MAP') & Continuous Education Programme ('CEP') prescribed by the Bursa Malaysia.

The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

Member

The present members of the Nomination Committee of the Company are:

i. Dato' Haji Ismail @ Mansor bin Said (Chairman)
ii. Raja Dato Seri Aman bin Raja Haji Ahmad (Member)
iii. Datuk (Prof.) A Rahman @ Omar Bin Abdullah (Member)

The Company Secretary is the secretary of the Nomination Committee.

REMUNERATION COMMITTEE

Primary function

The Remuneration Committee was established on 20 August 2001. Its primary function is to set the policy framework and recommend to the Board on remuneration packages and benefits extended to the Directors, drawing from outside advice as necessary to ensure that the remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

The determination of the remuneration package for Non-Executive Directors shall be a matter for the Board as a whole. The Director concerned shall abstain from deliberations and voting on decisions in respect of his individual remuneration package.

Member

The present members of the Remuneration Committee of the Company are:

i. Dato' Sri Haji Wan Zaki bin Haji Wan Muda (Chairman)
ii. Raja Dato Seri Aman bin Raja Haji Ahmad (Member)
iii. Dato' Wan Zakariah bin Haji Wan Muda (Member)
iv. Datuk (Prof.) A Rahman @ Omar bin Abdullah (Member)
v. Dato' Haji Ismail @ Mansor bin Said (Member)

The Company Secretary is the secretary of the Remuneration Committee.

ESTABLISHMENT COMMITTEE

Primary function

The Establishment Committee was established on 16 January 2002. The main purpose for setting up this committee is to formulate policies and execution of the whole spectrum of Human Resource Management for the Group on behalf of the Board as well as to formulate and implement Employee Share Option Scheme ('ESOS') under the direction of the Board, in accordance with the rules and regulations determined by the authorities.

Member

The present members of the Establishment Committee of the Company are:

i. Dato' Wan Zakariah bin Haji Wan Muda (Chairman)
ii. Dato' Haji Mustaffa bin Mohamad (Member)
iii. Dato' W Zulkifli bin Haji W Muda (Member)
iv. Dato' Haji Roslan bin Tan Sri Jaffar (Member)

The Senior Manager, Human Resource and Administration Department is the secretary of the Establishment Committee.

BOARD RISK COMMITTEE

Primary Function

The Board Risk Committee ('BRC') was established on 18th August 2004 with the primary responsibility of ensuring an effective functioning of the integrated risk management function within the organization. The BRC oversees and monitor the overall risks impacting the Group. It is being chaired by the Group Chairman who is also an Independent Director to ensure independence from management as it is the BRC that reviews and approves risk management policies and risk tolerance limits.

The BRC specifically is to define, sponsor and support all risk management activities within AZRB Group inclusive of its associated companies, significant joint ventures and where management responsibility is vested to AZRB. Apart from setting and approving the Group's Risk Management Strategy, Policy and Guidelines, the BRC also receives and review reports such as Statement on Internal Control on risk management issues to ensure that critical and significant risks are being addressed and mitigated by proper action plans.

The members of the Committee are as follows:

i. Raja Dato' Seri Aman bin Raja Haji Ahmad (Chairman)
ii. Dato' Sri Haji Wan Zaki bin Haji Wan Muda (Member)
iii. Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (Member)
iv. Dato' Haji Ismail @ Mansor bin Said (Member)

(c) Board Meetings

During the financial year ended 31 December 2011, nine (9) meetings were held. The date and details of attendance of each Board meeting held are as follows:-

			Attendance by Directors (Percentage Attendance)	
Date of meeting	**Venue**	**Total Board Members**	**Independent**	**Non Independent**
24 February 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	4 (100%)	4 (100%)
24 March 2011	Boardroom Meeting Room Level 3 Sheraton Imperial Hotel Kuala Lumpur	8	4 (100%)	4 (100%)
28 April 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	3 (75%)	4 (100%)
18 May 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	3 (75%)	4 (100%)

(c) Board Meetings (cont'd)

Date of meeting	Venue	Total Board Members	Attendance by Directors (Percentage Attendance) Independent	Non Independent
30 May 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	3 (75%)	4 (100%)
9 June 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	4 (100%)	4 (100%)
23 August 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	4 (100%)	4 (100%)
11 November 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	4 (100%)	3 (75%)
30 November 2011	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53000 Kuala Lumpur	8	3 (75%)	4 (100%)

The details of attendance of each Board member in the Board meetings held during the financial year ended 31 December 2011 is set out in the Statement Accompanying Notice of AGM on page 5 of this Annual Report.

(d) Appointment to the Board

In previous years, the process of assessing existing Directors and identifying, recruiting, nominating, appointing and orientating new directors are performed by the Board. In compliance with the best practices recommended by the Code, these functions have been delegated to Nomination Committee with effect from 16 January 2002.

(e) Directors' Remuneration

Prior to the establishment of Remuneration Committee on 20 August 2001, the remuneration of each Director, are determined by the Board, as a whole. The Directors do not participate in discussion and decision of their own remuneration.

Fees payable to Directors by the Company are approved by the shareholders at the AGM, based on the recommendation of the Board.

The details of the remuneration of the Directors of the Company received from the Group are as follows:-

	Salaries* RM	Allowances RM	Fees RM	Bonuses RM	Benefits-in-kind RM	Total RM
Executive Directors	3,043,626	46,000	367,340	388,840	166,920	4,012,726
Non-Executive Directors	–	35,100	589,000	–	53,960	678,060

* Salaries inclusive of statutory employer contributions to the Employees' Provident Fund.

The number of Directors whose remuneration falls into the following bands:-

Range Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	–	1
RM50,001 – RM100,000	–	1
RM100,001 – RM200,000	–	–
RM200,001 – RM250,000	–	1
RM250,001 – RM300,000	–	–
RM300,001 – RM350,000	–	1
RM350,001 – RM800,000	–	–
RM800,001 – RM850,000	1	–
RM850,001 – RM900,000	–	–
RM900,001 – RM950,000	2	–
RM950,001 – RM1,300,000	–	–
RM1,300,001 – RM1,350,000	1	–

(f) Directors' Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training program as prescribed by Bursa Malaysia from time to time. The Company also provides briefings for new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

All Directors have attended the MAP and CEP prescribed by the Bursa Malaysia from time to time.

During the financial year, the Directors had attended various seminars and programmes to strengthen their skills sets and knowledge in order to effectively discharge their responsibilities.

The following are some of the in-house and external trainings/seminars attended by the members of the Board during the financial year:-

1. Updates on 2011 New and Revised Financial Reporting Standards
2. Updated on New Bursa Listing Requirements
3. Recent Tax Development
4. Reinforcing High Performance Culture
5. Risk Management Framework
6. Economic Outlook and Implications on Financial and Banking Industry
7. Economic Outlook of the Banking Sector, Competition Act 2010 and Personal Data Protection 2010
8. 2 Days Programme Workshop on Business Registration
9. Building Audit Committee for Tomorrow
10. Common Offences Committed by Company Directors Under The Companies Act, 1965

(g) Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors, including Managing Director, shall retire from office by rotation each year and all Directors are subject to retire at least once in every three years. Retiring Directors may offer themselves for re-election at the AGM. Director who is appointed by the Board during the year is required to retire and seek re-election by shareholders at the following AGM held following his appointment. Director over seventy (70) years of age is required to submit himself for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

SECTION 2: RELATIONSHIP WITH SHAREHOLDERS

The Board maintained an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

SECTION 2: RELATIONSHIP WITH SHAREHOLDERS (CONT'D)

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on audit committee and Board of Directors;
ii. various announcements made to the Bursa Malaysia, which includes announcement on quarterly results; and
iii. The Company website at http: //www.azrb.com.

The AGM serves as an important means for shareholders communication. Notice of the AGM and Annual Reports are sent to shareholders twenty one [21] days prior to the meeting. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM.

The Board has ensured each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

SECTION 3: ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Board which is assisted by Audit Committee aims to present a balanced and understandable assessment of the Group's position and prospect through the annual financial statements and quarterly announcements of results to the Bursa Malaysia.

The Directors are responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

A statement by the Directors of their responsibilities in preparing the financial statements is set out separately on page 32 of this Annual Report.

SECTION 3: ACCOUNTABILITY AND AUDIT

(b) Internal Control and Risk Management

The Statement of Internal Control is set out on pages 22 to 23 of this Annual Report.

(c) Relationship with the External Auditors

Through the Audit Committee of the Board, the Board has established formal and transparent arrangements for maintaining an appropriate relationship with the Group's external auditors. The role of the Audit Committee in relation to the external auditors is stated in the Audit Committee Report.

This Statement of Corporate Governance is made in accordance with the resolution of the Board of Directors dated 21 May 2012.

Statement of Directors' Responsibilities IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities as required by the Companies Act, 1965 to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with; and
- prepared the financial statement on the going concern basis unless it is no longer appropriate to presume that the Company will continue in business due to unavailable resources.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

This Statement of Directors' responsibilities is made in accordance with the resolution of the Board of Directors dated 21 May 2012.

Report of the AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE / MEMBERSHIP

The present members of the Audit Committee of the Company are:

i. Raja Dato Seri Aman bin Raja Haji Ahmad (Chairman)
ii. Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (Member)
iii. Datuk (Prof.) A Rahman @ Omar Bin Abdullah (Member)
iv. Dato' Haji Ismail @ Mansor bin Said (Member)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Terms of Membership

The Committee shall be appointed by the Board of Directors amongst its members and consist of at least three members, of whom majority are Independent Directors.

i. The Committee shall include one member who is a member of the Malaysian Institute of Accountants ("MIA"); or if he is not a member of the MIA, he must have at least 3 years' working experience and he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
ii. In the event of any vacancy in the Committee resulting in the non-compliance with Paragraph 15.10 of the Listing Requirements of Bursa Malaysia, the Board shall appoint a new member within three months.
iii. The Board of Directors shall review the term of office and the performance of the Committee and each of its members at least once in every three years.
iv. No alternate Director shall be appointed as a member of the Committee.

Meetings and Quorum of the Audit Committee

i. The Committee shall meet at least 4 times a year and the quorum shall be at least two persons with majority being Independent Directors. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 35 of this Annual Report.
ii. The Company Secretary shall act as secretary of the Committee.
iii. The Audit Committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors.
iv. The Committee shall meet with the external auditors at least once a year without Executive Board members present. Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

Functions of the Audit Committee

The duties and responsibilities of the Audit Committee shall include the following:-

i. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
ii. To discuss with the external auditors before the audit commences, the nature and scope of the audit;
iii. To discuss with the external auditors on the evolution of the system of internal controls and the assistance given by the employees to the external auditors;

Functions of the Audit Committee (cont'd)

The duties and responsibilities of the Audit Committee shall include the following:- (cont'd)

iv. To review and report to the Board if there is reason (supported by grounds) to believe that the external auditors is not suitable for reappointment;
v. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
   - Any changes in the accounting policies and practices;
   - Significant adjustments arising from the audit;
   - The going concern assumption; and
   - Compliance with accounting standards and other legal requirements.
vi. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);
vii. To review the external auditor's management letter and the management's response;
viii. To do the following where there is an internal audit function:
   - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - Review the internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
   - Review any appraisal or assessment of the performance of members of the internal audit function;
   - Approve any appointment or termination of senior staff members of the internal audit function; and
   - Inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
ix. To consider any related party transactions that may arise within the Company or the Group;
x. To consider the major findings of internal investigations and the management's response;
xi. To consider other topics as defined by the Board.

Rights of the Audit Committee

The Audit Committee has ensured that, wherever necessary and reasonable for the performance of its duties, in accordance with a procedure determined by the Board:-

i. have authority to investigate any matter within its terms of reference;
ii. have the resources which are required to perform its duties;
iii. have full and unrestricted access to any information pertaining to the Company;
iv. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
v. be able to obtain independent professional or other advice; and
vi. be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Procedures of Audit Committee

The Audit Committee regulates its own procedures:-

i. the notice to be given of such meetings;
ii. the voting and proceedings of such meetings;
iii. the keeping of minutes; and
iv. the custody, protection and inspection of such minutes

Review of the Audit Committee

The Board of Directors has ensured that the term of office and performance of the Audit Committee and each of its members are being reviewed at least once in every three years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

Attendance of Audit Committee Meetings

The details of attendance of each Audit Committee meeting held during the financial year ended 31 December 2011 are as follows:-

Date of meeting	Total committee members	Attendance by committee members (Percentage attendance)
24 February 2011	3	3 (100%)
28 April 2011	4	3 (75%)
18 May 2011	4	3 (75%)
30 May 2011	4	3 (75%)
9 June 2011	4	4 (100%)
23 August 2011	4	4 (100%)
30 November 2011	4	3(75%)

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 31 December 2011 are as follows:-

Name of Audit Committee member	Total meetings attended by Audit Committee member	% of Attendance
Raja Dato' Seri Aman bin Raja Haji Ahmad	7/7	100%
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	6/6	100%
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	5/7	71%
Dato' Haji Ismail @ Mansor bin Said	5/7	71%

Activities Undertaken By Audit Committee

The activities of the Audit Committee during the financial year ended 31 December 2011 include the following:-

i. review the Group's year end audited financial statements presented by the external auditors and recommend the same to the Board for approval;
ii. review the quarterly financial result announcements;
iii. review audit plan of external auditors;
iv. review related party transactions within the Group;
v. review of internal audit reports on findings and recommendations in relation to weaknesses in the internal control system presented by the internal auditors and discussed with management on corrective actions to be taken.

Other
INFORMATION

SHARE BUY BACK

During the financial year, there was no share by back transacted, resale or cancellation of treasury shares. As at 31 December 2011, the treasury shares stood at 1,478,100. The purchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

OPTION, WARRANTS OR CONVENTIONAL SECURITIES

Save for the exercise of options pursuant to the Employees' Share Option Scheme, the amount of which is disclosed in Note 16 of the Notes to the Financial Statements in page 113, there were no other exercises of options during the financial year ended 31 December 2011.

During the financial year, the Company did not implement any Warrants or Convertible Securities.

AMERICAN DEPOSITORY RECEIPT ('ADR')/ GLOBAL DEPOSITORY RECEIPTS ('GDR')

During the financial year, the Company did not sponsor any ADR/GDR programme.

SANCTIONS AND/PENALTIES

Since the end of the previous financial year, there was no material sanction or penalty imposed by Company and its subsidiaries, directors or management by the relevant regulatory bodies.

PROFIT GUARANTEE

The Company did not implement any corporate proposals to raise funds for the financial year ended 31 December 2011.

STATEMENT OF VALUATION POLICY ON LANDED PROPERTIES

Landed properties held for long term investment purpose.

NON AUDIT FEES

There were no non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2011.

VARIATION IN RESULTS

There is no significant difference between the Audited and Unaudited Results released to the Bursa Malaysia in respect of the financial year ended 31 December 2011.

MATERIALS CONTRACTS OR LOANS WITH RELATED PARTIES

Save as those disclosed in the following recurrent related parties transactions of a revenue in nature, there were no material contracts or loans entered by the Company ans its subsidiaries involved Directors' and major shareholders' interests either subsisting at the end of the financial year ended 31 December 2011 or entered into since the end of previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

The value of related party transactions entered by the Company and its subsidiaries during the financial year which have acquired the shareholder's mandate in the previous AGM are qualified as follows:-

Nature of the transactions with related party	Entered by	Period covered from 1 January to 30 June of Year 2011 RM'000	Period covered from 1 July to 31 December of Year 2011 RM'000
a) Purchase of building materials from subsidiaries of CHRB			
i. Chuan Huat Industrial marketing Sdn Bhd	AZSB	12,748	20,472
ii. Chuan Huat Hardware Sdn Bhd	AZSB	116	150
b) Purchase of building materials from- subsidiaries of ZHSB			
i. Kemaman Quarry Sdn Bhd	AZSB	315	587
ii. QMC Sdn Bhd	AZSB	492	904
c) Insurance premium paid/payable to ZHSB	AZRB, AZSB, ICSB, AMSB	503	369
d) Administrative charges paid/payable to ZHSB	AZSB	60	60
e) Rental of premise paid to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	AZSB	18	18
f) Accomodation charges paid/payable to RIM	AZSB	5	21

Relationship of the related parties:

i	Chuan Huat Resources Berhad ('CHRB')	Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director
ii.	Residance Inn & Motels Sdn Bhd ('RIM')	A subsidiary to Zaki Holdings (M) Sdn Bhd
iii.	Zaki holdings (M) Sdn Bhd ('ZHSB')	Holding company of Ahmad Zaki Resources Berhad

Quality, Health,
SAFETY AND ENVIRONMENT

Our strong commitment towards Quality, Health, Safety and Environment ('QHSE') is supported through the maintenance of our ISO 9001, OHSAS 18001 and ISO 14001 accredited certification by SIRIM QAS International and the continuous commitment by our line managers to improve QHSE performance.

QHSE PERFORMANCE

This reporting period saw AZRB actively promote environmental awareness amongst those working on our behalf on the importance of minimising the impact of our construction activities on the environment. Specific actions taken include:

a) Identification of project related activities and their associated environmental aspects and impacts in order to implement effective controls to prevent environmental harm;

b) Participation by our Environmental Officers in various training courses conducted by CIDB, KLCC and other organisations to enhance their knowledge and skills;

c) Providing environmental awareness briefings for site personnel to ensure the activities carried out at each site are aimed at preventing pollution through compliance with our wholly owned subsidiary Ahmad Zaki Sdn Berhad's ('AZSB') Integrated Management System ('IMS') procedures, including complying with legal and other requirements; and




d) Participation in CIDB's Malaysian Construction Industry Excellence Awards ('MCIEA') Special Award (Environmental Best Practices). This award recognises local contractors who have demonstrated efforts in adopting environmental best practices so as to ensure the level of impact of their work on their surroundings are minimised.

This reporting period also saw an improvement in our health and safety performance by reducing our Lost Time Injury rate. AZRB recorded one million (1,000,000) man hours without lost time due to work related injuries. This was accomplished through:

a) Providing one thousand (1,000) hours of training and awareness programmes for those working for AZRB. This includes training related to scaffolding, train-the-trainer and first aid programmes;

b) The carrying out of QHSE internal audits at all project sites to ensure compliance with our ISO 9001, ISO 14001 and OHSAS 18001 management processes and procedures;

c) Successfully conducting a Health, Safety and Environment performance campaign at the Waterfront project at Putrajaya. This campaign recognised the HSE performance of those working on our behalf; and

d) Participation in the National Occupational, Safety and Health ('OSH') Award and the Safety & Health Assessment System in Construction ('SHASSIC') Assessment in order to evaluate our systems from a different point of view. The sites that participated in this program were awarded with at least 4 stars..

CONTINUOUS IMPROVEMENT

This coming reporting period will see a complete review of our QHSE management system to more systematically bring together the QHSE standards into one AZSB IMS, improve its integration into our day to day to business and work practices and include sustainability principles in all that we do.

Even with our high level of QHSE performance, AZRB will undertake continuous improvement of our QHSE management system with the aid of reviews such as internal audits, employee surveys and other inputs.

