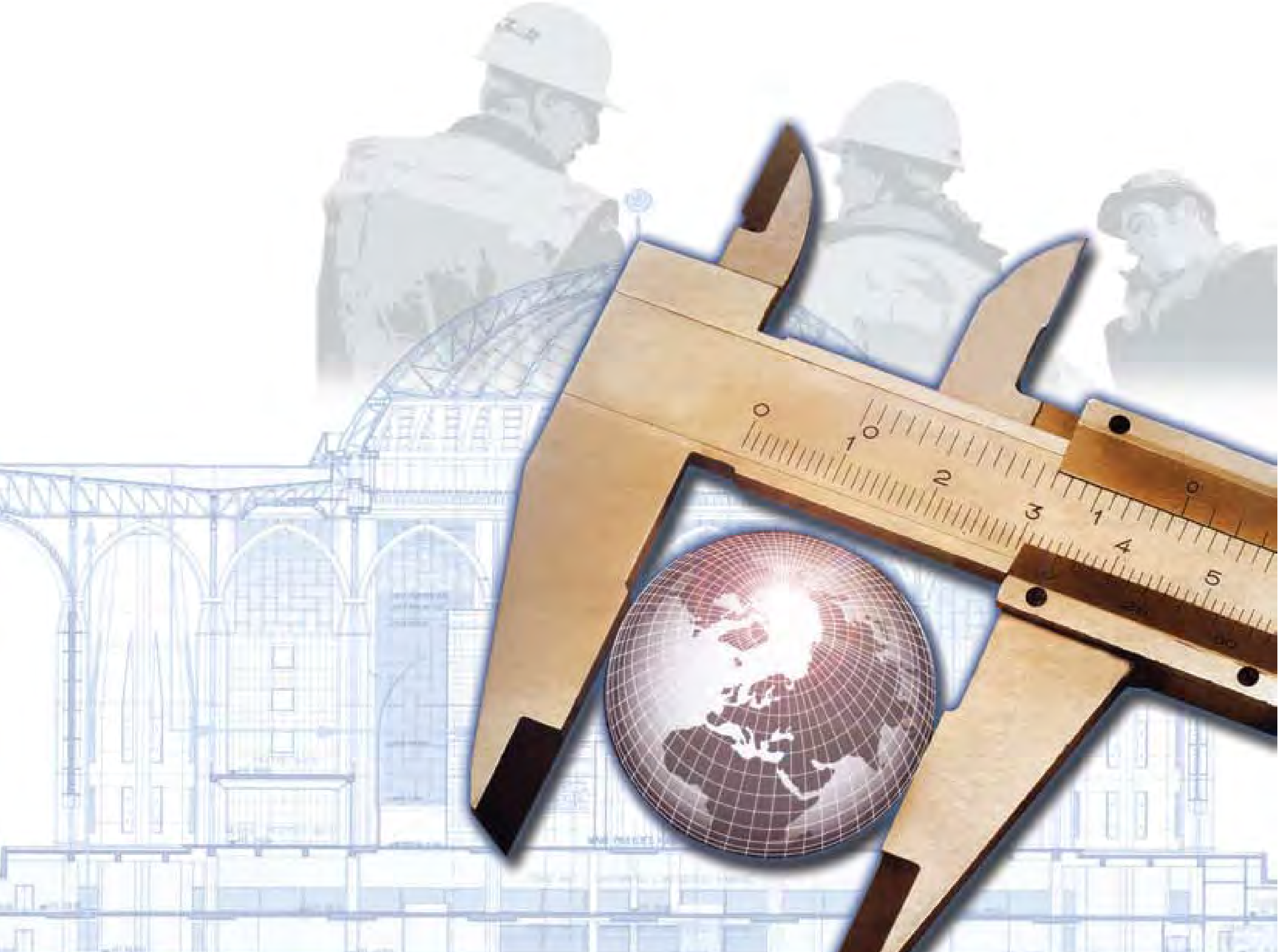
ANNUAL REPORT 2008

AZRB
AHMAD ZAKI RESOURCES BERHAD
(432768-X)



CULTIVATING SUCCESS THROUGH
COMMITMENT, QUALITY & INNOVATION

A Measure of Our Success

The cover design depicts AZRB's vision to focus on creating value by embarking on a path of entrepreneurial ingenuity and commitment to excellence help shape AZRB's future. Projects of various complexities, domestic and international, undertaken by AZRB testify to our achievements.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth 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 Monday, 22 June 2009 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 2008 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of a first and final dividend of 3 sen gross per share less 25% tax for the year ended 31 December 2008. **(Resolution 2)**

3. To approve the payment of Directors' fees for the year ended 31 December 2008. **(Resolution 3)**

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

   (i) Dato' Ismail @ Mansor bin Said **(Resolution 4)**
   (ii) Datuk (Prof.) A Rahman @ Omar bin Abdullah **(Resolution 5)**

5. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business:

To consider and if thought fit, passing the following Resolutions as Ordinary Resolutions with or without modifications:-

6. ORDINARY RESOLUTION:

AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES **(Resolution 7)**

"THAT subject to the provisions of Section 132D of the Companies Act, 1965 and approvals from the relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company from time to time and on such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and such authority shall remain in force until the next Annual General Meeting of the Company."

7. ORDINARY RESOLUTION:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE **(Resolution 8)**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia ("Listing Requirements"), 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 2009 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 13th 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 13th 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."