Chairman's STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ('the Board'), it is my pleasure and privilege to present the Annual Report and Financial Statements of Ahmad Zaki Resources Berhad ('AZRB' or 'the Group') for the year ended 31 December 2011.

Overview

The year under review has been a landmark year for the Group. It is the year where we signed our first major concession agreement for the design, build, lease, maintain and transfer of a teaching hospital for the International Islamic University Malaysia ('IIUM') in Kuantan, Pahang Darul Makmur. This teaching hospital project for IIUM ('IIUM Hospital') is also the first hospital in Malaysia to be awarded based on Private Finance Initiative ('PFI') through an open tender by the Government. The Group, which already has an established track record in building hospitals and medical facilities, is confident of our ability to undertake a project of such significance.

Towards the end of year under review, the Group had also participated in tenders for the various Klang Valley My Rapid Transit ('KVMRT') Project packages rolled out by Mass Rapid Transit Corporation Sdn Bhd ('MRT Corp') for the proposed Sungai Buloh – Kajang line. Our efforts, strength and competitiveness during the tenders culminated in the Group being awarded Package V6: Construction and Completion of Viaduct Guideway and Other Associated Works From Plaza Phoenix to Bandar Tun Hussein Onn Station ('MRT Package V6') at end of January 2012. We are very honoured to have been entrusted with such a strategic project for the nation and look forward to our greater participation in the KVMRT Project.

The Group's success in obtaining the awards for both IIUM Hospital and MRT Package V6 has put the Group in very good stead and will contribute positively to the Group's earnings for the next three to four years. In addition to the potential earnings, the projects will enhance the Group's stature to better enable the Group to compete for future tenders.

Financial Highlights

The year in review saw the Group return to positive territory in terms of profitability after the write downs made in year 2010. For 2011, the Group recorded a consolidated revenue of RM534.9 million (2010: RM430.7 million), a profit before tax of RM24.4 million (2010: Loss before tax of RM49.9 million) and comprehensive income for the year of RM15.8 million (2010: Comprehensive loss for the year of RM62.6 million). Our Engineering and Construction Division continues to be the Group's primary contributor having recorded a revenue of RM443.5 million (2010: RM372.7 million) or 82.9% (2010: 86.5%) of total Group consolidated revenue. The Engineering and Construction Division also contributed a profit before tax of RM16.5 million (2010: Loss before tax of RM69.4 million).

The Oil and Gas Division continues to contribute strongly to our overall Group results. For 2011, the Oil and Gas Division recorded a total revenue of RM54 million (2010: RM55.6 million) and profit before tax of RM19.5 million (2010: RM27.3 million). The slight decrease in results as compared to 2010 was mainly due to a lower volume of sales in 2011. However, despite the lower volume, the market remains resilient with high level of activity with respect to offshore marine services provided to the oil and gas fields off the east coast of

Peninsular Malaysia. We remain confident that our Oil and Gas Division will continue to be a strong contributor to the Group's results in years to come.

The year 2011, also saw the Group recognised its first harvest from its Plantation Division. The first planting for the Group to reach maturity contributed RM1.7 million over 3 months from maturity. As more planted areas reaches maturity in the coming years, the Group will enjoy the benefits of the fruits with Plantation Division poised to be a major contributor to the Group's revenue and profits in years to come.

Landmark Deals and Increased Activities

On 21 September 2011, the Group's wholly owned subsidiary, Peninsular Medical Sdn Bhd ('PenMedic') entered into a concession agreement ('CA') with IIUM and Ministry of Higher Education, Malaysia for the design, build, lease, maintain and transfer of a 300 bed teaching hospital to be located at Kuantan, Pahang Darul Makmur. The CA entails the design and construction of the IIUM Hospital over a three and a half year period, which after completion, will be maintained by PenMedic for the next twenty one and a half years, after which the IIUM Hospital shall be transferred over fully to IIUM. The total period of twenty five years, including the construction period, is referred to as the 'Concession Period'. The IIUM Hospital with a construction cost of RM412.6 million will be fully funded by PenMedic using the PFI model. PenMedic will then earn income from IIUM for the effective use of the hospital upon completion for the remaining twenty one and a half years Concession Period during which time, PenMedic will be obligated to maintain and upkeep the hospital complex in accordance to the agreed terms of the CA.

The award for the IIUM Hospital was the result of an intense and robust open tender process led by the Public Private Partnership Unit of the Prime Ministers Department and involved the active participation of IIUM and many other Government agencies and ministries. The Government's selection of AZRB to be one of the pioneers of PFI model projects, certainly with respect to teaching hospitals, speaks well of our ability and competency. We are very humbled to have been given the trust to undertake a project of such stature and importance.

The year 2011 also saw the Government officially launching the KVMRT Project that would see the Greater Kuala Lumpur ('Greater KL') area equipped with a modern mass rapid rail network that will be integrated with the existing public transport system. The KVMRT Project is not only aimed at alleviating the daily traffic congestion seen in Greater KL but also spur economic development along its many corridors. AZRB through its engineering and construction division and subsidiary, Ahmad Zaki Sdn Bhd ('AZSB'), was amongst the 28 firms shortlisted and pre-qualified to undertake the main works packages for the KVMRT Project. The categories for which AZSB were shortlisted in include main elevated civil works; stations; and depots; both in the open and Bumiputera categories. Following the launch of the KVMRT Project in July 2011, the Government via its special purpose vehicle, MRT Corp issued tenders for the various works for the KVMRT Project. Amongst the tenders issued in 2011 were the elevated civil works packages V5 and V6. We are pleased to note that AZSB, in January 2012, was successful in procuring the MRT Package V6 with a total contract value of RM764.9 million and a contract period of 43 months. We are also pleased to note that as of the date of this report, AZSB has commenced work on the MRT Package V6 and the project is progressing smoothly.

Our success in procuring the MRT Package V6 is a testimony of our ability and competitiveness. With the award of MRT Package V6, our balance construction order book reached a high of RM1.8 billion, which is the most the Group has had in its 30 year history thus far. This is the result of the tremendous effort over the last few years, both by the Board and the Management, in changing, improving, equipping and positioning the Group to undertake larger scale projects. This continues to be an ongoing process and our aim is for the Group to emerge as one of the best builders in the industry delivering value and excellence to our clients. Our goal is to grow the order book significantly in months and years to come. In this regard, we will continue to participate in the tenders for the remaining packages for the KVMRT Project as well as other large scale and impactful projects so as to carve our name as a pre-eminent builder of distinction.

30 Years Old and Growing Stronger

The year 2012 will be a very significant year for AZRB Group for this will be the year we celebrate our 30th year anniversary. From its humble beginnings in Kemaman, Terengganu in 1982, the 30 years since has seen much growth, progress, achievements and challenges. Although we have progressed far from what we were three decades ago, we remain committed to our vision of being a 'Trusted Industry Leader in Delivering Commitment with Excellence and Value'.

Growth and Progress can only come with continuous improvement and change. Over the past 30 years, the Group has continuously changed and improved itself to better meet new challenges and take on better opportunities. From a sub-contracting entity to a main contractor of distinction, from the local scene to international forays and from construction to other businesses, the Group has shown it can change, innovate and improve.

The Group aims to grow even stronger, not just as a construction entity but as that of a diversified group with robust and profitable business activities. We are currently working on a new strategy on our plantation business that we hope will culminate in the doubling of our planted area, even as the initial plantings begin to mature. We hope to tap further into concession businesses to add to the IIUM Hospital Project which we secured in 2011. Finally, we hope to leverage further on our construction expertise to bring about better value to all our stakeholders. The Board and I are quite excited for the Group and the potential it offers. As we celebrate our 30th year anniversary and all its past achievements, we look forward for a stronger, bigger and better AZRB for many years to come.

Note Of Appreciation

On behalf of the Board, I wish to express my sincerest gratitude and appreciation to the shareholders, various government agencies, clients, consultants, contractors, suppliers and business partners who have contributed significantly to our success and for the continuous support and confidence in the AZRB Group.

I would also like to register my heartfelt gratitude to all the people of AZRB and its Group of Companies for their dedication and commitment to the Group's cause.

Finally, I wish to place on record my deepest appreciation to my fellow members of the Board for their wise counsel, guidance and invaluable contributions.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
Chairman

Penyata
PENGERUSI

Para Pemegang Saham Yang Dihormati,

Bagi pihak Lembaga Pengarah ('Lembaga'), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Ahmad Zaki Resources Berhad ('AZRB' atau 'Kumpulan') bagi tahun kewangan berakhir 31 Disember 2011.

GAMBARAN KESELURUHAN

Tahun ini merupakan tahun yang penuh bermakna untuk Kumpulan. Buat julung kalinya, kita telah menandatangani perjanjian konsesi untuk merekabentuk, membina, memajak, menyelenggara dan memindah sebuah hospital pengajar untuk Universiti Islam Antarabangsa Malaysia ('UIAM') di Kuantan, Pahang Darul Makmur.

Hospital Pengajar untuk UIAM ('Hospital UIAM') merupakan hospital pertama di Malaysia yang dianugerahkan oleh pihak Kerajaan melalui tender terbuka berdasarkan Inisiatif Pembiayaan Swasta ('PFI'). Kumpulan amat yakin dengan kemampuan kami untuk melaksanakan projek yang amat penting ini berdasarkan kepada rekod cemerlang kami dalam pembinaan hospital-hospital dan kemudahan-kemudahan perubatan.

Menjelang akhir tahun, Kumpulan telah menyertai beberapa tender yang dikeluarkan oleh Mass Rapid Transit Corporation Sdn Bhd ('MRT Corp') untuk pelbagai pakej Projek My Rapid Transit Lembah Klang ('KVMRT') bagi jajaran Sungai Buloh – Kajang. Pada hujung bulan Januari 2012, Kumpulan telah dianugerahkan dengan Pakej V6: Pembinaan dan Penyiapan 'Viaduct Guideway' dan Kerja-Kerja Berkaitan dari Plaza Phoenix ke Stesen Bandar Tun Hussien Onn ('MRT Pakej V6') berdasarkan kepada usaha, kekuatan and dayasaing bidaan kami dalam tender tersebut.

Kami amat berbangga kerana telah diberi kepercayaan untuk melaksanakan projek ini yang amat strategik kepada Negara serta berharap penyertaan yang lebih besar dalam projek KVMRT ini.

Kejayaan Kumpulan dalam penganugerahan projek Hospital UIAM dan MRT Pakej V6 telah meletakkan Kumpulan di atas landasan yang kukuh dan akan menyumbang secara positif kepada pendapatan Kumpulan untuk tiga hingga empat tahun yang akan datang. Tambahan pula, projek-projek ini akan meningkatkan kedudukan Kumpulan dalam saingan tender-tender pada masa hadapan.

SOROTAN KEWANGAN

Tahun ini menyaksikan Kumpulan kembali positif dari segi keuntungan setelah hapuskira dibuat dalam tahun 2010. Pada tahun 2011, Kumpulan telah mencatatkan hasil disatukan sebanyak RM534.9 juta (2010 : RM430.7 juta), keuntungan sebelum cukai sebanyak RM24.4 juta (2010 : Kerugian sebelum cukai sebanyak RM49.9 juta) dan pendapatan komprehensif sebanyak RM15.8 juta (2010 : Kerugian komprehensif sebanyak RM62.6 juta).

Bahagian Kejuruteraan dan Pembinaan terus kekal sebagai penyumbang utama pendapatan Kumpulan dengan catatan pendapatan sebanyak RM443.5 juta (2010: RM372.7 juta) atau 82.9% (2010: 86.5%) daripada jumlah pendapatan Kumpulan yang disatukan. Bahagian Kejuruteraan dan Pembinaan turut menyumbang keuntungan sebelum cukai sebanyak RM16.5 juta (2010: Kerugian sebelum cukai sebanyak RM69.4 juta).

Bahagian Minyak dan Gas telah menyumbang secara kukuh kepada keputusan Kumpulan secara keseluruhannya. Pada tahun 2011, Bahagian Minyak dan Gas telah mencatatkan jumlah pendapatan sebanyak RM54 juta (2010: RM55.6 juta) dan keuntungan sebelum cukai sebanyak RM19.5 juta (2010: RM27.3 juta). Berbanding dengan tahun 2010, perbezaan ini disebabkan oleh jumlah jualan yang lebih rendah dalam tahun 2011. Walaubagaimanapun, pasaran kekal kukuh hasil peningkatan dalam aktiviti perkhidmatan kapal luar pesisir di medan-medan minyak dan gas di perairan pantai timur Semenanjung Malaysia. Kami kekal yakin bahawa Bahagian Minyak dan Gas akan terus memberi sumbangan kukuh kepada kedudukan Kumpulan untuk tahun-tahun yang akan datang.

Pada tahun 2011, Kumpulan turut memperakui tuaian pertama dari Bahagian Perladangan. Tanaman matang yang pertama telah menyumbang sebanyak RM1.7 juta selama lebih 3 bulan dari tempoh matang. Dengan lebih banyak kawasan tanaman dijangka mencapai tempoh matang dalam masa akan datang, Bahagian Perladangan dijangka akan menjadi penyumbang utama kepada pendapatan dan keuntungan Kumpulan pada masa hadapan.

URUSNIAGA UTAMA DAN PENINGKATAN AKTIVITI

Pada 21 September 2011, subsidiari milik penuh Kumpulan, Peninsular Medical Sdn Bhd ('PenMedic') telah memeterai perjanjian konsesi dengan UIAM dan Kementerian Pengajian Tinggi, Malaysia untuk merekabentuk, membina, memajak, menyelenggara dan memindah sebuah hospital pengajar dengan kapasiti 300 buah katil di Kuantan, Pahang Darul Makmur. Perjanjian konsesi ini meliputi rekabentuk dan pembinaan Hospital UIAM selama tiga tahun setengah dan apabila siap kelak akan diselenggara oleh PenMedic selama dua puluh satu tahun setengah serta dipindahkan sepenuhnya kepada UIAM setelah berakhirnya tempoh tersebut. Jangkasama keseluruhan konsesi termasuk jangkamasa pembinaan adalah selama dua puluh lima tahun. Kos pembinaan Hospital UIAM ini berjumlah RM412.6 juta dan akan dibiayai sepenuhnya oleh PenMedic menerusi model PFI. PenMedic akan menerima pendapatan daripada UIAM bagi penggunaan efektif hospital tersebut setelah siap selama baki dua puluh satu tahun setengah yang mana PenMedic telah diwajibkan untuk menyelenggara hospital tersebut berdasarkan kepada terma-terma yang telah dipersetujui dalam perjanjian konsesi.

Penganugerahan projek Hospital UIAM adalah hasil daripada persaingan sengit dalam proses tender terbuka yang diketuai oleh Unit Kerjasama Awam Swasta, Jabatan Perdana Menteri dan melibatkan penyertaan aktif daripada UIAM dan banyak lagi agensi Kerajaan dan kementerian-kementerian. Pemilihan AZRB sebagai antara pelopor projek hospital pengajar secara PFI oleh pihak Kerajaan merupakan bukti kepada kebolehan dan kemampuan AZRB. Kami amat rendah hati dengan kepercayaan yang telah diberikan untuk melaksanakan projek yang penting ini.

Tahun 2011 turut menyaksikan pihak Kerajaan dengan secara rasminya melancarkan Projek KVMRT yang akan menyediakan kawasan Greater Kuala Lumpur ('Greater KL') dengan jaringan rel 'mass rapid' yang moden dan akan disepadukan dengan sistem kenderaan awam sedia ada. Projek KVMRT bukan hanya bertujuan untuk mengurangkan kesesakan trafik di dalam Greater KL tetapi juga merangsang pembangunan ekonomi di sepanjang koridornya. AZRB melalui Bahagian Kejuruteraan dan Pembinaan dan subsidiarinya, Ahmad Zaki Sdn Bhd ('AZSB'), adalah di antara 28 buah firma yang telah disenaraipendek dan dipra-layak untuk melaksanakan pakej-pakej kerja utama untuk Projek KVMRT. AZRB telah pra-layak dalam kategori kejuruteraan awam bertingkat utama, stesen dan depoh; dalam kedua-dua kategori terbuka dan Bumiputera. Dengan pelancaran Projek KVMRT dalam bulan Julai 2011, pihak Kerajaan melalui 'special purpose vehicle', MRT Corp telah mengeluarkan tender-tender untuk pelbagai kerja untuk Projek KVMRT. Antara tender-tender yang dikeluarkan dalam tahun 2011 adalah pakej-pakej kejuruteraan awam bertingkat V5 dan V6. Kami amat gembira dengan AZSB yang mana dalam bulan Januari 2012 telah berjaya memperoleh MRT Pakej V6 dengan nilai kontrak berjumlah RM764.9 juta dan jangkamasa kontrak selama 43 bulan. Kami juga amat gembira untuk menyatakan bahawa AZSB telah memulakan kerja MRT Pakej V6 dan projek ini sedang berjalan dengan lancar.

Kejayaan kami dalam memperoleh MRT Pakej V6 merupakan bukti terhadap kebolehan dan dayasaing kami. Dengan penganugerahan MRT Pakej V6, baki 'construction order book' mencapai RM1.8 billion yang merupakan angka tertinggi dalam sejarah Kumpulan selama 30 tahun. Ini merupakan hasil daripada usaha gigih oleh Lembaga dan pihak Pengurusan sejak beberapa tahun yang lalu dalam menambahbaik, meningkatkan serta melengkapkan Kumpulan untuk melaksanakan projek berskala lebih besar. Proses ini akan berkesinambungan dan adalah menjadi sasaran Kumpulan untuk muncul sebagai salah sebuah pembina yang terbaik di dalam industri menerusi penyampaian nilai dan kecemerlangan kepada pelanggan-pelanggan. Matlamat kami adalah untuk meningkatkan 'order book' secara ketara dalam bulan-bulan dan tahun-tahun yang akan datang. Justeru itu, kami akan terus menyertai tender tender untuk baki pakej-pakej Projek KVMRT serta projek-projek berskala besar yang berimpak tinggi supaya kami dapat mengukir nama kami sebagai pembina yang cemerlang.

30 TAHUN DAN SEMAKIN KUKUH

Tahun 2012 merupakan tahun yang penuh bermakna bagi Kumpulan AZRB di mana kami akan meraikan ulangtahun kami yang ke-30. Bermula di Kemaman, Terengganu dalam tahun 1982, tempoh 30 tahun tersebut telah menyaksikan pertumbuhan, perkembangan, pencapaian dan cabaran yang diperoleh dan dihadapi oleh Kumpulan AZRB. Meskipun kami telah berkembang jauh sejak 3 dekad yang lalu, kami tetap komited kepada visi kami sebagai 'Peneraju Industri Yang Dipercayai Dalam Menyampaikan Komitmen Dengan Kecemerlangan dan Nilai'.

Pertumbuhan dan perkembangan akan hanya dicapai dengan penambahbaikan yang berterusan serta perubahan. Sejak 30 tahun yang lalu, Kumpulan telah melalui perubahan dan penambahbaikan untuk menghadapi cabaran baru dan mengambil peluang-peluang yang lebih baik. Daripada entiti sub-kontraktor kepada kontraktor utama yang unggul, daripada penglibatan tempatan ke luar Negara dan daripada pembinaan ke perniagaan perniagaan lain, Kumpulan telah menunjukkan bahawa ia boleh berubah, melalui pembaharuan dan penambahbaikan.

Kumpulan mensasarkan pertumbuhan yang lebih kukuh bukan hanya sebagai sebuah entiti pembinaan tetapi juga sebagai Kumpulan yang pelbagai dengan aktiviti-aktiviti perniagaan yang memberi keuntungan dan kukuh. Kami sedang merangka satu strategi baru bagi perniagaan perladangan kami yang mana kami berharap akan melipatgandakan kawasan tanaman kami, walaupun tanaman awal mulai mencapai tempoh matang. Kami berharap agar perniagaan konsesi akan dapat dikembangkan bagi menambah kepada projek Hospital UIAM yang diperoleh dalam tahun 2011. Akhirnya, kami berharap untuk menggunakan kemahiran pembinaan kami bagi memberi lebih nilai kepada 'stakeholders' kami. Saya dan Lembaga berasa teruja dengan potensi Kumpulan. Sambil meraikan ulangtahun kami yang ke-30 dan kesemua pencapaian masa lalu, kami melihat bahawa AZRB akan menjadi lebih kukuh, lebih besar dan lebih baik untuk tahun-tahun yang akan datang.

PENGHARGAAN

Bagi pihak Lembaga, saya menyampaikan penghargaan dan ucapan terima kasih kepada para pemegang saham, agensi-agensi kerajaan yang berkaitan, pelanggan, perunding, kontraktor, pembekal dan rakan niaga yang telah menyumbang kepada kejayaan kami serta sokongan dan keyakinan mereka yang berterusan kepada Kumpulan AZRB.

Saya juga merakamkan ucapan terima kasih kepada semua kakitangan Kumpulan AZRB dan anak syarikatnya atas dedikasi dan komitmen mereka untuk Kumpulan.

Akhir kata, saya mengucapkan terima kasih kepada ahli-ahli Lembaga di atas nasihat, panduan dan sumbangan berharga yang telah mereka berikan.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
Pengerusi

Review of OPERATIONS

The year 2011 under review was a good year particularly for the Construction Division. Buoyed by the various high impact projects announced by the Government to spur the nation's economic growth especially the Klang Valley My Rapid Transit ('KVMRT') project by Mass Rapid Transit Corporation Sdn Bhd ('MRT Corp'), the Construction Division fared very well in 2011.

CONSTRUCTION DIVISION

In 2011, the Construction Division continued to contribute positively to the Group's results by recording revenue of RM443 million [2010: RM408 million]; an improvement of 9% over the previous year. However, profit before tax was lower at RM23 million [2010: RM31 million] mainly due to projects during the year which yielded lower margins.

The Construction Division managed to turnaround its results for the current year. Profit before tax for 2011 of RM17 million [2010: Loss before tax of RM69 million] represents a 125% improvement in results as compared to the previous year. The loss in 2010 was due to a one-off full write off of excess costs which was associated with the Al Faisal University project in Saudi Arabia. The write off in 2010 has enabled the Construction Division to concentrate on its core competencies, with several initiatives undertaken to enable the division to improve as a whole and be on a stronger financial footing moving forward.

Landmark projects secured by the Group; namely the International Islamic University Malaysia ('IIUM') teaching hospital and the KVMRT Package V6 projects, with a combined contract value worth RM1.2 billion, are expected to contribute positively to the Group for years to come. With the Groups' continued participation in tenders for the Government's high impact and large scale projects, the Construction Division is in a prime position to take advantage of Malaysia's continued economic growth and aspirations to become a fully developed nation by the year 2020.

Moving forward, we are confident that the Construction Division will continue to deliver stellar performance in the coming years particularly with the abundance of large scale projects to be implemented under the Economic Transformation Programme ('ETP') and 10th Malaysia Plan.

The existing ongoing contracts include:-

No.	Project Name (as at 30 April 2012)	Type of Work	Contract Value (RM' million)	Balance of Contract Value (RM' million)
1	KVMRT Package V6	Infrastructure – Viaduct	765	765
2	IIUM teaching hospital	Building – Hospital	413	400
3	Kompleks Kerja Raya 2	Building – Highrise office	309	179
4	University Darul Iman Malaysia ('UDM')	Building – Campus	225	133
5	East Coast Expressway - Package 5A	Infrastructure – Roads	148	20
6	East Coast Expressway - Package 2	Infrastructure – Roads	145	134
7	Public Housing Scheme, Chabang Tiga	Building – Highrise residential	125	80
8	Maternity Hospital	Building – Hospital	115	36
9	Kertih Polymer Park	Infrastructure – Real estate	78	51
10	Lot 8C1, Putrajaya	Building – Commercial	60	26

OIL and GAS DIVISION

The Oil and Gas Division continues to be the strongest contributor to the bottom line of the Group in 2011. Profit before tax contribution was RM20 million [2010: RM27 million] on the back of revenue of RM54 million [2010: RM55 million]. The slight decrease in revenue was a result of lower volume of diesel sales as well as throughput bunkering activities.

The prospect for the Oil and Gas Division remains strong by virtue of the increased activities in the oil and gas fields particularly in the east coast of Peninsular Malaysia. In November 2011, PETRONAS Carigali Sdn Bhd ('PCSB') and ExxonMobil Exploration and Production Malaysia Inc. ('EMEPMI') announced an investment of RM10 billion for Tapis Enhanced Oil Recovery ('EOR') project. The Tapis EOR project is one of several upstream investments made under ETP to ensure reliable and sustainable energy supplies for Malaysia.

We believe that our Oil and Gas Division will continue to contribute positively to our results for the next financial year and beyond.

PLANTATION DIVISION

2011 represents a significant milestone in the development of the Plantation Division, with P.T. Ichtiar Gusti Pudi ('PTIGP') recognising the first harvest from its recently matured plantation. PTIGP's planted area in West Kalimantan totalled close to 5,000 ha, of which almost 22% percent matured in the current year.

Although revenue and profit contributions of the division in 2011 were not significant to the Group as a whole, going forward it is expected that the division will play a major role both in terms of top and bottom line results of the Group as more and more areas are reaching maturity.

In view of the expected increase in yield of the planted areas, the division will continue to implement various measures to increase productivity via adopting high quality estate management practices that encompasses good manpower management and focusing on operational efficiency.

PROPERTY DEVELOPMENT DIVISION

The Group, via its subsidiary, Kemaman Technology & Industrial Park Sdn Bhd ('KTIP') has continued to develop Paka Industrial Park in Terengganu as the preferred choice for local and international oil & gas and petrochemical companies to set up their offices and facilities.

In 2011, revenue for the Property Development Division improved significantly by 289% to RM9 million [2010: RM2 million] in tandem with profit before tax which also improved by 184% to RM3 million [2010: RM1 million]. This was achieved on the back of higher sales of commercial units in 2011, consisted of shop offices, light industrial units and factory lots.

Going forward, as investments in the East Coast continues apace, partly driven by the various initiatives by the East Coast Economic Region Development Council ('ECERDC'), major opportunities present itself for considerable growth in both commercial as well as residential developments. Via having a strong foothold in this area, the long-term business potential for the Property Development Division remains bright.

Calendar of EVENTS

2011

24 Feb 2011

AZRB as the Gold Sponsor for the Public Private Partnership ('PPP') Workshop Series organised by Unit Kerjasama Awam Swasta ('UKAS')

9 April 2011

AZRB Recreational & Sport Club Paintball Tournament

25 - 27 April 2011

AZRB staff participated in the World Road Association - PIARC International Seminar

AZRB Recreational & Sport Club Bowling Tournament

25 June 2011

'Buka Puasa' for AZRB staff at Dewan Perdana Felda

17 Aug 2011

Contribution of new clothing to orphanage children

20 Aug 2011

30 years GROWTH PROGRESS 1982 - 2012

25 Aug 2011

'Buka Puasa' with the orphanage children from Rumah Nurul Qanaah, Selangor

21 Sept 2011

Signing Ceremony of the Concession Agreement for the development of a Teaching Hospital for International Islamic University of Malaysia ('IIUM'), between the Ministry of Higher Education, IIUM and Peninsular Medical Sdn Bhd, a member of AZRB

25 Sept 2011

Hari Raya Open House at Saloma Bistro

Contribution to the Yayasan Peneraju Pendidikan Bumiputera ('YPPB')

26 Nov 2011

Directors & Management Retreat at Awana Genting Highlands

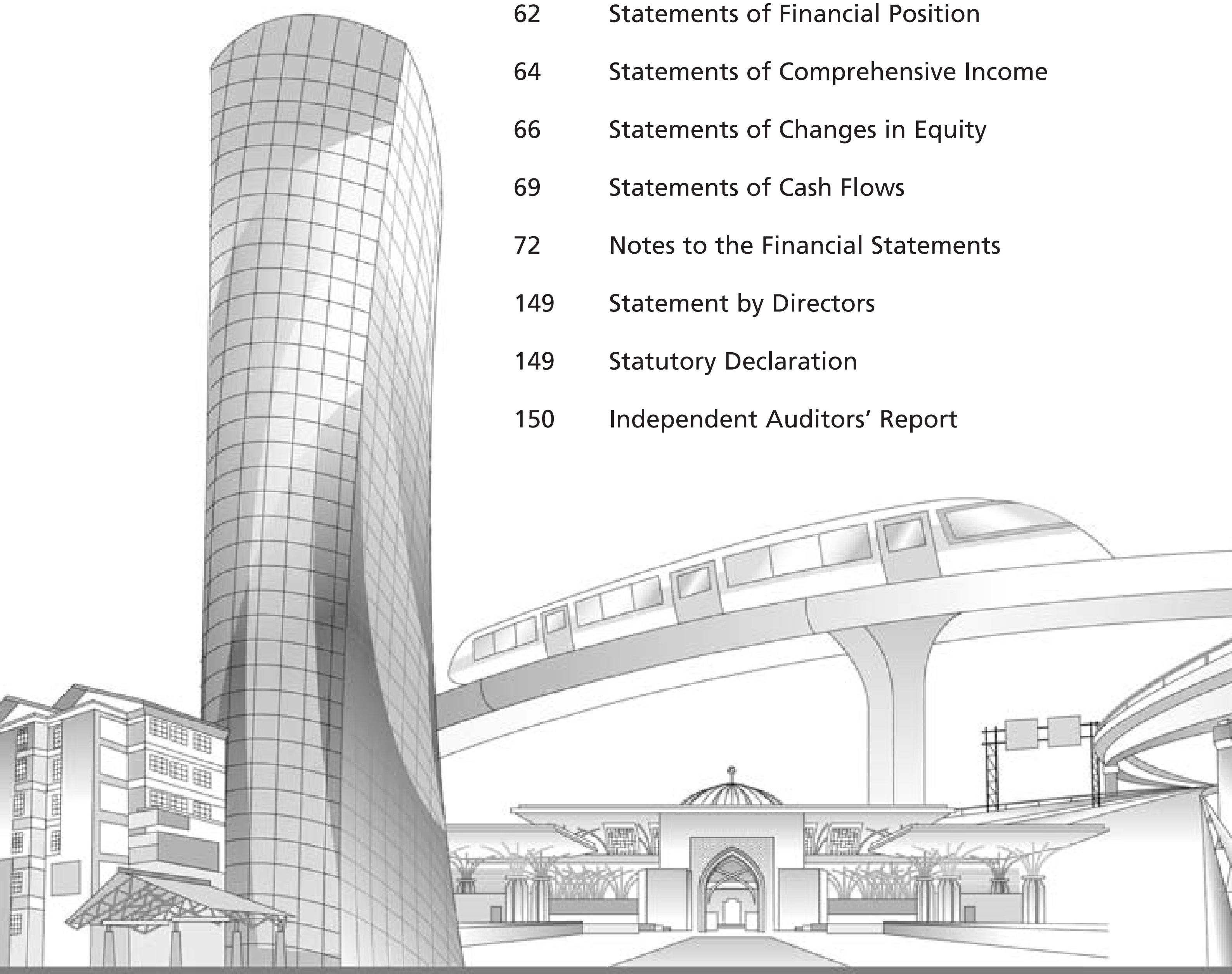
1 - 2 Dec 2011

The Malaysian Construction Industry Excellence Awards ('MCIEA') 2012 – CEO of The Year

15 Feb 2012

Auditorium Putrajaya

FINANCIAL STATEMENTS



Directors' REPORT

for the year ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural works, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	11,859,790	6,109,027
Non-controlling interests	747,911	–
	12,607,701	6,109,027

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid an interim ordinary dividend of 2.50 sen per ordinary share less tax at 25% totalling RM5,161,610 (1.88 sen net per ordinary share) in respect of the year ended 31 December 2011 on 15 August 2011.

The Directors do not recommend the payment of any final dividend for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Raja Dato' Seri Aman Bin Raja Haji Ahmad
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
Dato' Wan Zakariah Bin Haji Wan Muda
Dato' Haji Mustaffa Bin Mohamad
Dato' W Zulkifli Bin Haji W Muda
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Datuk (Prof.) A Rahman @ Omar Bin Abdullah
Dato' Haji Ismail @ Mansor Bin Said

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares of RM0.50 each			
	At 1.1.2011	Bought	(Sold)	At 31.12.2011
Direct interest in the Company:				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	3,916,760	–	(1,850,000)	2,066,760
Dato' Wan Zakariah bin Haji Wan Muda	2,301,096	–	(200,000)	2,101,096
Dato' Haji Mustaffa bin Mohamad	2,177,148	–	–	2,177,148
Dato' W Zulkifli bin Haji W Muda	2,737,696	–	(185,000)	2,552,696
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	1,200,000	–	–	1,200,000
Dato' Haji Ismail @ Mansor bin Said	102	–	–	102
Indirect interest in the Company:				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	163,061,136	–	–	163,061,136
Dato' Haji Mustaffa bin Mohamad**	1,050,000	–	–	1,050,000
Dato' Haji Ismail @ Mansor bin Said**	10,000	–	–	10,000
Direct interest in the ultimate holding company:				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	–	–	500,001
Dato' Wan Zakariah bin Haji Wan Muda	100,000	–	–	100,000
Dato' W Zulkifli bin Haji W Muda	100,000	–	–	100,000

* Shares held through Zaki Holdings (M) Sdn. Bhd.
** Shares held through person connected to the Director

By virtue of his interests in the shares of the ultimate holding company, Dato' Sri Haji Wan Zaki bin Haji Wan Muda is also deemed to have an interest in the shares of the Company and its subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object 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 apart from the Employees Share Option Scheme.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 68,040 new ordinary shares of RM0.50 each for cash arising from exercise of employees' share options at a weighted average exercise price of RM0.56 per ordinary share.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees Share Option Scheme ('ESOS').

At the Annual General Meeting and Extraordinary General Meeting held on 20 June 2002 and 21 November 2007 respectively, the Company's shareholders approved the establishment of an ESOS and the subsequent amendments to the ESOS to eligible Directors and employees of the Group. The ESOS shall be in force for a duration of ten (10) years commencing from 26 July 2002 and expiring on 25 July 2012.

The salient features of the ESOS are inter-alia as follows:

(a) eligible persons are full time employees with confirmed employment within the Group (including executive Directors of the Group and non-executive Directors of the Company) other than a company which is dormant. The Date of Offer is the date when an offer in writing is made to eligible employees to participate in the ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors;

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

(b) the number of ordinary shares of RM0.50 each in the Company ('AZRB Shares') allocated, in the aggregate, to the Directors and senior management of the Group shall not exceed fifty percent (50%) of the total AZRB Shares available under the ESOS;

(c) the aggregate number of shares to be allocated and issued under the ESOS shall not exceed fifteen percent (15%) of the total enlarged issued and paid-up ordinary share capital of the Company at the time of the offer or at any per centum in accordance with any guidelines, rules and regulations of the relevant authorities governing the ESOS during the existence of the ESOS;

(d) the exercise price for each share shall be set at a discount of not more than ten percent (10%) from the weighted average market price of the AZRB Shares as shown in the Daily Official List of Bursa Malaysia for the five (5) Market Days immediately proceeding the Date of Offer;

(e) the number of AZRB Shares allocated to any individual Director or employee who either singly or collectively through persons connected holds twenty percent (20%) or more in the issued and paid-up capital of the Company shall not exceed ten percent (10%) of the total AZRB Shares available under the ESOS; and

(f) new shares issued under the ESOS shall rank pari passu in all respect with the existing ordinary shares save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of the allotment of the new shares.

On 14 December 2007, the Company adjusted the exercise price and the number of share options pursuant to the sub-division of every 1 existing ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each.

During the financial year, the number of ESOS options exercised and lapsed is as follows:

		Number of option over ordinary shares or RM0.50 each				
Date of offer	**Exercise price**	**At 1.1.2011**	**Granted**	**(Exercised)**	**(Lapsed)**	**At 31.12.2011**
26 July 2002	RM0.56	499,698	–	(68,040)	(111,485)	320,173

ESOS options lapsed due to no subscription of shares and resignation of employees.

TREASURY SHARES

There is no repurchase of Company's shares during the financial year under review.

As at 31 December 2011, the Company held as treasury shares a total of 1,478,100 of its 276,763,442 issued and paid-up ordinary shares. Such treasury shares are held at carrying amount of RM1,025,787 and further relevant details are disclosed in Note 17 to the financial statements.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events arising during the year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENTS AFTER THE YEAR END

Subsequent events arising after the year end are disclosed in Note 39 to the financial statements.