8. ORDINARY RESOLUTION:

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY **(Resolution 9)**

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by laws, to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities on such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of shares purchased does not exceed 10 per-cent of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) an amount not exceeding the total retained profits and share premium account of RM76,475,858 based on the latest audited accounts of the Company as at 31 December 2008 be allocated by the Company for the Proposed Share Buy-Back; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts, and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any parts of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that the first and final dividend of 3 sen gross per share less 25% tax for the financial year ended 31 December 2008, if approved, will be paid on 21 July 2009 to depositors registered in the Record of Depositors at the close of business on 13 July 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 July 2009 in respect of ordinary transfer; and

b. Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

HAJI BAHARI BIN JOHARI (LS 0008773)
LIM MING TOONG (MAICSA 7000281)
SEUHAILEY BINTI SHAMSUDIN (MAICSA 7046575)
SECRETARIES

Kuala Lumpur
28 May 2009

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, Share Registration Department, Level 15-2, 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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. Resolution 7
The proposed ordinary resolution No. 7, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a General Meeting will expire at the next Annual General Meeting of the Company.

8. Resolution 8
Please refer to the Circular to Shareholders dated 28 May 2009 which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2008.

9. Resolution 9
Please refer to the Circular to Shareholders dated 28 May 2009 which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2008.

Statement Accompanying

Notice of Annual General Meeting

1. Board Meetings held in the financial year ended 31 December 2008

There were six (6) Board Meetings held during the financial year ended 31 December 2008. 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	6/6	100%
Dato' Wan Zakariah bin Haji Wan Muda	6/6	100%
Dato' Haji Mustaffa bin Mohamad	6/6	100%
Dato' W Zulkifli bin Haji W Muda	6/6	100%
Non-Executive Directors		
Raja Dato' Seri Aman bin Raja Haji Ahmad	6/6	100%
Datuk (Prof.) A Rahman @ Omar bin Abdullah	6/6	100%
Dato' Ismail @ Mansor bin Said	6/6	100%

2. Place, date and time of Meeting

The 12th 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 Monday, 22 June 2009 at 10:00 am.

3. Directors who are seeking for re-election or re-appointments at the 12th 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) Dato' Ismail @ Mansor bin Said
(ii) Datuk (Prof.) A Rahman @ Omar bin Abdullah

Details of Directors are set out on pages 12 to 15 of this Annual Report and their securities holdings in the Company are set out in the Analysis of shareholdings on page 132.

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. Datuk (Prof.) A Rahman @ Omar Bin Abdullah (Independent, Non-Executive Director)
7. Dato' Ismail @ Mansor Bin Said (Independent, Non-Executive Director)

AUDIT COMMITTEE

1. Raja Dato' Seri Aman Bin Raja Haji Ahmad (Chairman, Independent Non-Executive Chairman)
2. Dato' Ismail @ Mansor Bin Said (Member, Independent Non-Executive Director)
3. Datuk (Prof.) A Rahman @ Omar Bin Abdullah (Member, Independent Non-Executive Director)

COMPANY SECRETARIES

1. Haji Bahari bin Johari (LS 0008773)
2. Lim Ming Toong (MAICSA 7000281)
3. Seuhailey binti Shamsudin (MAICSA 7046575)

REGISTERED OFFICE

Mezzanine Floor
8A, Jalan Sri Semantan Satu
Damansara Heights, 50490 Kuala Lumpur
Tel: 03-2094 1888 Fax: 03-2094 7673

REGISTRAR

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

PRINCIPAL BANKERS

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

AUDITORS

Moore Stephens AC
Chartered Accountants
8A, Jalan Sri Semantan Satu
Damansara Heights, 50490 Kuala Lumpur

STOCK EXCHANGE

Main Board of Bursa Malaysia

Corporate Structure

Construction & Properties

1.	Ahmad Zaki Sdn Bhd	100%
2.	AZRB Properties Sdn Bhd	100%
3.	AZSB Machineries Sdn Bhd	100%
4.	EKVE Sdn Bhd	100%
5.	Trend Vista Development Sdn Bhd	100%
6.	Unggul Energy & Construction Sdn Bhd	100%
7.	Kemaman Technology & Industrial Park Sdn Bhd	60%
8.	Fasa Timur Sdn Bhd	50%
9.	Maxi Heritage Sdn Bhd	20%

Overseas Investment

AZRB Construction (India) Pvt Ltd	100%
AZRB International Ventures Sdn Bhd	100%
Ahmad Zaki Saudi Arabia Co Ltd	100%

Oil & Gas

Inter-Century Sdn Bhd	100%
Astral Far East Sdn Bhd	100%
Eastern Pacific Industrial Corporation Berhad	21%

Plantation

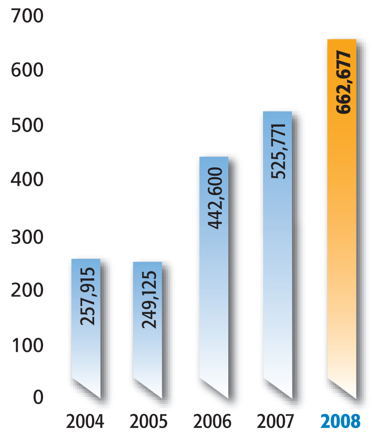
PT Ichtiar Gusti Pudi	95%

Quarry Operation

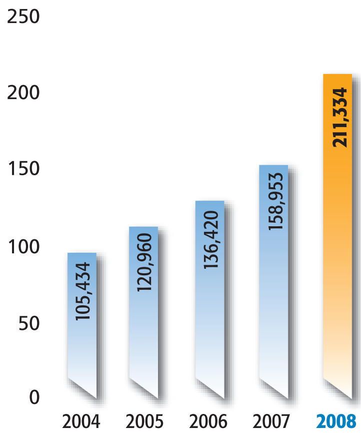
Tadok Granite Manufacturing Sdn Bhd	100%