HOLDING COMPANY

The Directors regard Zaki Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD MUDA

DATO' WAN ZAKARIAH BIN HAJI WAN

Kuala Lumpur
Date : 27 April 2012

Statements of
FINANCIAL POSITION
as at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Assets					
Property, plant and equipment	3	**64,655,721**	53,361,982	**2,256,325**	2,924,085
Prepaid lease payments	4	**9,904,474**	10,208,340	**–**	–
Investment property	5	**18,500,000**	18,500,000	**–**	–
Goodwill	6	**3,744,605**	3,744,605	**–**	–
Investments in subsidiaries	7	**–**	–	**82,461,179**	84,212,429
Investments in associates	8	**160,656**	162,700	**–**	–
Interests in joint ventures	9	**(288,352)**	(288,352)	**–**	–
Biological assets	10	**120,766,265**	105,437,701	**–**	–
Available-for-sale investments	11	**115,500**	115,500	**68,000**	68,000
Total non-current assets		**217,558,869**	191,242,476	**84,785,504**	87,204,514
Inventories	12	**9,951,810**	6,502,805	**–**	–
Property development costs	13	**6,279,038**	5,128,549	**–**	–
Current tax assets		**5,843,289**	5,287,491	**5,132,787**	5,137,278
Trade and other receivables	14	**309,099,188**	332,905,818	**215,753,787**	246,357,706
Cash and cash equivalents	15	**116,196,724**	115,915,364	**13,598,492**	4,373,522
Total current assets		**447,370,049**	465,740,027	**234,485,066**	255,868,506
Total assets		**664,928,918**	656,982,503	**319,270,570**	343,073,020

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Equity					
Share capital	16	**138,381,722**	138,347,702	**138,381,722**	138,347,702
Reserves	17	**52,991,448**	43,107,488	**(72,733,650)**	(73,866,671)
Total equity attributable to owners of the Company		**191,373,170**	181,455,190	**65,648,072**	64,481,031
Non-controlling interests		**5,903,135**	5,154,711	**–**	–
Total equity		**197,276,305**	186,609,901	**65,648,072**	64,481,031
Liabilities					
Loans and borrowings	18	**107,138,275**	93,581,276	**1,344,174**	47,768,080
Deferred tax liabilities	19	**8,014,475**	8,641,320	**4,546,169**	4,576,000
Total non-current liabilities		**115,152,750**	102,222,596	**5,890,343**	52,344,080
Loans and borrowings	18	**46,325,406**	51,687,017	**568,740**	34,592,994
Trade and other payables	20	**301,087,583**	311,795,083	**247,163,415**	191,654,915
Current tax liabilities		**5,086,874**	4,667,906	**–**	–
Total current liabilities		**352,499,863**	368,150,006	**247,732,155**	226,247,909
Total liabilities		**467,652,613**	470,372,602	**253,622,498**	278,591,989
Total equity and liabilities		**664,928,918**	656,982,503	**319,270,570**	343,073,020

Statements of COMPREHENSIVE INCOME

for the year ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	21	**534,867,574**	430,713,482	**56,733,079**	60,019,586
Cost of sales	22	**(453,653,423)**	(442,671,363)	**(25,328,466)**	(29,549,453)
Gross profit/(loss)		**81,214,151**	(11,957,881)	**31,404,613**	30,470,133
Other operating income		**1,042,160**	9,484,518	**–**	26,533,681
Administrative expenses		**(44,187,022)**	(37,216,160)	**(11,680,469)**	(7,534,989)
Other operating expenses		**(5,243,153)**	(10,237,374)	**(139,306)**	(127,538,935)
Results from operating activities		**32,826,136**	(49,926,897)	**19,584,838**	(78,070,110)
Finance income	23	**2,728,088**	2,338,540	**283,700**	490,424
Finance costs	24	**(11,123,376)**	(12,430,618)	**(7,054,876)**	(8,430,196)
Net finance costs		**(8,395,288)**	(10,092,078)	**(6,771,176)**	(7,939,772)
Share of profit of joint ventures		**–**	245,424	**–**	–
Share of (loss)/profit of equity-accounted investees, net of tax		**(2,044)**	9,859,241	**–**	–
Profit/(Loss) before tax	25	**24,428,804**	(49,914,310)	**12,813,662**	(86,009,882)
Tax expense	27	**(11,821,103)**	(11,451,057)	**(6,704,635)**	(2,734,056)
Profit/(Loss) for the year		**12,607,701**	(61,365,367)	**6,109,027**	(88,743,938)
Other comprehensive income/ (loss), net of tax					
Capital reserve		**–**	(67,951)	**–**	–
Foreign currency translation differences for foreign operations		**3,182,211**	(1,204,644)	**181,522**	(25,095)
Total other comprehensive income/ (loss) for the year		**3,182,211**	(1,272,595)	**181,522**	(25,095)
Total comprehensive income/ (loss) for the year		**15,789,912**	(62,637,962)	**6,290,549**	(88,769,033)

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Profit/(Loss) attributable to:					
Owners of the Company		**11,859,790**	(61,630,104)	**6,109,027**	(88,743,938)
Non-controlling interests		**747,911**	264,737	**–**	–
Profit/(Loss) for the year		**12,607,701**	(61,365,367)	**6,109,027**	(88,743,938)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**15,041,488**	(62,902,699)	**6,290,549**	(88,769,033)
Non-controlling interests		**748,424**	264,737	**–**	–
Total comprehensive income/(loss) for the year		**15,789,912**	(62,637,962)	**6,290,549**	(88,769,033)
Basic earnings/(loss) per ordinary share (sen)	28	**4.29**	(22.27)		
Diluted earnings per ordinary share (sen)	28	**4.28**	–		

Statements of
CHANGES IN EQUITY
for the year ended 31 December 2011

Group	Note	Share capital RM	Share premium RM	Capital reserve RM	Foreign exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company								
		Non-distributable					Distributable			
At 1 January 2010		138,317,965	6,260	67,951	(811,168)	(1,004,622)	114,993,575	251,569,961	5,119,654	256,689,615
Foreign currency translation differences for foreign operations		–	–	–	(1,204,644)	–	–	(1,204,644)	–	(1,204,644)
Capital reserve		–	–	(67,951)	–	–	–	(67,951)	–	(67,951)
Total other comprehensive loss for the year		–	–	(67,951)	(1,204,644)	–	–	(1,272,595)	–	(1,272,595)
Loss for the year		–	–	–	–	–	(61,630,104)	(61,630,104)	264,737	(61,365,367)
Total comprehensive loss for the year		–	–	(67,951)	(1,204,644)	–	(61,630,104)	(62,902,699)	264,737	(62,637,962)
Own shares acquired	17	–	–	–	–	(21,165)	–	(21,165)	–	(21,165)
Share-based payment transactions		29,737	–	–	–	–	–	29,737	–	29,737
Dividends to owners of the Company	29	–	–	–	–	–	(7,224,212)	(7,224,212)	(229,680)	(7,453,892)
Total contribution from/distribution to owners of the Company		29,737	–	–	–	(21,165)	(7,224,212)	(7,215,640)	(229,680)	(7,445,320)
Transfer to share premium for share options exercised		–	3,568	–	–	–	–	3,568	–	3,568
At 31 December 2010		138,347,702	9,828	–	(2,015,812)	(1,025,787)	46,139,259	181,455,190	5,154,711	186,609,901

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	Note	Share capital RM	Share premium RM	Capital reserve RM	Foreign exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2011		**138,347,702**	**9,828**	**-**	**(2,015,812)**	**(1,025,787)**	**46,139,259**	**181,455,190**	**5,154,711**	**186,609,901**
Foreign currency translation differences for foreign operations		**-**	**-**	**-**	**3,181,698**	**-**	**-**	**3,181,698**	**513**	**3 ,182,211**
Total other comprehensive income for the year		**-**	**-**	**-**	**3,181,698**	**-**	**-**	**3,181,698**	**513**	**3,182,211**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**11,859,790**	**11,859,790**	**747,911**	**12,607,701**
Total comprehensive income for the year		**-**	**-**	**-**	**3,181,698**	**-**	**11,859,790**	**15,041,488**	**748,424**	**15,789,912**
Share-based payment transactions		**34,020**	**-**	**-**	**-**	**-**	**-**	**34,020**	**-**	**34,020**
Dividends to owners of the Company	29	**-**	**-**	**-**	**-**	**-**	**(5,161,610)**	**(5,161,610)**	**-**	**(5,161,610)**
Total contribution from/distribution to owners of the Company		**34,020**	**-**	**-**	**-**	**-**	**(5,161,610)**	**(5,127,590)**	**-**	**(5,127,590)**
Transfer to share premium for share options exercised		**-**	**4,082**	**-**	**-**	**-**	**-**	**4,082**	**-**	**4,082**
At 31 December 2011		**138,381,722**	**13,910**	**-**	**1,165,886**	**(1,025,787)**	**52,837,439**	**191,373,170**	**5,903,135**	**197,276,305**

Company	Note	Share capital RM	Share premium RM	Foreign exchange translation reserve RM	Treasury shares RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
		Attributable to owners of the Company					
		Non-distributable				Distributable	
At 1 January 2010		138,317,965	6,260	81,574	(1,004,622)	23,060,959	160,462,136
Foreign currency translation differences for foreign operations		–	–	(25,095)	–	–	(25,095)
Total other comprehensive loss for the year		–	–	(25,095)	–	–	(25,095)
Loss for the year		–	–	–	–	(88,743,938)	(88,743,938)
Total comprehensive loss for the year		–	–	(25,095)	–	(88,743,938)	(88,769,033)
Own shares acquired		–	–	–	(21,165)	–	(21,165)
Share-based payment transactions		29,737	–	–	–	–	29,737
Dividends to owners of the Company	29	–	–	–	–	(7,224,212)	(7,224,212)
Total contribution from/distribution to owners of the Company		29,737	–	–	(21,165)	(7,224,212)	(7,215,640)
Transfer to share premium for share options exercised		–	3,568	–	–	–	3,568
At 31 December 2010/1 January 2011		**138,347,702**	**9,828**	**56,479**	**(1,025,787)**	**(72,907,191)**	**64,481,031**
Foreign currency translation differences for foreign operations		**–**	**–**	**181,522**	**–**	**–**	**181,522**
Total other comprehensive income for the year		**–**	**–**	**181,522**	**–**	**–**	**181,522**
Profit for the year		**–**	**–**	**–**	**–**	**6,109,027**	**6,109,027**
Total comprehensive income for the year		**–**	**–**	**181,522**	**–**	**6,109,027**	**6,290,549**
Share-based payment transactions		**34,020**	**–**	**–**	**–**	**–**	**34,020**
Dividends to owners of the Company	29	**–**	**–**	**–**	**–**	**(5,161,610)**	**(5,161,610)**
Total contribution from/distribution to owners of the Company		**34,020**	**–**	**–**	**–**	**(5,161,610)**	**(5,127,590)**
Transfer to share premium for share options exercised		**–**	**4,082**	**–**	**–**	**–**	**4,082**
At 31 December 2011		**138,381,722**	**13,910**	**238,001**	**(1,025,787)**	**(71,959,774)**	**65,648,072**

Statements of CASH FLOWS

for the year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash flows from operating activities					
Profit/(Loss) before tax		**24,428,804**	(49,914,310)	**12,813,662**	(86,009,882)
Adjustments for:					
Amortisation of prepaid lease payments		**6,945**	6,946	**–**	–
Depreciation of property, plant and equipment		**8,590,697**	8,973,909	**795,821**	678,816
Amortisation of biological assets		**492,871**	–	**–**	–
Bad debts written off		**1,755,835**	67,053	**–**	124,284,148
Property, plant and equipment written off		**–**	1,911	**–**	1,911
Interest expense	24	**8,726,665**	10,542,065	**7,054,876**	8,408,911
(Gain)/Loss on foreign exchange - unrealised		**(23,285)**	453,493	**(24,592)**	452,397
Impairment loss on investment in unquoted shares		**–**	2,500,000	**–**	2,500,000
Change in fair value of investment property		**–**	1,000,000	**–**	–
Dividend income		**–**	–	**(28,000,120)**	(25,798,588)
(Gain)/Loss on disposal of property, plant and equipment		**(1,027,495)**	(184,174)	**21,680**	23,833
Gain on disposal of investment in associate		**–**	(7,704,647)	**–**	(26,020,526)
Interest income	23	**(2,728,088)**	(2,338,540)	**(283,700)**	(490,424)
Share of loss/(profit) of equity-accounted investees, net of tax		**2,044**	(9,859,241)	**–**	–
Share of profit in joint ventures		**–**	(245,424)	**–**	–
Operating profit/(loss) before working capital changes		**40,224,993**	(46,700,959)	**(7,622,373)**	(1,969,404)
Changes in working capital:					
(Increase)/Decrease in inventories		**(3,449,005)**	5,542,642	**–**	–
(Increase)/Decrease in amount due from contract customers		**(34,618,608)**	77,387,003	**1,489,025**	21,843,579
Increase in property development expenditures		**(1,150,489)**	(3,669,014)	**–**	–
(Decrease)/Increase in amount due to contract customers		**(15,470,441)**	22,391,346	**–**	–
Decrease/(Increase) in trade and other receivables		**5,072,553**	20,088,893	**(2,878,292)**	8,313,420
Increase/(Decrease) in trade and other payables		**6,119,690**	10,348,724	**2,450,475**	(16,634,391)
Cash (used in)/generated from operations		**(3,271,307)**	85,388,635	**(6,561,165)**	11,553,204

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Cash (used in)/generated from operations (cont'd)		**(3,271,307)**	85,388,635	**(6,561,165)**	11,553,204
Interest paid		**(9,969,869)**	(11,377,582)	**(8,376,016)**	(9,244,428)
Interest received		**2,852,808**	2,260,476	**408,420**	476,364
Income tax paid		**(12,976,174)**	(8,820,768)	**(6,729,975)**	111,597
Net cash (used in)/from operating activities		**(23,364,542)**	67,450,761	**(21,258,736)**	2,896,737
Cash flows from investing activities					
Acquisition of subsidiary	37	**–**	–	**(275,000)**	(40,525,000)
Proceeds from disposal of investment in associate		**51,541,043**	–	**51,541,043**	–
Dividend received		**–**	1,573,688	**28,000,120**	19,573,754
New planting expenditure incurred		**(14,199,782)**	(22,026,052)	**–**	–
Repurchase of treasury shares		**–**	(21,165)	**–**	(21,165)
Prepaid lease payments	4	**–**	(2,646,191)	**–**	–
Distribution of profits from joint venture	9	**–**	245,424	**–**	–
Proceeds from disposal of property, plant and equipment		**3,202,968**	768,782	**120,000**	95,003
Acquisition of property, plant and equipment	(i)	**(17,600,461)**	(9,271,612)	**(29,936)**	(367,728)
Net cash from/(used in) investing activities		**22,943,768**	(31,377,126)	**79,356,227**	(21,245,136)
Cash flows from financing activities					
(Repayments to)/Advances from holding company		**(160,024)**	52,686	**(25,364)**	–
Advances from/(Repayments to) affiliated companies		**851**	(165,482)	**(12)**	–
Advances from a joint venture		**–**	–	**–**	51,558
Advances from subsidiaries		**–**	–	**36,782,806**	95,482,744
(Increase)/Decrease in pledged fixed deposits		**(5,766,059)**	45,557,808	**36,674**	23,218,934
Dividend paid	29	**(5,161,610)**	(7,453,892)	**(5,161,610)**	(7,224,212)
Repayments of finance lease liabilities		**(5,187,741)**	(5,840,935)	**(668,160)**	(556,267)
Proceeds from drawdown of loans and borrowings		**129,393,907**	76,118,330	**–**	17,000,000
Repayments of loans and borrowings		**(133,470,962)**	(121,121,353)	**(80,020,000)**	(110,465,957)
Proceeds from issuance of shares		**38,102**	33,305	**38,102**	33,305
Net cash (used in)/from financing activities		**(20,313,536)**	(12,819,533)	**(49,017,564)**	17,540,105

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Net (decrease)/increase in cash and cash equivalents		**(20,734,310)**	23,254,102	**9,079,927**	(808,294)
Effects of exchange rate fluctuations on cash held		**2,932,157**	(106,974)	**181,717**	(23,845)
Cash and cash equivalents at beginning of the year		**53,093,015**	29,945,887	**1,581,028**	2,413,167
Cash and cash equivalents at end of the year	(ii)	**35,290,862**	53,093,015	**10,842,672**	1,581,028

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate costs of RM22,743,191 (2010: RM15,154,182) and RM269,936 (2010: RM2,049,528) respectively, which were satisfied as follows:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Finance lease liabilities	**5,142,730**	5,882,570	**240,000**	1,681,800
Cash payments	**17,600,461**	9,271,612	**29,936**	367,728
	22,743,191	15,154,182	**269,936**	2,049,528

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Deposits placed with licensed banks	15	**87,516,239**	82,392,767	**6,619,248**	3,303,371
Cash and bank balances	15	**28,680,485**	33,522,597	**6,979,244**	1,070,151
		116,196,724	115,915,364	**13,598,492**	4,373,522
Less: Bank overdrafts	18	**(14,720,417)**	(2,402,963)	**–**	–
Less: Pledged deposits	15	**(66,185,445)**	(60,419,386)	**(2,755,820)**	(2,792,494)
		35,290,862	53,093,015	**10,842,672**	1,581,028

The notes on pages 72 to 147 are an integral part of these financial statements.

Notes to
THE FINANCIAL STATEMENTS

Ahmad Zaki Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company respectively, are as follows:

Principal place of business
No. 88, Jalan Gombak, Setapak
53000 Kuala Lumpur

Registered office
No. 6, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually referred to as 'Group entities') and the Group's interest in associates and jointly-controlled assets and operations. The financial statements of the Company as at and for the year ended 31 December 2011 do not include other entities.

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural works, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Zaki Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

These financial statements were authorised for issue by the Board of Directors on 27 April 2012.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ('FRSs'), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011
- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012
- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentations of Financial Statements - Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory*

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2012 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 19 and amendments to IC Interpretation 14 which are not applicable to the Group.

The initial application of a standard and amendments, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

MASB, in furtherance with its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards ('MFRSs'). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreements for the Construction of Real Estate*.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

An entity subject to the application of MFRS 141 and/or IC Interpretation 15, and the entity that consolidates or equity accounts the first-mentioned entity, may continue to apply FRSs as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities shall comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

In view of the foregoing, the Group and the Company will be migrating to the MFRS framework from 1 January 2013 and will not be adopting the FRS standards, amendments and interpretations listed earlier that are effective for annual periods beginning on or after 1 July 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

As at 31 December 2011, the Company's current liabilities exceeded its current assets by RM13,247,089. The Directors believe that the Group has the ability to provide the necessary liquidity to ensure the Company is able to meet its obligations as and when they fall due.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(h)(ii) - valuation of investment property
- Note 2(m) - impairment of financial and other assets
- Note 2(q)(ii) - revenue
- Note 6 - measurement of the recoverable amount of cash-generating unit

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Acquisitions on or after 1 January 2011 (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses unless it is classified as held for sale or distribution. The cost of the investments includes transaction costs.

(iv) Joint ventures

(i) Jointly-controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the consolidated financial statements using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) Joint ventures (cont'd)

(ii) Jointly-controlled operation and assets

The interest of the Company or of the Group in unincorporated joint ventures and jointly-controlled assets are brought to account by recognising in the financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the noncontrolling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ('FCTR') in equity. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets are subject to review for impairment (see Note 2(m)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Building	2%
• Renovation	20%
• Machinery and equipment	10% - 20%
• Motor vehicles	12.5% - 20%
• Furniture, fittings and equipment	10% - 20%

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(e) Biological assets

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised at cost as biological assets and is not amortised. Replanting expenditure is charged to the profit or loss in the financial year in which the expenditure is incurred.

However, the capitalised costs will be amortised to the profit or loss if the land on which the trees are planted is on a lease term. The amortisation is on a straight-line basis over the economic useful lives of the trees, or the remaining period of the lease, whichever is shorter.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leased assets

(i) Finance leases

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Investment property

(i) Investment property carried at fair value

Investment property is property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(i) Inventories

(i) Marine fuels and lubricants

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Inventories (cont'd)

(ii) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportion of common costs attributable to developing the properties to completion.

(j) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers in the statement of financial position.

(k) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land and construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, development revenue and costs are recognised in the statement of comprehensive income by reference to the stage of development activities at the reporting date.

When the financial outcome of a development activity cannot be reliably estimated, development revenue is recognised only to the extent of development costs incurred that is probable will be recoverable, and development costs on properties sold are recognised as an expense in the period in which they are incurred.

An expected loss on a development project is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings as current assets represent the excess of revenue recognised in the statement of comprehensive income over billings to purchasers. Progress billings as current liabilities represent the excess of billings to purchasers over revenue recognised in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits placed with licensed banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries, investments in associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

For the determination of impairment on receivables, the Group and the Company assess individually each receivable whether objective evidence of impairment exists at the end of each reporting period. An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset, investment property that is measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the unit (or groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed atthe end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(o) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (cont'd)

(iii) Shared-based payment transactions

The ESOS allows the Group's employees to acquire shares of the Company. The fair value of share options granted to employees is recognised as an expense in the statement of comprehensive income over the vesting periods of the grants, with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share option at the date of the grant and the number of share options to be vested by the vesting date taking into account, if any, the market vesting condition upon which the options were granted but excluding the impact of any non-market vesting conditions. At the statement of financial position date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimates is included in the statement of comprehensive income and a corresponding adjustment to equity over the remaining vesting period.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crytallisation is probable. When crytallisation is possible, the performance guarantees and bonds are disclosed as contingent liabilities.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Provisions (cont'd)

(iv) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue and other income recognition

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue and other income recognition (cont'd)

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to-date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the profit or loss.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income tax (cont'd)

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ('EPS').

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Building & Renovation RM	Machinery and equipment RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Building under construction RM	Total RM
Cost							
At 1 January 2010	11,034,341	9,961,013	40,820,365	28,848,491	5,118,334	2,584,964	98,367,508
Additions	696,900	9,801	1,824,046	6,117,839	316,177	6,189,419	15,154,182
Disposals	–	–	(155,609)	(2,977,613)	–	–	(3,133,222)
Written off	–	–	–	–	(22,656)	–	(22,656)
Effect of movements in exchange rates	–	(262,826)	(1,631,713)	(120,181)	(91,412)	–	(2,106,132)
At 31 December 2010/ 1 January 2011	**11,731,241**	**9,707,988**	**40,857,089**	**31,868,536**	**5,320,443**	**8,774,383**	**108,259,680**
Additions	**–**	**320,909**	**1,792,303**	**4,781,172**	**159,070**	**15,689,737**	**22,743,191**
Disposals	**–**	**–**	**(6,020,499)**	**(4,317,898)**	**(46,461)**	**–**	**(10,384,858)**
Effect of movements in exchange rates	**–**	**218,682**	**678,746**	**80,576**	**46,355**	**–**	**1,024,359**
At 31 December 2011	**11,731,241**	**10,247,579**	**37,307,639**	**32,412,386**	**5,479,407**	**24,464,120**	**121,642,372**

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

Group	Freehold Land RM	Building & Renovation RM	Machinery and equipment RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Building under construction RM	Total RM
Accumulated depreciation							
At 1 January 2010	–	2,686,329	24,121,414	18,014,254	3,612,804	–	48,434,801
Depreciation for the year	–	946,016	5,377,548	3,191,518	525,617	–	10,040,699
Disposals	–	–	(129,831)	(2,418,783)	–	–	(2,548,614)
Written off	–	–	–	–	(20,745)	–	(20,745)
Effect of movements in exchange rates	–	(2,552)	(863,996)	(103,366)	(38,529)	–	(1,008,443)
At 31 December 2010/ 1 January 2011	**–**	**3,629,793**	**28,505,135**	**18,683,623**	**4,079,147**	**–**	**54,897,698**
Depreciation for the year	**–**	**646,281**	**5,101,984**	**3,527,595**	**480,158**	**–**	**9,756,018**
Disposals	**–**	**–**	**(4,132,992)**	**(4,037,460)**	**(38,933)**	**–**	**(8,209,385)**
Effect of movements in exchange rates	**–**	**23,991**	**448,178**	**47,194**	**22,957**	**–**	**542,320**
At 31 December 2011	**–**	**4,300,065**	**29,922,305**	**18,220,952**	**4,543,329**	**–**	**56,986,651**
Carrying amounts							
At 1 January 2010	11,034,341	7,274,684	16,698,951	10,834,237	1,505,530	2,584,964	49,932,707
At 31 December 2010/ 1 January 2011	**11,731,241**	**6,078,195**	**12,351,954**	**13,184,913**	**1,241,296**	**8,774,383**	**53,361,982**
At 31 December 2011	**11,731,241**	**5,947,514**	**7,385,334**	**14,191,434**	**936,078**	**24,464,120**	**64,655,721**

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

Company	Machinery and equipment RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
Cost				
At 1 January 2010	59,283	3,567,924	393,963	4,021,170
Additions	–	2,049,528	–	2,049,528
Disposals	–	(1,307,599)	–	(1,307,599)
Written off	–	–	(22,656)	(22,656)
Effect of movements in exchange rates	(5,244)	–	(3,802)	(9,046)
At 31 December 2010/1 January 2011	**54,039**	**4,309,853**	**367,505**	**4,731,397**
Additions	**–**	**269,936**	**–**	**269,936**
Disposals	**–**	**(274,220)**	**–**	**(274,220)**
Effect of movements in exchange rates	**(6,717)**	**–**	**(4,869)**	**(11,586)**
At 31 December 2011	**47,322**	**4,305,569**	**362,636**	**4,715,527**
Accumulated depreciation				
At 1 January 2010	43,880	2,053,358	248,542	2,345,780
Depreciation for the year	11,302	593,330	74,184	678,816
Disposals	–	(1,188,763)	–	(1,188,763)
Written off	–	–	(20,745)	(20,745)
Effect of movements in exchange rates	(4,371)	–	(3,405)	(7,776)
At 31 December 2010/1 January 2011	**50,811**	**1,457,925**	**298,576**	**1,807,312**
Depreciation for the year	**3,256**	**744,793**	**47,772**	**795,821**
Disposals	**–**	**(132,540)**	**–**	**(132,540)**
Effect of movements in exchange rates	**(6,745)**	**–**	**(4,646)**	**(11,391)**
At 31 December 2011	**47,322**	**2,070,178**	**341,702**	**2,459,202**
Carrying amounts				
At 1 January 2010	15,403	1,514,566	145,421	1,675,390
At 31 December 2010/1 January 2011	**3,228**	**2,851,928**	**68,929**	**2,924,085**
At 31 December 2011	**–**	**2,235,391**	**20,934**	**2,256,325**

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

Included in property, plant and equipment are:

(i) the cost and the net carrying amount of property, plant and equipment under finance lease arrangements as follows:

Group	Machinery and equipment RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
2011				
Cost	**12,452,844**	**18,273,334**	**–**	**30,726,178**
Net carrying amount	**5,310,543**	**10,680,792**	**–**	**15,991,335**
2010				
Cost	8,951,415	16,227,586	89,000	25,268,001
Net carrying amount	5,217,881	9,407,842	26,700	14,652,423
Company				
2011				
Cost	**–**	**3,836,080**	**–**	**3,836,080**
Net carrying amount	**–**	**2,235,388**	**–**	**2,235,388**
2010				
Cost	–	3,840,364	–	3,840,364
Net carrying amount	–	2,851,926	–	2,851,926

(ii) freehold land and buildings and building under construction of the Group with a total net carrying amount of RM36,784,308 (2010: RM17,468,923) are charged to financial institutions as securities for banking facilities granted to its subsidiaries as disclosed in Note 18(a).

4. PREPAID LEASE PAYMENTS

	Group	
	2011	**2010**
	RM	**RM**
Cost		
At 1 January	**12,130,141**	9,483,950
Additions	**–**	2,646,191
Effect of movements in exchange rates	**159,411**	–
At 31 December	**12,289,552**	12,130,141
Accumulated amortisation		
At 1 January	**1,921,801**	1,581,847
Amortisation during the year	**463,277**	339,954
Effect of movements in exchange rates	**–**	–
At 31 December	**2,385,078**	1,921,801
Carrying amount		
At 31 December	**9,904,474**	10,208,340
Analysed as follows:		
Short term leasehold land	**9,904,474**	10,208,340

The short term leasehold land of the Group has an unexpired lease period of less than fifty (50) years.

5. INVESTMENT PROPERTY

	Group 2011 RM	Group 2010 RM
At fair value		
At 1 January	**18,500,000**	19,500,000
Change in fair value recognised in profit or loss	**–**	(1,000,000)
At 31 December	**18,500,000**	18,500,000

Included in the above are:

	Group 2011 RM	Group 2010 RM
Hotel property		
Freehold land	**793,912**	793,912
Hotel building	**17,706,088**	17,706,088
At 31 December	**18,500,000**	18,500,000

Investment property comprises a hotel property that is leased to a third party. The lease contains an initial non-cancellable period of ten (10) years. Subsequent renewals are negotiated with the lessee and on average renewal periods are three (3) years. The lease has a minimum base rental and a contingent rental based on an agreed percentage of the net profit of the lessee. The fair value of investment property is determined based on market value.

The following are recognised in profit or loss in respect of investment property:

	Group 2011 RM	Group 2010 RM
Rental income	**(24,000)**	(149,754)
Direct operating expenses	**155,933**	50,499

The hotel property is charged to financial institutions as security for facilities granted to a subsidiary as disclosed in Note 18(c).

6. GOODWILL

	Group	
	2011 RM	2010 RM
At cost	**3,744,605**	3,744,605

For the purpose of impairment testing, goodwill is allocated to the subsidiaries which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2011 RM	2010 RM
Malaysian quarry business	**2,893,983**	2,893,983
Multiple units without significant goodwill	**850,622**	850,622
	3,744,605	3,744,605

The recoverable amount of a cash-generating unit is calculated using value in use that is based on an approved business plan for which a five year cash flow projection is made and the assumption of 5% growth rate per annum.

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on the approved business plan.
- The anticipated annual revenue growth included in cash flows projections was 5% for the years from 2012 to 2016.
- There is no expected increase in selling price over the 5 years.
- A pre-tax discount rate of 10% (2010: 10%) was applied in determining the recoverable amount of the unit.

The values assigned to the key assumptions represent management's assessment of future trends in the quarry business and are based on both external sources and internal sources.

Sensitivity analysis has been performed on the key assumptions on the basis that all other variables remain constant. The result of the sensitivity analysis does not have an impact on the carrying amount of goodwill on consolidation.

7. INVESTMENTS IN SUBSIDIARIES

	Note	Group 2011 RM	Group 2010 RM
Unquoted shares, at cost			
As at 1 January		**84,212,429**	43,687,429
Addition	37	**275,000**	40,525,000
Disposal		**(2,026,250)**	–
At 31 December		**82,461,179**	84,212,429

The disposal is in respect of transfer of 5,000 shares of Saudi Riyal 500 each in Ahmad Zaki Saudi Arabia Co. Ltd. to its wholly owned subsidiary, AZRB International Ventures Sdn. Bhd. during the year.

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2011 %	Effective ownership interest 2012 %
Ahmad Zaki Sdn. Bhd.	Contractors of civil and structural contract works	Malaysia	**100**	100
Inter-Century Sdn. Bhd.	Dealer of marine fuels and lubricants	Malaysia	**100**	100
Tadok Granite Manufacturing Sdn. Bhd.	Dormant	Malaysia	**100**	100
AZRB International Ventures Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Trend Vista Development Sdn. Bhd.	Dormant	Malaysia	**100**	100
P.T. Ichtiar Gusti Pudi**	Oil palm cultivation	Republic of Indonesia	**95**	95

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	ownership interest 2011 %	2010 %
Ahmad Zaki Saudi Arabia Co. Ltd.**@	Contractors of civil and structural contract works	Kingdom of Saudi Arabia	**95**	99
Peninsular Medical Sdn. Bhd.	Undertake design, development and construction of a teaching hospital for the purpose of lease back to International Islamic University of Malaysia and carry out the related maintenance services subsequent to the completion of said hospital via concession and assets management agreements	Malaysia	**100**	–
AZRB Properties Sdn. Bhd.	Dormant	Malaysia	**100**	100
EKVE Sdn. Bhd.	Dormant	Malaysia	**100**	100
Unggul Energy & Construction Sdn. Bhd	Dormant	Malaysia	**100**	100
Held through Ahmad Zaki Sdn. Bhd.				
Kemaman Technology & Industrial Park Sdn. Bhd.*	Property development	Malaysia	**60**	60
AZSB Machineries Sdn. Bhd.	Rental of machineries	Malaysia	**100**	100

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2011 %	Effective ownership interest 2010 %
Held through Inter-Century Sdn. Bhd.				
Astral Far East Sdn. Bhd.	Dealer of lubricants and petroleum-based products	Malaysia	**100**	100
Held through AZRB International Ventures Sdn. Bhd.				
AZRB Construction (India) Pvt. Ltd.**	Dormant	India	**100**	100
Ahmad Zaki Saudi Arabia Co. Ltd.**@	Contractors of civil and structural contract works	Kingdom of Saudi Arabia	**5**	1

* *Not audited by KPMG Malaysia.*
** *Not audited by member firms of KPMG International.*
@ *Wholly owned subsidiary of the Group.*

8. INVESTMENTS IN ASSOCIATES

	Group 2011 RM	Group 2010 RM
Unquoted shares, at cost		
At 1 January/31 December	**110,000**	110,000
Quoted shares in Malaysia, at cost		
At 1 January	**–**	85,486,474
Disposal	**–**	(85,486,474)
At 31 December	**–**	–
Share of post-acquisition reserves	**50,656**	52,700
At 31 December	**160,656**	162,700
Market value of quoted shares in Malaysia	**–**	–

8. INVESTMENTS IN ASSOCIATES (CONT'D)

Goodwill included within the Group's carrying amount of investments in associated companies is as follows:

	Group	
	2011 RM	2010 RM
Goodwill on acquisition		
At 1 January	**8,056**	27,644,415
Disposal	**–**	(27,636,359)
At 31 December	**8,056**	8,056
Market value of quoted shares in Malaysia	**–**	–

Disposal in 2010 was in respect of the Group's investment in Eastern Pacific Industrial Corporation Berhad.

The details of the associates, all incorporated in Malaysia, are as follows:

Name of associate	Principal activities	Effective ownership interest 2011 %	Effective ownership interest 2010 %
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.	Project management	**50**	50
Maxi Heritage Sdn. Bhd.	General contractor	**20**	20

8. INVESTMENTS IN ASSOCIATES (CONT'D)

Summary financial information for associates, not adjusted for the percentage ownership held by the Group:

	Country of incorporation	Effective ownership Interest	Revenue (100%) RM	Loss (100%) RM	Total assest (100%) RM	Total liabilities (100%) RM
2011						
Fasatimur Sdn. Bhd.	Malaysia	**50%**	**-**	**3,628**	**594,000**	**(302,785)**
Maxi Heritage Sdn. Bhd.	Malaysia	**20%**	**-**	**1,100**	**119,408**	**(84,400)**
2010						
Fasatimur Sdn. Bhd.	Malaysia	50%	-	3,428	599,228	(304,385)
Maxi Heritage Sdn. Bhd.	Malaysia	20%	-	855	118,958	(82,850)

9. INTERESTS IN JOINT VENTURES

	Group 2011 RM	Group 2010 RM
Share of post-acquisition results in joint ventures		
At 1 January	**(288,352)**	(288,352)
Current year's profit	**–**	245,424
Less: Profit distribution from a joint venture	**–**	(245,424)
At 31 December	**(288,352)**	(288,352)

The Group has a 50% and 70% interest in the jointly-controlled entities as mentioned in (i) and (ii) respectively:

(i) BumiHiway - Ahmad Zaki Joint Venture which undertakes the contract for realignment of the route from Putrajaya to Cyberjaya, Selangor; and

(ii) Ahmad Zaki - Jasa Bakti Joint Venture which undertakes the design and build of "Sekolah Menengah Sains Hulu Terengganu" in Terengganu.

9. INTERESTS IN JOINT VENTURES (CONT'D)

(a) The Groups' share of assets, liabilities, revenue and expenses of the joint ventures are as follows:

(i) Share of the assets and liabilities

	Group 2011 RM	Group 2010 RM
Current assets		
Other receivables, deposits and prepayments	**7,860**	7,860
Cash and cash equivalents	**1,294,646**	1,294,646
	1,302,506	1,302,506
Current liabilities		
Trade payables	**1,575,072**	1,575,072
Other payables and accruals	**15,786**	15,786
	1,590,858	1,590,858
Share of net liabilities of the joint ventures	**(288,352)**	(288,352)

(ii) Share of the revenue and expenses

	Group 2011 RM	Group 2010 RM
Attributable contract revenue	**–**	3,408,663
Attributable contract costs	**–**	(3,163,239)
Share of profit for the year	**–**	245,424

All the projects under the joint ventures have been completed in previous years and currently pending finalisation of the joint ventures accounts.

10. BIOLOGICAL ASSETS

	Group 2011 RM	2010 RM
Cost		
At 1 January	**105,437,701**	82,011,852
Additions	**15,821,435**	23,425,849
At 31 December	**121,259,136**	105,437,701
Accumulated amortisation		
At 1 January	**–**	–
Amortisation during the year	**492,871**	–
At 31 December	**492,871**	–
Carrying amount		
At 31 December	**120,766,265**	105,437,701

This is in respect of expenditure incurred by a subsidiary on new planting of oil palm in a plantation located in the Republic of Indonesia.

Included in biological assets (before amortisation) for the year are:

	Group 2011 RM	2010 RM
Amortisation of prepaid lease payments	**456,332**	333,008
Depreciation of property, plant and equipment	**1,165,321**	1,066,790
Staff costs	**8,348,241**	7,425,451

11. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unquoted shares in Malaysia, at cost				
At 1 January	**8,547,500**	**8,547,500**	8,500,000	8,500,000
Less: Impairment losses	**(8,500,000)**	**(8,500,000)**	(8,500,000)	(8,500,000)
At 31 December	**47,500**	**47,500**	–	–
Club membership	**68,000**	**68,000**	68,000	68,000
	115,500	**115,500**	68,000	68,000

The club membership is in respect of transferrable golf club corporate membership.

12. INVENTORIES

	Group	
At Cost	2011 RM	2010 RM
Completed properties	**1,266,940**	2,071,765
Marine fuels and lubricants	**8,684,870**	4,345,414
Consumable goods	**–**	85,626
	9,951,810	6,502,805

Recognised in profit or loss:		
Inventories recognised as cost of sales	**60,990,898**	40,503,144
Write-down to net realisable value	**90,783**	–

13. PROPERTY DEVELOPMENT COSTS

	Group 2011 RM	Group 2010 RM
Development costs:		
At 1 January	**9,624,669**	5,806,268
Cost incurred during the year	**5,248,474**	3,818,401
At 31 December	**14,873,143**	9,624,669
Cost recognised in profit or loss		
- prior years	**(4,496,120)**	(4,346,733)
- current year	**(4,097,985)**	(149,387)
	(8,594,105)	(4,496,120)
At 31 December	**6,279,038**	5,128,549

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade					
External parties	a	**37,642,844**	42,346,545	**9,943,538**	6,741,735
Amount due from contract customers	b	**213,017,194**	178,398,586	**19,695,460**	21,184,485
Amount due from a joint venture	c	**49,773**	49,773	**–**	–
		250,709,811	220,794,904	**29,638,998**	27,926,220
Non-trade					
Amount due from:					
Holding company	d	**–**	–	**135,994**	110,630
Subsidiaries	d	**–**	–	**137,616,103**	117,993,494
Associate	e	**20,000**	20,000	**–**	–
Affiliates	f	**483,709**	438,081	**3,721**	3,709
		503,709	458,081	**137,755,818**	118,107,833
Other receivables	g	**51,655,561**	107,849,493	**45,330,200**	100,254,224
Deposits		**2,152,479**	2,307,079	**54,125**	49,324
Prepayments		**4,077,628**	1,496,261	**2 ,974,646**	20,105
		309,099,188	332,905,818	**215,753,787**	246,357,706

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Included in the trade and non-trade receivables above are the following amounts that are currently under dispute with a contract customer pertaining to the development of a university campus in Saudi Arabia.