Financial Highlights

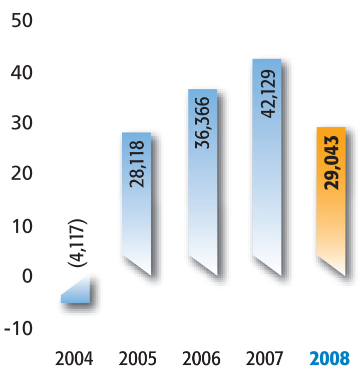
Revenue RM'000



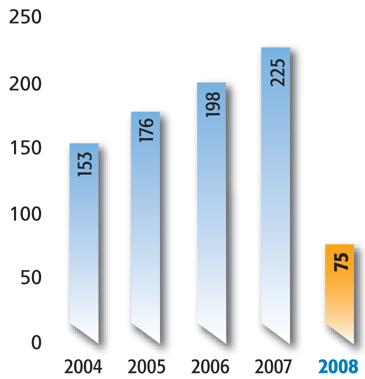
Shareholders' Funds RM'000



Profit/(Loss) before Taxation RM'000



Net Tangible per Share Sen



	Year Ended 31 December				
Group Five Year Summary	**2004 RM'000**	**2005 RM'000**	**2006 RM'000**	**2007 RM'000**	**2008 RM'000**
Revenue	257,915	249,125	442,600	525,771	**662,677**
Profit/Loss before taxation	(4,117)	28,118	36,366	42,129	**29,043**
Profit/Loss after taxation & minority interest	(11,747)	18,899	24,154	26,295	**15,728**
Paid up Capital	66,710	66,710	66,710	69,133	**138,266**
Shareholder's funds	105,434	120,960	136,420	158,953	**211,334**
Net tangible assets per share (sen)	153	176	198	225	**75**

Directors' Profile

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
SPMP, DPMP, PJK, AMN

DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA
SSAP, SIMP, DPMT, PPN, PJK

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA
DSSA, DSAP

DATO' HAJI MUSTAFFA BIN MOHAMAD
DPMT, PJK

DATO' W ZULKIFLI BIN HAJI W MUDA
DIMP

DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH
PJN, DPMT, JSM, SMT, AMN

DATO' ISMAIL @ MANSOR BIN SAID
DPMT, AMN

RAJA DATO' SERI AMAN RAJA HAJI AHMAD SPMP, DPMP, PJK, AMN

A Malaysian, aged 63, was appointed Chairman and Independent Non-Executive Director and member of Audit Committee on 26th February 2004 and subsequently assumed the Chairman of Audit Committee on 8th April 2004. He is also the Chairman of Risk Management Committee and sits on the Remuneration and Nomination Committee as an ordinary member.

He is a Certified Public Accountant (CPA), a member of Malaysian Institute of Accountants (MIA) and a Fellow of the Institute of Chartered Accountant of England and Wales (ICAEW). He held various positions in Maybank Group from 1974 to 1985 prior to joining Affin Bank Berhad in 1985 as Executive Director. He left Affin Bank in 1992 to join Perbadanan Usahawan Nasional Berhad as Chief Executive Officer. He was appointed as Chief Executive Officer of Affin Bank Berhad in 1995 and retired in 2003.

Raja Dato' Seri Aman is also a Director of Affin Holdings Berhad, Tomei Consolidated Berhad and Affin Investment Bank Berhad. He sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2008, he attended six out of six Board meetings held.

DATO' SRI HAJI WAN ZAKI HAJI WAN MUDA SSAP, SIMP, DPMT, PPN, PJK

A Malaysian, aged 60, 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 a member of the Risk Management Committee.

He is the founder of 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 a Director of Chuan Huat Resources Bhd and sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2008, he attended six out of six Board meetings held.

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA DSSA, DSAP

A Malaysian, aged 49, joint the board of AZRB 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.

Dato' Wan Zakariah is also a Non-Executive and Non-Independent Director of Eastern Pacific Industrial Corporation Berhad. 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. He is also currently the vice president of the Master Building Association Malaysia (MBAM) for the session 2008 until 2010.

During the financial year ended 31 December 2008, he attended six out of six Board meetings held.

DATO' HAJI MUSTAFFA BIN MOHAMAD DPMT, PJK

A Malaysian, aged 58, was appointed an Executive Director of AZRB on 24 March 1999 and is an ordinary member of the Establishment Committee.

He obtained his Bachelor of Law (Honours) degree from the University of London, England in 1976, and was called to the English Bar at Lincolns Inn in 1981. In 1985 he obtained a Post Graduate Diploma in Port and Shipping Administration from the University of Wales, Institute of Science and Technology, Cardiff. He is also a member of the Chartered Institute of Logistic and Transport (United Kingdom) since 1986. In 1993 he was awarded a Diploma in Syariah Law and Practice by the International Islamic University, Malaysia. He was with Terengganu State Economic Development Corporation, serving in various capacities from 1977-1985 prior to joining ICSB as Managing Director in 1993.

On 20 November 2007, Dato' Haji Mustaffa was appointed as a Non-Executive and Non-Independent Director of Eastern Pacific Industrial Corporation Berhad. He also sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2008, he attended six out of six Board meetings held.

DATO' W ZULKIFLI BIN HAJI W MUDA DIMP

A Malaysian, aged 47, 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 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 2008, he attended six out of six Board meetings held.

DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH PJN, DPMT, JSM, SMT, AMN

A Malaysian, aged 64, 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 also sits on the 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 CEO 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 an Honorary Professor by the University Teknologi Malaysia. Among other appointments, he has also been President of the Institute of Surveyors, Malaysia, Chairman of the Technical Committee on the Development of the Professional Institute for Baitulmal Wilayah Persekutuan and the President of the Board of Quantity Surveyors, 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 2008, he attended six out of six Board meetings held.

DATO' ISMAIL @ MANSOR BIN SAID DPMT, AMN

A Malaysian, aged 60, 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, Risk Management 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' 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 2008, he attended six out of six 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 119 to 121 (note 35) 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.

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, 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 recognizes that the cost of control procedures is not to exceed the expected benefits.

RISK MANAGEMENT

Pursuant to Best Practices Provision AAI, the Board is expected, in the discharge 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. This project involves a series of workshops with the staff and management and interviews with the top management.