		Group		Company	
	Note	2011 RM' million	2010 RM' million	2011 RM' million	2010 RM' million
External parties		**7.7**	7.3	**–**	–
Amount due from contract customers		**45.5**	49.9	**–**	–
Other receivables	g	**44.7**	44.7	**44.7**	44.7
		97.9	101.9	**44.7**	44.7

As disclosed in Note 38 (ii) to the financial statements, the Group has initiated arbitration proceedings against the said contract customer for the recovery of these amounts.

Note a
The Group's and the Company's normal credit term ranges from 60 to 90 days (2010: 60 to 90 days).

Included in trade receivables to external parties at 31 December 2011 are retention sums of the Group and of the Company of RM17,417,960 (2010: RM14,980,902) and RM2,822,831 (2010: RM2,842,988) respectively relating to construction work in-progress.

Retention sums are unsecured, interest-free and are expected to be collected within the normal operating cycle as analysed below:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Within 1 year	**2,822,831**	–	**2,822,831**	–
1 - 2 years	**–**	2,842,988	**–**	2,842,988
2 - 3 years	**2,312,237**	557,283	**–**	–
3 - 4 years	**12,282,892**	11,580,631	**–**	–
	17,417,960	14,980,902	**2,822,831**	2,842,988

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Note b

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Aggregate costs incurred to-date		**2,601,045,000**	2,067,264,924	**422,729,130**	409,030,857
Add: Attributable profits		**197,641,911**	253,273,637	**31,880,404**	30,570,313
		2,798,686,911	2,320,538,561	**454,609,534**	439,601,170
Less: Progress billings		**(2,609,324,269)**	(2,181,264,968)	**(434,914,074)**	(418,416,685)
		189,362,642	139,273,593	**19,695,460**	21,184,485
Amount due from contract customers		**213,017,194**	178,398,586	**19,695,460**	21,184,485
Amount due to contract customers	20	**(23,654,552)**	(39,124,993)	**–**	–
		189,362,642	139,273,593	**19,695,460**	21,184,485

Included in additions to aggregate cost incurred to-date are the following amounts charged during the year:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Staff cost expenses	**18,378,734**	22,144,757	**–**	–
Rental of premises	**369,755**	800,120	**–**	–
Running cost of machinery	**9,788,153**	12,906,716	**–**	–
Rental of motor vehicles	**37,045**	43,929	**–**	–
Depreciation of plant and equipment	**2,673**	18,462	**2,673**	18,462

Note c
The amount is unsecured, interest-free and repayable on demand.

Note d
These amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

Note e
The amount is due from Maxi Heritage Sdn. Bhd. which is unsecured, interest-free and repayable on demand.

Note f
Affiliates are companies which share common Directors and shareholders as that of the Company. The amount is unsecured, interest-free and repayable on demand.

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Note g

Included in other receivables are performance and advance payments bonds amounting to RM44.7 million (2010: RM44.7 million) which were called upon by one of the Group's contract customers during the financial year ended 31 December 2010. This amount has been included in the claim made by the Group which will be subject to the outcome of the arbitration proceedings as disclosed in Note 38 (ii).

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Deposits placed with licensed banks	**87,516,239**	82,392,767	**6,619,248**	3,303,371
Cash and bank balances	**28,680,485**	33,522,597	**6,979,244**	1,070,151
	116,196,724	115,915,364	**13,598,492**	4,373,522

Included in deposits placed with licensed banks of the Group are deposits of RM66,185,445 (2010: RM60,419,386) which have been pledged to financial institutions as security for bank guarantee and credit facilities granted to the Group as disclosed in Note 18.

Included in deposits placed with licensed banks of the Company are deposits of RM2,755,820 (2010: RM2,792,494) which have been pledged to financial institutions as security for the overdraft facility granted to its subsidiary as disclosed in Note 18(c).

The deposits placed with licensed banks of the Group and of the Company bear effective interest rates ranging from 2.30% to 3.30% (2010: 1.85% to 3.30%) and 2.55% to 2.95% (2010: 1.95% to 2.70%) per annum respectively.

16. SHARE CAPITAL

Authorised:	Group/Company Amount 2011 RM	Number of shares 2011	Amount 2010 RM	Number of shares 2010
Ordinary shares of RM0.50 each				
At 1 January/31 December	**500,000,000**	**1,000,000,000**	500,000,000	1,000,000,000
Issued and fully paid-up:				
At 1 January	**138,347,702**	**276,695,402**	138,317,965	276,635,928
Issue of shares under ESOS Scheme	**34,020**	**68,040**	29,737	59,474
At 31 December	**138,381,722**	**276,763,442**	138,347,702	276,695,402

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

17. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable:				
Share premium	**13,910**	9,828	**13,910**	9,828
Other comprehensive income:				
Foreign exchange translation reserve	**1,165,886**	(2,015,812)	**238,001**	56,479
	1,179,796	(2,005,984)	**251,911**	66,307
Treasury shares	**(1,025,787)**	(1,025,787)	**(1,025,787)**	(1,025,787)
Distributable:				
Retained earnings/(Accumulated losses)	**52,837,439**	46,139,259	**(71,959,774)**	(72,907,191)
	52,991,448	43,107,488	**(72,733,650)**	(73,866,671)

The movement of each category of the reserves are disclosed in the statements of changes in equity.

17. RESERVES (CONT'D)

Share premium

Share premium arose from the issuance of shares at a premium.

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 13 May 2009, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Any repurchase transactions will be financed by internally generated funds and shall be held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 276,763,442 (2010: 276,695,402) issued and fully paid-up ordinary shares as at 31 December 2011, 1,478,100 (2010: 1,478,100) shares are held as treasury shares by the Company. As at 31 December 2011, the number of outstanding ordinary shares in issue after the set off is therefore 275,285,342 (2010: 275,217,302) ordinary shares of RM0.50 each.

18. LOANS AND BORROWINGS

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Non-current					
Term loans	a	**97,947,849**	84,319,146	**–**	46,000,000
Finance lease liabilities	b	**9,190,426**	9,262,130	**1,344,174**	1,768,080
		107,138,275	93,581,276	**1,344,174**	47,768,080
Current					
Term loans	a	**14,968,364**	20,643,789	**–**	10,500,000
Finance lease liabilities	b	**5,146,958**	5,120,265	**568,740**	572,994
Bank overdrafts	c	**14,720,417**	2,402,963	**–**	–
Trust receipts	d	**11,489,667**	–	**–**	–
Murabahah facilities	e	**–**	23,520,000	**–**	23,520,000
		46,325,406	51,687,017	**568,740**	34,592,994
		153,463,681	145,268,293	**1,912,914**	82,361,074

Note a

The term loans of the Group bear interest ranging from 4.85% - 5.15% (2010: 4.50% - 7.05%), are secured and supported as follows:

(i) first legal charge on land and buildings and building under construction of its subsidiary as disclosed in Note 3;
(ii) corporate guarantees from the Company; and
(iii) memorandum of charge on the shares of its subsidiary.

18. LOANS AND BORROWINGS (CONT'D)

Note b
Finance lease liabilities are payable as follows:

Group	Future minimum lease payments 2011 RM	Interest 2011 RM	Present value of minimum lease payments 2011 RM	Future minimum lease payments 2010 RM	Interest 2010 RM	Present value of minimum lease payments 2010 RM
Less than one year	**5,813,992**	**(667,034)**	**5,146,958**	5,786,601	(666,336)	5,120,265
Between one and five years	**9,895,654**	**(705,228)**	**9,190,426**	9,920,612	(658,482)	9,262,130
More than five years	**–**	**–**	**–**	–	–	–
	15,709,646	**(1,372,262)**	**14,337,384**	15,707,213	(1,324,818)	14,382,395
Company						
Less than one year	**653,425**	**(84,685)**	**568,740**	696,855	(123,861)	572,994
Between one and five years	**1,442,383**	**(98,209)**	**1,344,174**	1,914,615	(146,535)	1,768,080
More than five years	**–**	**–**	**–**	–	–	–
	2,095,808	**(182,894)**	**1,912,914**	2,611,470	(270,396)	2,341,074

Note c
The bank overdraft facilities are repayable on demand and bear interest ranging from 7.60% - 8.10% (2010: 7.50% - 7.80%) per annum. These facilities are secured and supported by:

(i) freehold land and hotel buildings as disclosed in Note 5;
(ii) deposits placed with licensed banks of the Company and its subsidiary; and
(iii) corporate guarantees from the Company.

Note d
The trust receipts of the Group are repayable within 120 - 180 days and bear interest ranging from 7.60% - 7.85% per annum. These facilities are secured and supported by:

(i) deposits placed with licensed banks of the subsidiary; and
(ii) corporate guarantees from the Company.

Note e
The Murabahah facilities were fully repaid during the year. The facilities had profit share rate ranging from 4.80% - 5.40% per annum.

19. DEFERRED TAX LIABILITIES

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
At 1 January		**8,641,320**	8,864,357	**4,576,000**	5,141,287
Recognised in profit or loss:					
- Origination and reversal of temporary differences	27	**(185,065)**	(67,951)	**9,659**	(546,601)
- Over provision in prior year	27	**(441,780)**	(155,400)	**(39,490)**	(19,000)
Effect of movements in exchange rates		**–**	314	**–**	314
At 31 December		**8,014,475**	8,641,320	**4,546,169**	4,576,000

Recognised deferred tax assets/(liabilities)

Group	Assets 2011 RM	Assets 2010 RM	Liabilities 2011 RM	Liabilities 2010 RM	Net 2011 RM	Net 2010 RM
Property, plant and equipment	**43,511**	524,097	**(338,389)**	–	**(294,878)**	524,097
Investment property	**–**	–	**(519,140)**	(1,964,640)	**(519,140)**	(1,964,640)
Fair value adjustment in respect of acquisition of subsidiary company	**–**	–	**(2,610,777)**	(2,610,777)	**(2,610,777)**	(2,610,777)
Derecognition of results of joint venture in MCHJV	**–**	–	**(4,589,680)**	(4,590,000)	**(4,589,680)**	(4,590,000)
Tax assets/(liabilities)	**43,511**	524,097	**(8,057,986)**	(9,165,417)	**(8,014,475)**	(8,641,320)
Set off of tax	**(43,511)**	–	**43,511**	–	**–**	–
Net tax assets/(liabilities)	**–**	524,097	**(8,014,475)**	(9,165,417)	**(8,014,475)**	(8,641,320)
Company						
Property, plant and equipment	**43,511**	14,000	**–**	–	**43,511**	14,000
Derecognition of results of joint venture in MCHJV	**–**	–	**(4,589,680)**	(4,590,000)	**(4,589,680)**	(4,590,000)
Net tax assets/(liabilities)	**43,511**	14,000	**(4,589,680)**	(4,590,000)	**(4,546,169)**	(4,576,000)

19. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group and Company	
	2011	2010
At Cost	RM	RM
Unabsorbed capital allowances	**5,886,783**	5,631,661
Tax loss carry-forward	**1,812,766**	–
	7,699,549	5,631,661

Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profit will be available, against which the Company can utilise the benefits there from.

The deductible temporary differences and tax loss carry-forward do not expire under current tax legislation.

20. TRADE AND OTHER PAYABLES

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Trade					
External parties	a	**216,522,624**	203,121,662	**25,514,863**	23,556,759
Amount due to contract customers	14	**23,654,552**	39,124,993	**–**	–
Advance payments received		**54,625,539**	60,991,046	**–**	–
		294,802,715	303,237,701	**25,514,863**	23,556,759
Non-trade					
Amount due to:					
Holding company	b	**35,666**	195,690	**–**	–
Subsidiaries	b	**–**	–	**220,250,992**	165,871,827
Associate	b	**53,089**	53,089	**–**	–
Affiliates	b	**46,479**	–	**–**	–
		135,234	248,779	**220,250,992**	165,871,827
Accruals and other payables	c	**6,149,634**	8,308,603	**1,397,560**	2,226,329
		6,284,868	8,557,382	**221,648,552**	168,098,156
		301,087,583	311,795,083	**247,163,415**	191,654,915

20. TRADE AND OTHER PAYABLES (CONT'D)

Note a
The normal credit term granted by the suppliers of the Group and of the Company ranges from 30 to 90 days (2010: 30 to 90 days).

Included in trade payables of the Group are:

a) retention sums of RM64,608,602 (2010: RM54,288,762).

b) amount due to related parties as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Amount due to subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has a substantial financial interest and also a Director				
- Chuan Huat Industrial Marketing Sdn. Bhd.	**4,053,667**	4,334,843	**–**	–
- Chuan Huat Hardware Sdn. Bhd.	**26,280**	–	**–**	–

Note b
These amounts are unsecured, interest-free and repayable on demand.

Note c
Included in accruals of the Group and of the Company is interest on borrowing amounting to RM77,936 (2010: RM1,321,140).

21. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Management fees	**–**	–	**2,195,000**	2,190,000
Dividend income	**–**	–	**28,000,120**	25,798,588
Attributable contract revenue	**469,978,102**	372,489,597	**26,537,959**	32,030,998
Rental of machinery	**41,421**	240,000	**–**	–
Sale of goods	**54,029,391**	55,629,556	**–**	–
Sale of properties	**9,148,434**	2,354,329	**–**	–
Sale of fresh fruit bunches	**1,670,226**	–	**–**	–
	534,867,574	430,713,482	**56,733,079**	60,019,586

22. COST OF SALES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Attributable contract costs	**392,662,525**	402,168,219	**25,328,466**	29,549,453
Cost of goods sold	**52,806,121**	39,370,399	**–**	–
Costs of development properties	**6,161,862**	1,132,745	**–**	–
Direct operating costs-plantation	**2,022,915**	–	**–**	–
	453,653,423	442,671,363	**25,328,466**	29,549,453

23. FINANCE INCOME

Recognised in the profit or loss:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest income of financial assets that are not at fair value through profit or loss	**2,728,088**	2,338,540	**283,700**	490,424

24. FINANCE COSTS

Recognised in the profit or loss:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- overdrafts	**152,137**	512,733	**–**	393,068
- term loans	**7,198,064**	8,112,747	**2,362,927**	7,087,343
- other borrowings	**1,376,464**	1,916,585	**4,691,949**	928,500
	8,726,665	10,542,065	**7,054,876**	8,408,911
- other finance costs	**2,396,711**	1,888,553	**–**	21,285
	11,123,376	12,430,618	**7,054,876**	8,430,196

25. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging and (crediting):

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration				
- Statutory audit				
KPMG	**382,000**	–	**180,000**	–
Other auditors	**58,703**	240,488	**–**	61,017
- Over provision in previous year	**–**	(5,000)	**–**	(5,000)
- Other services	**30,000**	–	**30,000**	–
Impairment loss on investment in unquoted shares	**–**	2,500,000	**–**	2,500,000
Amortisation of prepaid lease payments	**6,945**	6,946	**–**	–
Amortisation of planting expenditures	**492,871**	–	**–**	–
Impairment loss on:				
- Trade receivables	**1,755,835**	67,053	**–**	60,000
- Amount due from a subsidiary	**–**	–	**–**	124,224,148
Change in fair value of investment property	**–**	1,000,000	**–**	–
Depreciation of property, plant and equipment	**8,590,697**	8,973,909	**795,821**	678,816
Interest expenses	**8,726,665**	10,542,065	**7,054,876**	8,408,911
(Gain)/Loss on foreign exchange				
- unrealised	**(23,285)**	453,493	**(24,592)**	452,397
Property, plant and equipment written off	**–**	1,911	**–**	1,911
Rental of motor vehicles	**65,038**	58,664	**–**	230
Rental of premises	**2,155,746**	2,813,050	**5,000**	180,294
Rental and running cost of machinery and equipment	**11,508,645**	12,806,029	**–**	–
Employee benefits expense	**42,561,391**	38,676,400	**5,455,332**	3,809,327
Gain on disposal of investment in an associate	**–**	(7,704,647)	**–**	(26,020,526)
Dividend income				
- unquoted shares	**–**	–	**(28,000,120)**	(24,000,088)
- quoted shares	**–**	–	**–**	(1,798,500)
(Gain)/Loss on disposal of property, plant and equipment	**(1,027,495)**	(184,174)	**21,680**	23,833
Interest income	**(2,728,088)**	(2,338,540)	**(283,700)**	(490,424)
Rental income	**(31,600)**	(285,069)	**–**	–

25. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Included in employee benefits expense is:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Contributions to defined contribution plan	**5,098,097**	4,849,441	**662,612**	377,869

Included in employee benefit expense of the Group and of the Company are executive Directors' remuneration amounting to RM3,845,806 (2010: RM3,043,562) and RM1,843,775 (2010: RM1,396,800) respectively as further disclosed in Note 26.

26. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive Directors				
- fees	**367,340**	342,000	**–**	–
- emoluments	**3,478,466**	2,701,562	**1,843,775**	1,396,800
Total remuneration (excluding benefit-in-kind)	**3,845,806**	3,043,562	**1,843,775**	1,396,800
Estimated monetary value of benefit-in-kind	**166,920**	554,600	**62,800**	220,100
	4,012,726	3,598,162	**1,906,575**	1,616,900
Non-Executive Directors				
- fees	**571,000**	503,500	**571,000**	503,500
- emoluments	**35,100**	34,200	**29,100**	30,600
Total remuneration (excluding benefit-in-kind)	**606,100**	537,700	**600,100**	534,100
Estimated monetary value of benefit-in-kind	**53,960**	24,900	**35,200**	13,700
Total remuneration (including benefit-in-kind)	**660,060**	562,600	**635,300**	547,800

The estimated monetary values of benefits provided to the Directors are not recognised in the statement of comprehensive income.