The following are the key principles of the ERM framework:

- To facilitate a systematic and consistent identification of key business risks for AZRB and AZSB;
- To facilitate an objective assessment of key controls in managing the relevant business identified;
- To enhance the documentation and communication of risks and promote awareness of risk management;
- To develop a framework to monitor and report risks and controls, with the assignment of responsibilities within the pilot companies (AZRB and AZSB) for managing risks; and
- Assist in establishing an appropriate risk management committee/function.

The Board acknowledges that considerable effort and commitment is required to implement the risk management framework within the Group. To monitor and approve the Group Risk Management Strategy, Policy and Guidelines, a Risk Management Committee of the Board (Board Risk Committee) had been established. This Board Committee, in ensuring an effective risk management framework had established another risk committee at the management level. In relation to that, a risk management committee (RMC) was formed at the management level. The RMC is responsible for continuously coordinating the implementation of the risk management framework and reporting to the Board Risk Committee on an aggregated view of principal risks inherent in all operating units and companies within the Group, and their respective risk response plans to manage these risks. In short, the RMC is primarily responsible for review of the risk management processes.

To ensure an ongoing implementation of risks management and updates of risks registers, the RMC had appointed the risk management unit (RMU) at business unit level. RMU members are nominated employees from Operations, Finance, Human Resources and Information Technology (IT). The RMU is currently headed by the Operations Director.

Amongst others, the roles and responsibilities of the RMU include:

- Identify and communicate to the RMC the critical risks (present or potential) the business unit faces, their changes and the management action plans to manage the risks;
- Communicate risk management requirements in the business units;
- Review risk profiles and performance for the business unit; and
- Review and update the business unit's risk management methodologies applied, specifically those related to risk identification, measuring, controlling, monitoring and reporting.

CONTROL ACTIVITIES AND PROCEDURES

Being part of the control tools, the Board reviews and approves annual budget prepared by the management. The budget is 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 staff's welfare, grievances and any disciplinary matters.

In line with the adopted risk based internal auditing, the Audit Committee had approved an audit plan for the year 2008. The audit plan was derived 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 is 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 of the objectives, the industry and the organization itself that 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 investment committee which studies and makes proposals on any viable business opportunities the Group intends to undertake. Major corporate proposals are tabled and deliberated 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 appropriate remedial action. The Audit Committee which has engaged external party on a co-sourcing basis with the in-house internal auditors to perform the internal audit function based on the approved audit plan has reviewed and made appropriate recommendations to the Audit Committee in areas like procurement, tendering, project management, contract management, finance and plantation audit. In line with the Group's expansion, new audit areas will be included in the next year (2009) audit review such as Bunkering and Property.

Reviews were conducted on these areas and the results of these reviews including comments from the management were reported to the Audit Committee, who in turn reports to the Board. Follow up reviews are carried out by the Group's Internal Auditor to ensure implementation on corrective actions agreed by the management. At present, those internal control weaknesses identified during the financial year under review are being addressed by the management and has not in any way resulted in any material loss to the Group for the financial year ended 31 December 2008 which require disclosure in the Group's financial statement.

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 28 April 2009.

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 recognized 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 seven (7) members comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors. The Board comprises a balance of members with experience in business and finance required for an 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 15 of the Annual Report.

The presence of three (3) 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 Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements and the Independent Directors have confirmed their independence in writing.

(b) Board Responsibilities and Supply of Information

The Board recognizes its responsibilities amongst others include 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 adhered to these 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 contained 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.

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

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

All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Listing Rules of the BMSB 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 Risk Management 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 BMSB.

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

The Company Secretary is the secretary of the Nomination Committee.

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

REMUNERATION COMMITTEE

Primary function

The Remuneration Committee was established on 20th 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
iii. Dato' Wan Zakariah bin Haji Wan Muda
iv. Datuk (Prof.) A Rahman @ Omar bin Abdullah
v. Dato' Ismail @ Mansor bin Said

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
iii. Dato' W Zulkifli bin Haji W Muda
iv. En Mohd Zaki bin Hamdan

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

The Establishment Committee held eleven meetings during the financial year ended 31 December 2008.

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

RISK MANAGEMENT COMMITTEE (BOARD)

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' Ismail @ Mansor bin Said
iii. Dato' Sri Haji Wan Zaki bin Haji Wan Muda

(c) Board Meetings

During the financial year ended 31 December 2008, six (6) meetings were held. The date and details of attendance of each Board meeting held are as follows:-

Date of meeting	Venue	Total Board Members	Attendance by Directors (Percentage Attendance)	
			Independent	Non Independent
27 February 2008	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53100 Kuala Lumpur	7	3 (100%)	4 (100%)
25 April 2008	The Penang 2 Meeting Room Level 3, Hotel Imperial Jalan Sultan Ismail 50250 Kuala Lumpur	7	3 (100%)	4 (100%)
29 May 2008	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53100 Kuala Lumpur	7	3 (100%)	4 (100%)

(c) Board Meetings (Cont'd)

Date of meeting	Venue	Total Board Members	Attendance by Directors (Percentage Attendance) Independent	Non Independent
25 June 2008	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53100 Kuala Lumpur	7	3 (100%)	4 (100%)
29 August 2008	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53100 Kuala Lumpur	7	3 (100%)	4 (100%)
24 November 2008	4th Floor, Meeting Room Ahmad Zaki Resources Berhad No 88, Jalan Gombak 53100 Kuala Lumpur	7	3 (100%)	4 (100%)

The details of attendance of each Board member in the Board meetings held during the financial year ended 31 December 2008 is set out in the Statement Accompanying Notice of AGM on page 6 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	2,294,452	59,500	711,498	242,184	602,720	3,910,354
Non-Executive Directors	–	20,400	390,000	–	36,600	447,000

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

(e) Directors' Remuneration (Cont'd)

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

RANGE OF REMUNERATION	Executive Directors	Non-Executive Directors
Below RM50,000	–	1
RM50,001 – RM150,000	–	–
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	–	1
RM250,001 – RM650,000	–	–
RM650,001 – RM750,000	1	–
RM750,001 – RM800,000	–	–
RM800,001 – RM850,000	1	–
RM850,001 – RM900,000	1	–
RM900,001 – RM1,400,000	–	–
RM1,400,001 – RM1,450,000	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 the BMSB 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 prescribed by the BMSB and have been attaining CEP prescribed by the BMSB from time to time.

(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.

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 BMSB, 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 BMSB.

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 26 of this Annual Report.

(b) Internal Control and Risk Management

The Statement of Internal Control is set out on pages 16 to 17 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 28 April 2009.

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 apply 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 28 April 2009.

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. Dato' Ismail @ Mansor bin Said
iii. Datuk (Prof.) A Rahman @ Omar bin Abdullah

TERMS OF REFERENCE OF AUDIT COMMITTEE

Terms of Membership

i. 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.
ii. 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.
iii. 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.
iv. 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.
v. 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 29 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;
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 2008 are as follows:-

Date of meeting	Total committee members	Attendance by committee members (Percentage attendance)
27 February 2008	3	3 (100%)
25 April 2008	3	3 (100%)
29 May 2008	3	3 (100%)
25 June 2008	3	3 (100%)
29 August 2008	3	3 (100%)
24 November 2008	3	3 (100%)

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 31 December 2008 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	6/6	100%
Dato' Ismail @ Mansor bin Said	6/6	100%
Datuk (Prof.) A Rahman @ Omar bin Abdullah	6/6	100%

Activities Undertaken By Audit Committee

The activities of the Audit Committee during the financial year ended 31 December 2008 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

Required by the Listing of Bursa Malaysia

SHARE BUY BACK

During the financial year, AZRB bought back 1,451,100 of its issued and fully paid-up ordinary shares from open market with internally generated funds. Details of the Share buy-back carried out are as follows:-

Month	No. of AZRB share	Price (RM)		Average price	Total consideration
		Highest	Lower		
July	1,037,900	0.74	0.68	0.71	733,767.01
August	82,000	0.72	0.68	0.72	59,288.43
September	331,200	0.70	0.57	0.66	219,112.02

All the AZRB Shares bought back were held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The Company has not sold or cancel any of its shares during the financial year ended 31 December 2008.

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 34 of the Notes to the Financial Statements, there were no other exercises of options during the financial year ended 31 December 2005.

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 on the 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 2008.

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 2008.

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 2008.

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 2008 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 quantified as follows:-

Nature of the transactions with related party	Entered by	Period covered from 1 January to 30 June of Year 2008	Period covered from 1 July to 31 December of Year 2008
a) Purchase of building materials from following			
i. Chuan Huat Industrial marketing Sdn Bhd	AZSB	10,685,536	6,457,933
ii. Chuan Huat Hard Sdn Bhd	AZSB	54,450	–
iii. QMC Sdn Bhd	AZSB	–	63,713
iv. Kemaman Quarry Sdn Bhd	AZSB	–	408,482
b) Insurance premium paid/payable to ZHSB	AZSB, ICSB and AZRB	312,061	325,324
c) Administrative charges paid/payable to ZHSB	AZSB and ICSB	61,200	61,250
d) Rental of premises paid to			
– Dato' Sri Haji Wan Zaki bin Haji Wan Muda	AZSB	18,000	18,000
– ZHSB	AZSB	210,000	210,000
e) Accomodation charges paid/payable to RIM	AZSB	7,467	14,154

Relationship of the related parties:

i Chuan Huat Resources Berhad ("CHRB")	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
iv. QMC Sdn Bhd ("QMC")	A subsidiary to Zaki Holdings (M) Sdn Bhd
v. Kemaman Quarry Sdn Bhd ("Kemaman Quarry")	A subsidiary to Zaki Holdings (M) Sdn Bhd

Environmental Management Activities

Noise sampling

Silt Fence

Water quality sampling at check dam outlet

ENVIRONMENT

Ever mindful of the impact our business activities have on environment in which we operate, the Group continuously carry out various environmental protection and preservation initiatives within its daily operations and committed ourselves to the code of conducts as prescribed in Environmental Management System ISO 14001.

In year 2008, we have implemented the Environmental Quality Monitoring Programmes at all project sites. The programmes were established to measure the quality of the surrounding environment that is affected by our construction activities.

Several key areas are covered in the programmes such as air quality, noise quality and river water quality that are monitored and measured, their parameters are as follows:-

Monitoring	Parameters
Air Quality	Total Suspended Particulate (TSP)
Noise	La_{eq}, La_{min}, La_{max}, L_{10}, L_{50}, L_{90}
Water Qualiceam and Down stream	pH, Total Suspended Solid (TSS), Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Dissolved Oxygen (DO), E. coli, Ammoniacal Nitrogen (NH3 N)
Discharge from silt trap	Total Suspended Solid (TSS)

Several environmental conservation and preservation measures have been implemented by our project sites such as the following:-

Waste Management

- *Solid & Schedule waste management system*
  The system was developed in accordance with Environmental Quality (Scheduled Waste) Regulation 2005, Local Government Act 1976 and other requirements by Local Municipal Council, to manage the construction, domestic and scheduled waste.

Water Quality Control

- *Drainage and water discharge systems in all work sites*
  The implementation of these systems are to prevent construction waste being discharged into rivers during heavy rain by having preventive measures put in place such as sedimentation pond, silt trap and bunkers.

Air Quality Control

- *No open burning at construction sites*
  Open burning is prohibited at work sites to prevent smoke pollution and carbon dioxide emissions and maintain the air quality of the surrounding areas.