27. TAX EXPENSE

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Recognised in profit or loss					
Current tax expense					
Malaysia					
- current year		**12,711,807**	13,786,588	**6,815,821**	5,507,146
- over provision in prior year		**(257,919)**	(2,112,180)	**(75,415)**	(2,207,489)
		12,453,888	11,674,408	**6,740,406**	3,299,657
Overseas					
- over provision in prior year		**(5,940)**	–	**(5,940)**	–
		(5,940)	–	**(5,940)**	–
Total current year tax recognised in profit or loss		**12,447,948**	11,674,408	**6,734,466**	3,299,657
Deferred tax expense					
- origination and reversal of temporary differences	19	**(185,065)**	(67,951)	**9,659**	(546,601)
- over provision in prior year	19	**(441,780)**	(155,400)	**(39,490)**	(19,000)
Total tax expense		**11,821,103**	11,451,057	**6,704,635**	2,734,056

Reconciliation of tax expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit/(Loss) for the year	**12,607,701**	(61,365,367)	**6,109,027**	(88,743,938)
Total income tax expense	**11,821,103**	11,451,057	**6,704,635**	2,734,056
Profit/(Loss) excluding tax	**24,428,804**	(49,914,310)	**12,813,662**	(86,009,882)
Tax calculated using Malaysian tax rate of 25% (2010: 25%)	**6,107,201**	(12,478,578)	**3,203,416**	(21,502,471)
Non-taxable income	**–**	(1,943,150)	**–**	(6,790,919)
Non-deductible expenses	**6,011,682**	33,331,845	**3 ,214,205**	33,253,935
Utilisation of deferred tax assets previously not recognised	**–**	(2,726,670)	**–**	–
Deferred tax assets not recognised	**407,859**	–	**407,859**	–
Tax effect of share of results of associates	**–**	(2,464,810)	**–**	–
Over provision of current tax in prior year	**(263,859)**	(2,112,180)	**(81,355)**	(2,207,489)
Over provision of deferred tax in prior year	**(441,780)**	(155,400)	**(39,490)**	(19,000)
Tax expense	**11,821,103**	11,451,057	**6,704,635**	2,734,056

28. EARNINGS PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit for the year attributable to ordinary shareholders of RM11,859,790 (2010: Loss: RM61,630,104) and weighted average number of ordinary shares outstanding during the year of 276,763,442 (2010: 276,682,345).

Weighted average number of ordinary shares

	Group	
	2011 RM	**2010 RM**
Issued ordinary shares at 1 January	**276,695,402**	276,635,929
Effect of ordinary shares issued during the year	**68,040**	46,416
Weighted average number of ordinary shares at 31 December	**276,763,442**	276,682,345

Diluted earnings/(loss) per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2011 was based on profit attributable to ordinary shareholders of RM11,859,790 and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	2011 RM	**2010 RM**
Weighted average number of ordinary shares (basic)	**276,763,442**	–
Effect of share options on issue	**320,173**	–
Weighted average number of ordinary shares (diluted) at 31 December	**277,083,615**	–

The outstanding employee share options are assumed to be exercised at the beginning of the year. The profit for the year has not been adjusted as the effect arising from the exercise of the employee share options is not material.

The diluted loss per share of the Group for financial year ended 31 December 2010 is not presented in the financial statements as the effect of assumed subscriptions for new ordinary shares by ESOS option holders is anti-dilutive as it decreases the loss per share.

29. DIVIDENDS

Dividends recognised in the current year by the Company is:

	Sen per share (net of tax)	Amount RM	Date of payment
2011			
Interim dividend	**1.88**	**5,161,610**	15 August 2011
2010			
Final dividend	2.63	7,224,212	20 July 2010

30. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different business strategies. For each of the strategic business units, the Managing Director (as chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(i)	Construction	- civil and structural construction works.
(ii)	Trading in oil and gas and other related services	- dealing in marine fuels, lubricants and petroleum based products.
(iii)	Cultivation	- oil palm.

Other non-reportable segments comprise operations related to the rental of investment property, investment holding and provision of management services.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

The accounting policies of the reportable segments are the same as described in Note 2(u).

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Managing Director (chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

30. OPERATING SEGMENTS (CONT'D)

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Board. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year by each operating segment to acquire property, plant and equipment, and intangible assets other than goodwill.

Geographical segments

The Group operates in four principal geographical areas of the world:

(i)	Malaysia	- civil and structural construction works, dealing in marine fuels, lubricants and petroleum based products, property development, investment holding and provision of management services.
(ii)	Republic of Indonesia	- oil palm cultivation.
(iii)	India	- civil and structural construction works.
(iv)	Kingdom of Saudi Arabia	- civil and structural construction works.

30. OPERATING SEGMENTS (CONT'D)

Major segment by activity

	Note	Construction RM	Trading in Oil Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Elimination RM	Consolidated RM
2011							
Revenue							
External revenue		443,481,564	54,029,391	1,670,226	35,686,393	–	534,867,574
Inter-segment revenue		–	24,437,484	–	2,195,000	(26,632,484)	–
Total revenue		443,481,564	78,466,875	1,670,226	37,881,393	(26,632,484)	534,867,574
Results							
Segment results		16,495,573	19,538,571	(437,051)	16,458,759	(27,627,048)	24,428,804
Interest income		2,015,044	341,289	7,870	363,885	–	2,728,088
Interest expenses		(1,520,938)	(55,086)	(92,231)	(7,058,410)	–	(8,726,665)
Share of loss of associates		(2,044)	–	–	–	–	(2,044)
Other non-cash expenses	(i)	1,755,835	–	492,871	6,945	–	2,255,651
Depreciation		6,984,788	769,106	–	836,803	–	8,590,697
Other Information							
Segment assets		380,137,057	35,414,514	140,051,991	109,325,356	–	664,928,918
Additions to non-current assets	(ii)	20,418,380	1,393,084	16,311,078	442,084	–	38,564,626
Investments in associates		160,656	–	–	–	–	160,656

30. OPERATING SEGMENTS (CONT'D)

Major segment by activity (cont'd)

	Note	Construction RM	Trading in Oil Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Elimination RM	Consolidated RM
2010							
Revenue							
External revenue		372,729,596	55,629 ,556	–	2,354,330	–	430,713,482
Inter-segment revenue		–	25,928 ,972	–	–	(25,928,972)	–
Total revenue		372,729 ,596	81 ,558 ,528	–	2,354,330	(25,928,972)	430,713,482
Results							
Segment results		(69,382,564)	27,282,459	–	36,582, 310	(44,396,515)	(49,914,310)
Interest in come		1,607,653	142,092	–	588,795	–	2,338 ,540
Interest expenses		(2,099,256)	(29,477)	–	(8,413,332)	–	(10,542,065)
Share of profit of joint ventures		245,424	–	–	–	–	245,424
Share of profit of associates		1,887	9,857,354	–	–	–	9,859,241
Gain on disposal of investments in associate		26,020,526	–	–	–	(18,315,879)	7,704,647
Other non-cash expenses	(i)	1,000,218	1,977	–	3,027,208	–	4,029,403
Depreciation		7,547,475	707,666	–	718,768	–	8,973,909
Other Information							
Segment assets		362,305,400	34,027,042	125,550,344	135,099,717	–	656,982,503
Additions to non-current assets	(ii)	11,163,754	1,152,588	26,748,781	2,161,099	–	41,226,222
Investments in associates		162,700	–	–	–	–	162,700

30. OPERATING SEGMENTS (CONT'D)

Major segment by geographical area

2011		Malaysia RM	Republic of Indonesia RM	India RM	Kingdom of Saudi Arabia RM	Eliminations RM	Consolidated RM
Total revenue from external customers		**532,582,691**	**1,670,224**	**–**	**614,659**	**–**	**534,867,574**
Segment assets		**443,153,264**	**140,051,990**	**8,407,250**	**73,316,414**	**–**	**664,928,918**
Additions to non-current assets	(ii)	**22,253,548**	**16,311,078**	**–**	**–**	**–**	**38,564,626**
Investments in associates		**160,656**	**–**	**–**	**–**	**–**	**160,656**
2010							
Total revenue from external customers		469,681,597	–	(643,178)	(38,324,937)	–	430,713,482
Segment assets		440,260,830	125,550 ,344	9,221,715	81,94 9,614	–	656,982,503
Additions to non-current assets	(ii)	14,477,441	26,748,781	–	–	–	41,226,222
Investments in associates		162,700	–	–	–	–	162,700

30. OPERATING SEGMENTS (CONT'D)

(i) Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Group 2011 RM	Group 2010 RM
Bad debts written off	**1,755,835**	67,053
Amortisation of planting expenditures	**492,871**	–
Amortisation of prepaid lease payments	**6,945**	6,946
Property, plant and equipment written off	**–**	1,911
Impairment loss on investment in unquoted shares	**–**	2,500,000
Change in fair value of investment property	**–**	1,000,000
Loss on foreign exchange		
- unrealised	**–**	453,493
	2,255,651	4,029,403

(ii) Additions to non-current assets consist of the following items:

	Group 2011 RM	Group 2010 RM
Property, plant and equipment	**22,743,191**	15,154,182
Planting expenditure incurred	**15,821,435**	23,425,849
Prepaid lease payments	**–**	2,646,191
	38,564,626	41,226,222

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ('L&R');
(b) Available-for-sale financial assets ('AFS'); and
(c) Other liabilities ('OL').

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Categories of financial instruments (cont'd)

	Group			Company		
	Carrying amount RM	L&R/(OL) RM	AFS RM	Carrying amount RM	L&R/(OL) RM	AFS RM
2011						
Financial assets						
Club membership & unquoted shares	**115,500**	**–**	**115,500**	**68,000**	**–**	**68,000**
Trade and other receivables #	**207,188,679**	**207,188,679**	**–**	**168,099,502**	**168,099,502**	**–**
Cash and cash equivalents	**116,196,724**	**116,196,724**	**–**	**13,598,492**	**13,598,492**	**–**
	323,500,903	**323,385,403**	**115,500**	**181,765,994**	**181,697,994**	**68,000**
2010						
Financial assets						
Club membership & unquoted shares	115,500	–	115,500	68,000	–	68,000
Trade and other receivables #	229,478,926	229,478,926	–	201,657,962	201,657,962	–
Cash and cash equivalents	115,915,364	115,915,364	–	4,373,522	4,373,522	–
	345,509,790	345,394,290	115,500	206,099,484	206,031,484	68,000
2011						
Financial liabilities						
Trade and other payables	**(301,087,583)**	**(301,087,583)**	**–**	**(247,163,415)**	**(247,163,415)**	**–**
Loans and borrowings	**(153,463,681)**	**(153,463,681)**	**–**	**(1,912,914)**	**(1,912,914)**	**–**
	(454,551,264)	**(454,551,264)**	**–**	**(249,076,329)**	**(249,076,329)**	**–**
2010						
Financial liabilities						
Trade and other payables	(311,795,083)	(311,795,083)	–	(191,654,915)	(191,654,915)	–
Loans and borrowings	(145,268,293)	(145,268,293)	–	(82,361,074)	(82,361,074)	–
	(457,063,376)	(457,063,376)	–	(274,015,989)	(274,015,989)	–

Excluded the amounts owing by a customer which are under dispute as disclosed in Note 14 to the financial statements and prepayments.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Net gains/(losses) arising on:				
Loans and receivables	**972,253**	2,271,487	**283,700**	(123,793,724)
Financial liabilities measured at amortised costs	**8,726,665**	10,542,065	**7,054,876**	8,408,911
	9,698,918	12,813,552	**7,338,576**	(115,384,813)

31.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables, amount due from contract customers and advances to joint venture, associate and affiliates while the Company's exposure to credit risk arises principally from amount due from contract customers and advances to ultimate holding company, subsidiaries and affiliates.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The ageing of trade receivables, excluding an amount owing by a customer which is under dispute, as disclosed in Note 14 as at the end of the reporting period was:

Group	Gross RM	Individual impairment RM	Net RM
2011			
Not past due	**11,416,099**	**–**	**11,416,099**
Past due 0–30 days	**6,684,521**	**–**	**6,684,521**
Past due 31–120 days	**5,127,219**	**–**	**5,127,219**
Past due more than 120 days	**6,740,100**	**–**	**6,740,100**
	29,967,939	**–**	**29,967,939**
2010			
Not past due	9,931,735	–	9,931,735
Past due 0–30 days	1,190,696	–	1,190,696
Past due 31–120 days	14,938,886	–	14,938,886
Past due more than 120 days	8,945,780	–	8,945,780
	35,007,097	–	35,007,097
Company			
2011			
Not past due	**2,822,832**	**–**	**2,822,832**
Past due 0–30 days	**3,314,253**	**–**	**3,314,253**
Past due 31–120 days	**–**	**–**	**–**
Past due more than 120 days	**3,806,453**	**–**	**3,806,453**
	9,943,538	**–**	**9,943,538**
2010			
Not past due	2,842,988	–	2,842,988
Past due 0–30 days	–	–	–
Past due 31–120 days	–	–	–
Past due more than 120 days	3,898,747	–	3,898,747
	6,741,735	–	6,741,735

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 Credit risk (cont'd)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company makes payment on behalf of and/or provides advances to its ultimate holding company, subsidiaries, associate, joint ventures and affiliates. The Company monitors the results of the subsidiaries regularly except for the amounts due from the ultimate holding company, associate, joint ventures and
affiliates which are not material.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts due from the ultimate holding company, subsidiaries, associate, joint ventures and affiliates are not recoverable.

31.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
2011							
Financial liabilities							
Trade and other payables	**301,087,583**	**–**	**301,087,583**	**301,087,583**	**–**	**–**	**–**
Bank overdrafts	**14,720,417**	**7.60% - 8.10%**	**15,875,663**	**15,875,663**	**–**	**–**	**–**
Trust receipts	**11,489,667**	**7.60% - 7.85%**	**11,867,123**	**11,867,123**	**–**	**–**	**–**
Finance lease liabilities	**14,337,384**	**4.55% - 6.09%**	**15,709,646**	**5,813,992**	**4,137,503**	**5,758,151**	**–**
Term loans	**112,916,213**	**4.85% - 5.15%**	**135,384,471**	**20,312,931**	**19,548,728**	**53,258,348**	**42,264,464**
	454,551,264		**479,924,486**	**354,957,292**	**23,686,231**	**59,016,499**	**42,264,464**
2010							
Financial liabilities							
Trade and other payables	311,795,083	–	311,795,083	311,795,083	–	–	–
Bank overdrafts	2,402,963	7.50% - 7.80%	2,585,980	2,585,980	–	–	–
Murabahah facilities	23,520,000	4.80% - 5.40%	23,802,052	23,802,052	–	–	–
Finance lease liabilities	14,382,395	3.80% - 7.94%	15,707,213	5,786,601	4,479,636	5,440,976	–
Term loans	104,962,935	4.50% - 7.05%	117,006,561	27,113,462	64,615,715	25,277,384	–
	457,063,376		470,896,889	371,083,178	69,095,351	30,718,360	–

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 to 2 years RM	2 to 5 years RM
2011						
Financial liabilities						
Trade and other payables	**247,163,415**	**–**	**247,163,415**	**247,163,415**	**–**	**–**
Finance lease liabilities	**1,9 12,914**	**2.15% - 3.50%**	**2,095,808**	**653,425**	**537,168**	**905,215**
	249,076,329		**249,259,223**	**247,816,840**	**537,168**	**905,215**
2010						
Financial liabilities						
Trade and other payables	191,654,915	–	191,654,915	191,654,915	–	–
Murabahah facilities	23,520,000	4.80% - 5.40%	23,802,052	23,802,052	–	–
Finance lease liabilities	2,3 41,074	3.80% - 7.94%	2,611,470	696,855	643,739	1,270,876
Term loans	56,500,000	4.50% - 4.85%	61,886,706	14,169,956	47,716,750	–
	274,015,989		279,955,143	230,323,778	48,360,489	1,270,876

31. FINANCIAL INSTRUMENTS (CONT'D)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

31.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Indian Rupees ('RS'), Indonesia Rupiah ('INR') and Saudi Riyal ('SAR').

Risk management objectives, policies and processes for managing the risk

The Group presently does not hedge its foreign currency exposures. Nevertheless, the management regularly monitor its exposure and keep this policy under review.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2011			2010		
Group	**RS**	**INR**	**SAR**	**RS**	**INR**	**SAR**
In RM						
Trade and other receivables #	**5,756,328**	**4,335,645**	**18,225,161**	6,214,417	4,251,594	17,903,835
Cash and cash equivalents	**746,368**	**153,402**	**242,342**	923,496	327,638	94,665
Trade and other payables	**(563,893)**	**(1,566,399)**	**(17,616,028)**	(207,149)	(4,404,708)	(24,426,029)
Exposure in the statement of financial position	**5,938,803**	**2,922,648**	**851,475**	6,930,764	174,524	(6,427,529)

\# Excluded the amounts owing by a customer which are under dispute as disclosed in Note 14 to the financial statements.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.6 Market risk (cont'd)

31.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 10% (2010: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2011		2010	
	Equity	Profit or loss	Equity	Profit or loss
RS	**445,410**	**445,410**	519,807	519,807
INR	**219,199**	**219,199**	13,089	13,089
SAR	**63,861**	**63,861**	(482,065)	(482,065)

A 10% (2010: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remained constant.

31.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's excess cash is invested in fixed deposits with tenure of less than a year, hence exposure to risk of change in their fair value due to changes in interest rates is not significant.

Risk management objectives, policies and processes for managing the risk

The Group manages interest rate risk by placing such balances on varying maturities and interest rate terms.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interestbearing financial instruments, based on carrying amounts as at the end of the reporting period was:

31. FINANCIAL INSTRUMENTS (CONT'D)

31.6 Market risk (cont'd)

31.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed rate instruments				
Financial assets	**87,516,239**	82,392,767	**6,619,248**	3,303,371
Financial liabilities	**(25,827,051)**	(59,382,395)	**(1,912,914)**	(47,341,074)
	61,689,188	23,010,372	**4,706,334**	(44,037,703)
Floating rate instruments				
Financial liabilities	**127,636,630**	85,885,898	**–**	35,020,000

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group has only fixed-rate deposits placed with licensed banks withtenure of less than twelve (12) months. The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of one (1) percent in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.6 Market risk (cont'd)

31.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) Cash flow sensitivity analysis for variable rate instruments (cont'd)

	Equity		Profit or loss	
	1% increase RM	1% decrease RM	1% increase RM	1% decrease RM
2011				
Floating rate instruments				
Term loans	**(846,871)**	**846,871**	**(846,871)**	**846,871**
Cash flow sensitivity (net)	**(846,871)**	**846,871**	**(846,871)**	**846,871**
2010				
Floating rate instruments				
Term loans	(449,722)	449,722	(449,722)	449,722
Cash flow sensitivity (net)	(449,722)	449,722	(449,722)	449,722

31.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.7 Fair value of financial instruments (cont'd)

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial asset				
Club membership	**68,000**	**68,000**	68,000	68,000
Financial liabilities				
Term loans	**112,916,213**	**110,341,828**	104,962,935	104,672,299
Finance lease liabilities	**14,337,384**	**14,338,847**	14,382,395	14,387,945
Company				
Financial asset				
Club membership	**68,000**	**68,000**	68,000	68,000
Financial liabilities				
Term loans	**–**	**–**	56,500,000	56,209,365
Finance lease liabilities	**1,912,914**	**1,922,074**	2,341,074	2,429,144

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.7 Fair value of financial instruments (cont'd)

Interest rates used to estimate fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2011	2010
Group		
Finance lease liabilities	**3.25%**	4.00%
Term loans	**5.09% - 5.15%**	4.85% - 8.05%
Company		
Finance lease liabilities	**3.25%**	4.00%
Term loans	**–**	7.63% - 8.05%

Fair value hierachy

The Group has only club membership which is carried at fair value. The fair value has been determined based on inputs which are not based on observable market data (Level 3). No further disclosure is presented as the amount is not material.