- *Dust pollution control*
  To reduce dust pollution, regular sprinkling of water is carried out.

- *Environmental friendly plant and machinery*
  Plant and machinery which emit minimal pollution and smoke are employed in our operations.

Noise Control

- *Proper piling methods used at the construction sites*
  During foundation works, proper piling methods are employed to prevent noise pollution.

- *Independent review of permissible noise levels.*
  Independent consultants are engaged to review the level of permissible noise levels where required. When and where noise levels exceed the acceptable levels, staff must wear noise protective equipment.

Flood Control

- *Controlled earthworks in construction activities*
  To prevent flooding of the surrounding low-lying areas near the project sites, controlled earthworks and effective flood mitigation controls including adequate earth drainage and detention ponds, have been implemented to control the flow of rainwater.

Erosion and Sedimentation Control

To prevent soil erosion and sedimentation, measures such as phased developments, hill slopes turfing, progress re-vegetation, hydro-seeding, slope stabilization and silt/sediment traps have been implemented.

Quality, Safety and Health Policy

QUALITY

As an established and certified ISO 9001:2000, our group continuously operates not only on practices that meet legal requirements and government regulations but also practice in consistency with our corporate policies, objectives and goals. Our commitment to sustain quality improvements underpin the successful quality system that have been established within our group of companies.

The objectives of our Quality Policy remain as follows:-

1. Meeting the expectation of clients whilst complying with statutory and regulatory requirements.
2. Instill values of doing things right the first time, every time.
3. Continuously promoting quality within AZRB/AZSB and among suppliers and subcontractors.
4. Continuously improve our processes to meet and exceed MS ISO 9001:2000 Quality Management System.
5. Working in responsible manner and in harmony with the natural and cultural environment.

The level of our customer's satisfaction on the quality of our services is utmost importance to us thus the annual survey is conducted to analyze and used as a measurement for improvement.

The result of client's satisfaction survey for year 2008 of all project sites are as shown in Table 1. Summary of Clients Satisfaction Survey (2007 to 2008).

It shows an increase of overall average from 75% to 80% for year 2007 and 2008 respectively.

Table 1: Client Satisfaction Survey (2007 – 2008)

No.	**Project**	**Year** 2007 (%)	2008 (%)
1	University Darul Iman	–	**95**
2	Lebuhraya Pantai Timur 2 Pckg (6)	–	**81**
3	Lebuhraya Pantai Timur 2 Pckg (9C)	–	**81**
4	Lebuhraya Pantai Timur 2 Pckg (5A)	–	**–**
5	Subang-Kelana Link	80	**85**
6	Putrajaya Mosque	58	**75**
7	Upgrading Jalan Kuantan-Pekan	75	**76**
8	Upgrading Jalan Jitra-Kodiang	60	**58**
9	Petaling Jaya Court Complex	87	**82**
10	Indoor Stadium Kuala Terengganu	92	**86**
Average		75	**80**

SAFETY AND HEALTH

In carrying out our duties in the company, we are guided by the objectives of our Safety and Health Policy and Procedures and comprehensive Health and Safety framework based on OHSAS 18001:1999 which aid the group to:-

1. Comply with all applicable Health and Safety legislations, guidelines and other requirements.
2. Familiarize all employees and stakeholders with training, information and facilities available.
3. Increase awareness and accountability at all levels of organization; and
4. Monitor and regularly review its set objectives.

The health and safety of our employees is the most important aspect to us. As such, all our business units put in place health and safety best practices, policies and procedures to ensure that the highest standards of health and safety are being maintained.

Various safety and health committees and programmes have been implemented to enhance the safety and health where the group operates in.

Prior to the execution of construction works, every project is required to put up their respective Project Safety and Health Plan to ensure that the highest standards of occupational safety and health are maintained through out the project.

Safety and Health Committee meets periodically to review the operations and performance, such as policies and procedures, objectives and targets, incidents statistic and non conformity reports. The committee is also assisting in the development of safety and health rules, reviews safety and health programmes and policies.

In year 2008, Putrajaya Mosque Project has successfully achieved 2 million man-hours without Loss Time Injury.

Chairman's Statement / Penyata Pengerusi

Dear Shareholders,

After the record financial performance in 2007, a major challenge for the AZRB Group in the financial year ended 31 December 2008 was to sustain the momentum.

I am pleased to report that, in terms of revenue, your company has been equal to the challenge, registering total revenue of RM663 million for the year or 26% year-on-year growth as compared to 2007. We are encouraged by the marked improvement in the revenue for both of our construction, as well as our oil and gas business activities during the year under review.

On behalf of the Board of Directors, it is my pleasure to present this annual report and audited accounts of the Ahmad Zaki Resources Berhad group for the year ended 31 December 2008.

Para Pemegang Saham yang dihormati,

Prestasi kewangan tahun 2007 boleh dibanggakan dan adalah menjadi cabaran kepada Kumpulan AZRB untuk mengekalkan momentum ini bagi tahun kewangan berakhir 31 Disember 2008.

Dengan rasa bangga saya melaporkan bahawa syarikat kita telah menyahut cabaran tersebut dengan memperolehi pendapatan keseluruhan sebanyak RM663 juta, bersamaan 26% peningkatan berbanding tahun 2007. Peningkatan ini disumbangkan oleh pendapatan dari bidang binaan serta aktiviti perniagaan gas dan petroleum yang dijalankan pada tahun kewangan 2008.

Bagi pihak Lembaga Pengarah, saya amat berbesar hati membentangkan laporan tahunan ini dan akaun yang diaudit oleh Kumpulan Ahmad Zaki Resources Berhad bagi tahun berakhir 31 Disember 2008.

Year 2008 in Brief

Operationally, 2008 was a busy year for the AZRB Group. Continuing the work started in the previous years, much of our efforts and energy were focused on exploring new opportunities to increase our construction order book, and at the same time, managing our ongoing work. Significant progress was made during the year on our ongoing projects, namely the construction of Kiblat Walk, Putrajaya Mosque, Design and Build for Jitra Kodiang and Subang-Kelana Link, Upgrading of Federal Road 3 from Kuantan to Pekan, and the three packages of Lebuhraya Pantai Timur. During the year, we also saw the completion and handing over of the Indoor Sports Complex Gong Badak, Terengganu. In the same year, AZRB managed to secure several new contracts, amongst others, include the RM115 million Maternity Hospital in Kuala Terengganu.

Oil and Gas activity continues to play a significant role to the Group. With the signing of the new Throughput Agreement between Inter-Century Sdn. Bhd. and Petronas during the year, we anticipate a higher contribution from this segment in the future. In addition, our newly acquired associated company, Eastern Pacific Industrial Corporation Berhad, contributed well to the Group, as expected.

AZRB is proud of its resilient and ability to strive for excellence during the year under review. We managed to remain profitable amidst the highly volatile economic backgrounds. Nonetheless, although we registered consistent growth in revenue but for a variety of reasons, the profit before taxation achieved was lower from the previous year.

The Financial Challenges

2008 was undoubtedly, has seen havocs in the global economies with spate of negative news in world financial market such as the collapsed of worldwide stock markets, liquidity crisis and escalation of oil prices to record highs. Such circumstances have incriminated many sectors of the economies, including construction. Not to be swayed by the confluence of adverse economic events, AZRB took the stress test with optimistic view. These challenges have provided us with many lessons and opportunities.

Sekilas Pandang Tahun 2008

Tahun 2008 merupakan tahun operasi yang amat sibuk buat Kumpulan AZRB. Meneruskan operasi-operasi yang telah dimulakan pada tahun-tahun sebelumnya, usaha dan tenaga ditumpukan terhadap peluang-peluang baru dalam mendapatkan projek-projek binaan di samping menguruskan kerja-kerja binaan yang sedang berjalan. Progres yang ketara dapat dilihat menerusi projek-projek yang berjalan sepanjang tahun 2008 seperti pembinaan Kiblat Walk, Masjid Putrajaya, rekabina Hubungan Jitra-Kodiang dan Subang-Kelana, naiktaraf Jalanraya Persekutuan 3 dari Kuantan ke Pekan dan ketiga-tiga pakej Lebuhraya Pantai Timur. Pada tahun yang sama, kita telah menyiapkan dan menyerahkan Kompleks Sukan Tertutup Gong Badak, Terengganu. AZRB turut berjaya mendapatkan kontrak-kontrak baru pada tahun 2008, termasuk Hospital Materniti Kuala Terengganu yang bernilai RM115 juta.

Aktiviti Gas dan Petroleum terus memainkan peranan penting dalam Kumpulan. Dengan termeterai Perjanjian Akses di antara Inter-Century Sdn. Bhd. dan Petronas pada tahun 2008, syarikat mensasarkan sumbangan yang lebih besar melalui aktiviti-aktiviti berkaitan Gas dan Petroleum pada tahun-tahun akan datang. Tambahan lagi, syarikat bersekutu yang baru sahaja diambilalih iaitu Eastern Pacific Industrial Corporation Berhad, turut memberi sumbangan kepada Kumpulan seperti yang diharapkan.

AZRB berbangga dengan kekentalan dan keupayaan dalam mengejar kecemerlangan sepanjang tahun 2008. Kami berjaya mengekalkan keuntungan biarpun dalam keadaan ekonomi yang terumbang-ambing. Dalam pada itu, walaupun terdapat peningkatan stabil dalam perolehan syarikat, pencapaian untung sebelum cukai adalah lebih rendah berbanding tahun sebelumnya.

This year, the Group recorded an increased of RM136 million in revenue which saw an increment of 30% in the Construction segment from revenue of RM458 million in 2007 to RM594 million in 2008. At the Profit Before Tax level, the Group delivered RM29.0 million compared to the underlying achievement of RM42.1 million in 2007. The lower profit was largely attributed to the escalating construction material prices which resulted in project margin erosion, higher borrowing costs and provisions for impairment loss on non quoted investments.

Inter-Century Sdn. Bhd. has been consistent in its revenue and recorded a total revenue of RM75 million. This oil and gas segment contributed 11.8% of the total revenue generated by AZRB.

The Triumph

AZRB's excellent track record in delivering a high quality performance has proven to be a recognised benchmark of excellence in the construction industry. Adding to the list of prestigious awards already in AZRB's bag, the Malaysia Construction Industry Excellence Award (MCIEA) presented the Contractor Award Grade G7 to AZRB. This award, in the highest grade contractor category, is to award contractor who have demonstrated overall excellence in business performance, financial capacity, technical capability, management system, innovation, best project performance and management capability. The recognition from the Malaysia Construction Industry Development Board (CIDB) is a unique illustration and stout testimony to AZRB's reputation and capability.

Cabaran Kewangan

Tidak syak lagi, 2008 menyaksikan ekonomi global merudum dengan kekeliruan terhadap berita negatif tentang pasaran kewangan dunia seperti kejatuhan pasaran saham, krisis pencairan dan kenaikan harga minyak yang mendadak. Situasi ini ternyata memberi kesan terhadap pelbagai sektor ekonomi termasuk binaan. Menyedari betapa perlunya Kumpulan berdiri teguh dalam menghadapi keadaan ekonomi yang kritikal, AZRB menangani situasi ini secara positif. Cabaran-cabaran mendatang diambil sebagai pengajaran di samping mengintai peluang-peluang yang tidak diduga.