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a gearing ratio, which is total borrowings over shareholder's equity.

The adjusted debt-to-capital ratio at 31 December 2011 and 2010 were as follows:

	Note	2011 RM	2010 RM
Total borrowings	18	**153,463,681**	145,268,293
Total equity		**197,276,305**	186,609,901
Debt-to-equity ratio		**0.78**	0.78

32. CAPITAL MANAGEMENT (CONT'D)

Under the requirement of Bursa Malaysia Practice No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum debt-to-equity ratio of 1.5 to comply with a bank covenant, failing which, the bank may request for the full repayment of the loan facilities granted. The Group has complied with this covenant.

33. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2011	**2010**
	RM	**RM**
Payable within 1 year	**133,320**	99,500
Payable within 1 to 2 years	**119,400**	92,400
Payable within 2 to 3 years	**86,480**	80,800
Payable within 3 to 4 years	**66,650**	43,560
Payable within 4 to 5 years	**6,900**	–
	412,750	316,260

This is in respect of lease rental payable for leasing of office equipment with lease tenure of five (5) years which commenced in 2010.

34. CAPITAL COMMITMENTS

	Group	
	2011	**2010**
	RM	**RM**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**9,167,000**	2,650,018

35. CONTINGENT LIABILITIES

Group

The Directors are of the opinion that provision are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities not considered remote
Litigation (unsecured)

(i) The Group is defending a claim of RM9.3 million brought by a third party in year 2006 for negligence which resulted in damages during the construction works in Malaysia. The Directors are of the view that, based on the opinion of their external legal counsel, the Group has a good case and expect the Group to succeed at trial.

(ii) The Group is defending a claim of RM15.2 million brought by a joint venture partner in year 2010 against breaches of a joint venture agreement in Malaysia. The Group has also filed a defence and counterclaim against the joint venture partner for breach of the joint venture agreement, breach of fiduciary duties and breach of trust and negligence. In August 2011, the High Court dismissed the application of the Group to strike out the claim by the joint venture partner. The Group filed an appeal with the Court of Appeal. In January 2012, the Court of Appeal, by majority, struck out the claims by the joint venture partner. The joint venture partner has filed an appeal with the Federal Court in February 2012 and the matter is now fixed for case management in June 2012. The Directors are of the view that, based on the opinion of their external legal counsel, the Group has a good case and expect the Group to succeed at trial.

(iii) A sub-contractor filed a claim against the Group for outstanding progress billings amounted to RM6.4 million in 2009. The Group has counter filed a suit in the same year against the sub-contractor disputing the amount claimed. The Directors are of the view that the Group does not have to pay more than the amounts that have been certified and accrued for in the financial statements.

	Company	
	2011	**2010**
	RM	**RM**
Unsecured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	**177,701,373**	197,478,315
Secured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	**135,534,278**	48,473,892
Corporate guarantee given together with a pledge of cash deposits of the Company amounting to RM2,750,955 (2010: RM2,685,508) to a financial institution in respect of credit facilities granted to subsidiary	**118,210,671**	71,492,561
	431,446,322	317,444,768

36. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 26), are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Subsidiaries				
Dividend income receivable	**–**	–	**(28,000,120)**	(24,000,088)
Management fees receivable	**–**	–	**(2,195,000)**	(2,190,000)
Holding company				
Administrative service payable	**120,000**	120,000	**–**	–
Rental payable	–	420,000	**–**	180,000
Insurance premium payable	**871,856**	816,156	**79,280**	96,574

The transactions with the Directors, parties connected to the Directors and companies in which the Directors have substantial financial interest are as follows:

	Group	
	2011 RM	2010 RM
Purchases from subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interests and is also a Director		
- Chuan Huat Industrial Marketing Sdn. Bhd.	**33,219,698**	16,670,086
- Chuan Huat Hardware Sdn. Bhd.	**266,303**	–
Rental premises paid to a Director, Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**36,000**	36,000
Professional fees paid to a Director, Dato' Ismail @ Mansor bin Said	**18,000**	18,000
Purchase of materials from subsidiaries of ultimate holding company	**2,298,478**	1,156,226

36. RELATED PARTIES (CONT'D)

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under normal trade terms.

The outstanding balances arising from the above transactions have been disclosed in Note 14 and Note 20 to the financial statements.

37. ACQUISITION OF SUBSIDIARY

On 10 June 2011, the Group acquired 100% of the shareholdings in Peninsular Medical Sdn. Bhd. for total cash consideration of RM2. Subsequent to that, the Group increased its shareholdings through the subscription of additional 274,998 ordinary shares of RM1 each for a total cash consideration of RM274,998. The company is principally engaged to undertake the design, development and construction of a teaching hospital for the purpose of lease back to International Islamic University Malaya and carries out the related maintenance services subsequent to the completion of the teaching hospital via concession and assets management agreements.

The acquisition of subsidiary does not have any material effect to the financial statements.

38. SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are as follows:

(i) The Group executed a Concession Agreement with the International Islamic University Malaysia ('IIUM') and the Government of Malaysia, which was represented by the Ministry of Higher Education ('the Government') on 21 September 2011.

IIUM grants to the Company on a Private Finance Initiative ('PFI') basis, the rights and authority to undertake the planning, design, development, construction, financing, landscaping, equipping, installation, completion, testing, commissioning and leasing of a teaching hospital and carry out the related maintenance services over the concession period of twenty-five (25) years.

(ii) The Group signed a contract agreement with a customer on 28 June 2005 for a development of university campus - project phases 1 and 2 in Riyadh, Saudi Arabia. Although certain development work had been completed, the overall progress of the development project was stalled due to various disputes over the work progress between the Group and the said contract customer. Despite numerous attempts to resolve the disputes, the Group and the customer failed to reach an amicable solution.

Pursuant to the arbitration clause provided in the contract agreement, the Group has initiated arbitration proceedings in March 2011 against the said customer by claiming an amount of SAR170.2 million (equivalent to RM144.2 million). Included in this claim amount is RM53.2 million for contract revenue recognised in previous years and RM44.7 million in respect of the performance and advance payments bonds as already disclosed in Note 14 to the financial statements.

38. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

In January 2012, the Group has submitted its memorial of claims to International Court of Arbitration under International Chamber of Commerce ('ICC Court'). The arbitrator appointed by the ICC Court has determined to hear the case in May 2012. Based on the surrounding facts of the case and advice from their external legal counsels, the Directors are of the view that the Group has a strong case for this claim. Consequently, the Group has not made any provision for loss of the aforesaid outstanding amounts.

39. SUBSEQUENT EVENTS AFTER THE YEAR END

On 31 January 2012, one of its wholly owned subsidiaries was awarded an infrastructure project, "Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang" for the Package V6: 'Construction and Completion of Viaduct Guideway and Other Associated Works from Plaza Phoenix to Bandar Tun Hussein Onn Station' from Mass Rapid Transit Corporation Sdn. Bhd. with a total value of approximately RM765 million.

40. COMPARATIVE FIGURES

In previous financial year, the cash and cash equivalents in the statements of cash flows were inadvertently not presented net of pledged deposits placed with licensed banks.

The above reclassification does not have any impact on the earnings per ordinary shares of the Group.

41. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- realised	**86,493,280**	76,644,334	**(67,438,197)**	(68,317,191)
- unrealised	**1,441,622**	114,890	**(4,521,577)**	(4,590,000)
	87,934,902	76,759,224	**(71,959,774)**	(72,907,191)
Total share of retained earnings of associated companies				
- realised	**50,646**	54	**–**	–
Total share of accumulated losses of jointly-controlled entities				
- realised	**(288,352)**	(288,352)	**–**	–
Less: Consolidation adjustments	**(34,859,757)**	(30,331,667)	**–**	–
Total retained earnings/ (accumulated losses)	**52,837,439**	46,139,259	**(71,959,774)**	(72,907,191)

The determination of realised and unrealised profits is based on the Guidance of 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*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 62 to 148 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 41 on page 148 has been properly compiled in accordance with the Guidance of 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*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

Statutory DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, **Azlan bin Ash'ari**, the officer primarily responsible for the financial management of Ahmad Zaki Resources Berhad., do solemnly and sincerely declare that the financial statements set out on pages 62 to 148, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 27 April 2012.

before me:

PESURUHJAYA SUMPAH
W 378
K NERMALA
MALAYSIA

No. 50-10-1, Tingkat 10,
Wisma UOA Damansara
No 50, Jalan Dungun
Bukit Damansara
50490 Kuala Lumpur

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AZLAN BIN ASH'ARI

Independent AUDITORS' REPORT

To the Members of Ahmad Zaki Resources Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ahmad Zaki Resources Berhad, which comprise the statement of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significants accounting policies and other explanatory information, as set up on pages 62 to 147.

Directors' Responsibility for Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether to fraud or error. In making those risk assessment, 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimate made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 14 and Note 38 (ii) to the financial statements in respect of amounts owing by a customer in relation to a development project in Saudi Arabia which is currently under dispute amounting to RM97.9 million as at 31 December 2011. In January 2012, the Group has submitted its memorial of claims to International Court of Arbitration under International Chamber of Commerce ('ICC Court'). The arbitrator appointed by the ICC Court has determined to hear the case in May 2012. Based on the surrounding facts of the case and advice from their external legal counsels, the Directors are of the view that the Group has a strong case for this claim. Consequently, the Group has not made any provision for loss of the aforesaid outstanding amounts.

REPORT ON THE 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 accounts and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statement are in form and content appropriate 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 accounts of the subsidiaries did not contain any qualification ar any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 41 on Page 148 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

The financial statements of the Group and of the Company as at and for the year ended 31 December 2010 were audited by another firm of auditors whose audit report expressed an unqualified opinion on those financial statements on 28 April 2011.

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.

KPMG
Firm Number : AF 0758
Chartered Accountants

JOHAN IDRIS
Approval Number: 2585/10/12/(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date : 27 April 2012

Analysis of SHAREHOLDINGS

as at 30 April 2012

Authorised Share Capital	: RM 500,000,000.00
Class of Shares	: Ordinary Share of RM0.50 each
Issued and Fully Paid-up Share Capital	: RM138,407,954.50
Voting Rights	: One vote per RM0.50 per share

STATEMENT OF DIRECTOR'S SHAREHOLDINGS

	Number of Ordinary Shares of RM0.50 Each			
	Direct Interest	%	Deemed Interest	%
The Company				
Ahmad Zaki Resources Berhad				
Raja Dato' Seri Aman bin Raja Haji Ahmad	0	0	0	0
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	2,066,760	0.75	163,061,136*	58.91*
Dato' Wan Zakariah bin Haji Wan Muda	2,101,096	0.76	0	0
Dato' Haji Mustaffa bin Mohamad	1,937,148	0.70	1,050,000**	0.38**
Dato' W Zulkifli bin Haji W Muda	2,770,696	1.00	0	0.00
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	0	0	0	0
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	1,200,000	0.44	0	0
Dato' Haji Ismail @ Mansor bin Said	102	0	10,000**	0
Ultimate Holding Company				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	50.00	0	0
Dato' Wan Zakariah bin Haji Wan Muda	100,000	10.00	0	0
Dato' W Zulkifli bin Haji W Muda	100,000	10.00	0	0

* *shares held through Zaki Holdings (M) Sdn Bhd*
** *shares held through person connected*

By virtue of Dato' Sri Haji Wan Zaki bin Haji Wan Muda having an interest of more than 15% of the shares in Ahmad Zaki Resources Berhad, he is deemed interested in the shares of its subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the Directors held any shares or have any interest in the Company and its related companies as as 30 April 2012.

DISTRIBUTION OF SHAREHOLDERS

Category	No. of Shareholders Malaysian	No. of Shareholders Foreign	No. of Shares Malaysian	No. of Shares Foreign	% of Shareholdings Malaysian	% of Shareholdings Foreign
Less than 100	143	1	2,611	28	0.0009	0.0000
100 to 1,000	480	2	303,997	2,000	0.1098	0.0007
1,001 to 10,000	2,596	25	14,535,515	127,540	5.2510	0.0461
10,001 to 100,000	1,076	21	31,966,378	835,653	11.5479	0.3019
100,001 to less than 5% of issued shares	121	6	64,276,904	1,704,147	23.2201	0.6156
5% and above of issued shares	3	0	163,061,136	0	58.9060	0.0000
SUBTOTAL	**4,419**	**55**	**274,146,541**	**2,669,368**	**99.0357**	**0.9643**

LIST OF SUBSTANTIAL (5% and above excluding Bare Trustees)

		Direct	%	Deemed Interest	%
1.	ZAKI HOLDINGS (M) SDN BHD	135,461,136	48.94	0	0
2.	AMMB NOMINEES (TEMPATAN) SDN BHD *AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD*	27,600,000	9.97	0	0
3.	DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	2,066,760	0.75	163,061,136*	58.91*

** Shares held through Zaki Holdings (M) Sdn Bhd*

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 APRIL 2012

No.	Name	Shares Held	%
1	ZAKI HOLDINGS (M) SDN BHD	97,282,064	35.14
2	ZAKI HOLDINGS (M) SDN BHD	38,179,072	13.79
3	AMMB NOMINEES (TEMPATAN) SDN BHD *AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD*	27,600,000	9.97
4	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	6,125,400	2.21
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	6,054,400	2.19
6	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	2,786,100	1.01
7	GEOSAKTI SDN BHD	2,252,900	0.81

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 APRIL 2012

No.	Name	Shares Held	%
8	DATO' WAN ZAKARIAH BIN HAJI WAN MUDA	2,101,096	0.76
9	DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	2,066,760	0.75
10	DATO' HAJI MUSTAFFA BIN MOHAMAD	1,937,148	0.70
11	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,850,000	0.67
12	DATO' W ZULKIFLI BIN HAJI W MUDA	1,642,696	0.59
13	NG TECK LONG	1,612,400	0.58
14	NIK MAHANI BINTI NIK MOHD RASHID	1,611,008	0.58
15	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR HWANG SELECT BALANCED FUND (4405)*	1,260,400	0.46
16	DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH	1,200,000	0.43
17	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR OSK-UOB SMALL CAP OPPORTUNITY UNIT TRUST (3548)*	1,173,500	0.42
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' W ZULKIFLI BIN HAJI W MUDA (006111262)*	1,128,000	0.41
19	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR OSK-UOB GROWTH AND INCOME FOCUS TRUST (4892)*	1,100,000	0.40
20	NAIMAH BINTI HASHIM	1,050,000	0.38
21	AIBB NOMINEES (TEMPATAN) SDN BHD *LOW MEI LOON*	930,000	0.34
22	UOBM NOMINEES (TEMPATAN) SDN BHD *UOB-OSK ASSET MANAGEMENT SDN BHD FOR UNI AGGRESSIVE FUND*	900,000	0.33
23	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)*	879,000	0.32
24	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	800,000	0.29
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD *AXA AFFIN GENERAL INSURANCE BERHAD*	797,600	0.29
26	AHMAD RIZAL BIN ABDUL RAHMAN	755,000	0.27
27	ROSMINI AZAH BINTI ABDUL RAHMAN	745,000	0.27
28	LOW CHU MOOI	650,000	0.23
29	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR OSK-UOB EMERGING OPPORTUNITY UNIT TRUST (4611)*	600,000	0.22
30	ABDULL STAR KHAN BIN AMIRULLAH KHAN	500,000	0.18

The analysis of shareholdings is based on the issued and paid up capital of the Company after deducting 1,478,100 ordinary shares bought back by the Company and held as treasury as at 30 April 2012.

List of
PROPERTIES
31 December 2011

Title & location of property	Date of acquisition	Description of property (existing use)	Tenure (age of building)	Total land area/ (built up area)	NBV/Prepaid Lease Payment RM'000
GM372, Lot 981 and 8,694GM 4708, Lot 985, Mukim Setapak Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot 981 and Lot 985")	20.01.1994 & 16.02.1994	Vacant land	Freehold	54,967 sq.ft.	8,694
EMR 873,Lot 826 Mukim Sungai Karang Kuantan, Pahang ("Lot 826")	30.10.1993	Land and 1-storey and 3-storey buildings held for rental	Freehold (17 years)	202,815/ (64,670) sq.ft.	18,500
HS (M) 1038, Lot PT4782 and HS (M) 1039, Lot PT4783 Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan	05.05.1997	Adjoining 5-storey buildings for own use	Freehold (16 years)	3,498/ (20,728) sq.ft.	2,195
Daerah Kuala HS (M) 994, Lot PT16360 Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot PT16360")	28.09.2000	5-storey building for own use	Freehold (26years)	1,581/ (10,364) sq.ft.	700
GM 1012, Lot 22050, Tempat Rifle Range Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot 22020")	03.08.2007	Vacant land	Freehold	12,066.34 sq.ft.	1,448
Lot PT2100, HSD 722 Mukim Kuala Telemong District of Hulu Terengganu Kuala Terengganu, Terengganu ("Lot PT2100")	15.07.2003	Vacant land	Leasehold expiring 18.10.2025	20 hectares	90
HS (M) 929, Lot PT 16343 Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot PT 16343")	24.11.2005	4-storey building for own use	Freehold (14 years)	1,604/ (8,291) sq.ft.	730
HGU No. 5 Desa Amboyo Selatan Kecamatan Ngabang, Kabupaten Pontianak Kalimantan Barat, Republic of Indonesia	31.05.2005	Land for cultivation	Leasehold expiring 27.09.2033	7,740 hectares	9,814
GM 1754, Lot 167, Mukim Sabai, Bentong, Pahang	8.10.2010	Vacant land	Freehold	4,578 hectares	697

Form of PROXY

AZRB
AHMAD ZAKI RESOURCES BERHAD

*I/We, ______________________________ NRIC /Company No. ____________________

of ____

being a *member/members of **AHMAD ZAKI RESOURCES BERHAD**, hereby appoint ____________________

______________________________ NRIC No. ____________________

of ____

*and/or failing him/her ______________________ NRIC No. ____________________

of ____

or failing *him/her/both, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 15th Annual General Meeting of the Company to be held at Dillenia & Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 19 June 2012 at 10:00 am and, at every adjournment thereof for/against* the resolution(s) to be proposed thereat.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-
(The next paragraph should be completed only when two proxies are appointed)

* First Proxy (1) __________ %   * Second Proxy (2) __________ %

* My/our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	RESOLUTION 1		
2.	RESOLUTION 2		
3.	RESOLUTION 3		
4.	RESOLUTION 4		
5.	RESOLUTION 5		
6.	RESOLUTION 6		
7.	RESOLUTION 7		

(Please indicate with an "X" in the appropriate spaces provided above as to how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at *his/her discretion).

As Witness my hand this __________ day of __________ 2012

____

Signature of member(s)/Seal

(* Delete where inapplicable)

Number of Shares Held :	

NOTES:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies, (but not exceeding two (2) proxies), to attend and vote in his stead.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.
7. Only a depositor whose name appears on the Record of Depositors as at 12 June 2012 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

AHMAD ZAKI RESOURCES BERHAD

(432768-X)

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