Tahun ini, Kumpulan merekodkan peningkatan pendapatan sebanyak RM136 juta di mana peningkatan sebanyak 30% disumbangkan oleh bahagian Binaan, iaitu daripada RM458 juta pada tahun 2007 kepada RM594 juta pada tahun 2008. Bagi Untung Sebelum Cukai, Kumpulan mencatatkan RM29.0 juta pada tahun 2008 berbanding RM42.1 juta pada tahun 2007. Keuntungan yang rendah disebabkan kenaikan kos bahan binaan yang memberi kesan terhadap kemerosotan margin projek, kos pinjaman yang lebih tinggi serta kos tanggungan kerugian akibat kemusnahan atas pelaburan-pelaburan yang tiada sebutharga.

Inter-Century Sdn. Bhd. amat konsisten dalam menyumbangkan pendapatan kepada Kumpulan dan telah mencatatkan pendapatan keseluruhan berjumlah RM75 juta. Segmen gas dan petroleum menyumbangkan 11.8% daripada jumlah pendapatan AZRB.

Kejayaan

Rekod kejayaan AZRB dalam mencapai prestasi cemerlang terbukti sebagai aras cemerlang dalam industri pembinaan. Menambah koleksi anugerah yang telah diterima, Anugerah Kecemerlangan Industri Binaan Malaysia (MCIEA) telah menganugerahkan Anugerah Kontraktor Gred7 kepada AZRB. Anugerah yang merupakan anugerah tertinggi kategori kontraktor dianugerahkan kepada syarikat yang telah mempamerkan kecemerlangan dalam prestasi perniagaan,

As a strong advocate to the environmental issues, AZRB has established its own in-house programmes and shall continuously active in creating awareness amongst its employees and stakeholders on the environmental initiatives and issues. The effectiveness of our environmental management was honoured through the awarding of certifications by the IQ Net, The International Certification Network and also by the SIRIM QAS International Sdn Bhd on the successful implementation of Environmental Management Systems which fulfil the requirement of the ISO / 4001: 2004 standards.

The Continuous Contribution

Although 2008 has kept us hectic and beleaguered, the concern for the welfare of the deserving few has never been ignored, especially for the underprivileged children and citizen. It has now become a yearly event for all of us at AZRB for one day, to come together and cast away our material pursuit and be amongst equal with the underprivileged. For 2008, the Hari Raya Celebration was dedicated to the orphanages from the Rumah Anak Yatim Baitul Ummah and Rumah Anak Yatim Nurul Qanaah.

Continuously, AZRB has been wholeheartedly delving in a sustainable socio-economic development activity. The education incentive program, which is dearest to us, was purposely grown organically as an economic incentive to the employees' offspring who have illustrated high calibre and excellence in their UPSR, PMR and SPM results. AZRB is a firm believer in human asset development and such sustainable investment in the growth of human capital will always be our top priority.

keupayaan kewangan dan teknikal, sistem pengurusan, inovasi, prestasi projek terbaik dan keupayaan pengurusan. Pengiktirafan melalui Anugerah Kecemerlangan Industri Binaan Malaysia merupakan satu lakaran unik dan testimonial yang padu mencerminkan reputasi dan keupayaan AZRB.

Menyokong kuat isu-isu alam sekitar, AZRB telah merangka pelbagai program dan terus aktif dalam memberi kesedaran tentang inisiatif alam sekitar dan isu-isu berkaitannya kepada kakitangan dan pemegang-pemegang saham. Keberkesanan pengurusan alam sekitar mendapat pengiktirafan melalui IQ Net, The international Certification Network dan SIRIM QAS International Sdn Bhd atas kejayaan melaksanakan Sistem Pengurusan Alam Sekitar yang memenuhi piawai ISO / 4001: 2004.

Sumbangan Berterusan

Biarpun tahun 2008 memberi tekanan dan cabaran kepada syarikat, kebajikan golongan kurang bernasib baik tetap diberi perhatian, terutama kanak-kanak dan masyarakat umumnya. Sudah menjadi tradisi tahun-bertahun, AZRB memperuntukkan sehari berkumpul dan berkongsi kesenangan dengan golongan kurang bernasib baik ini. Untuk tahun kewangan 2008, Sambutan Hari Raya ditumpukan kepada anak-anak yatim dari Rumah Anak Yatim Baitul Ummah dan Rumah Anak Yatim Darul Qanaah.

AZRB turut menyumbang kepada aktiviti pembangunan sosioekonomi secara konsisten. Menjadikan Program Insentif Pendidikan sebagai fokus, ia merupakan insentif kepada anak-anak kakitangan yang menunjukkan kaliber yang tinggi serta prestasi cemerlang dalam UPSR, PMR dan SPM. AZRB yakin terhadap modal insan serta pelaburan ke arah pertumbuhannya dan akan sentiasa menjadi keutamaan syarikat.

Future Challenges

AZRB is optimistic that initiatives to spur the economic growth will yield vast opportunities. Indirectly, the 1st stimulus package of RM7 billion which was announced in the last quarter of 2008 has earned us an exciting closure for the year. From the fiscal spending allocated to the infrastructure, AZRB was awarded with a RM115 million Maternity Hospital in Kuala Terengganu.

We have high expectation in the 2nd stimulus package of RM60 billion announced by the government in the first quarter of 2009, especially with the budget allocation of RM12 billion to the construction industry. AZRB is confident that it will be in a good running to bid and undertake the projects initiated under these stimulus packages, including Eastern Corridor Economic Region (ECER) and the ongoing 9MP projects.

Moving forward, AZRB is fully aware of the existing and new challenges ahead of us. There is a need for AZRB to remain prudent and diligent in capital spending whereas it must remain competitively and financially robust to secure and profitably undertake new projects. The high volatility and unpredictable nature of the basic construction material prices combined with the tightening of credit facilities by the financial institutions are areas which would impede into our profitability.

Continuous efforts and score of initiatives to mitigate and address these potential profit erosion and counter productive elements have been formulated or will be continuously studied by AZRB to overcome such threats.

Cabaran Mendatang

AZRB yakin bahawa inisiatif di peringkat global bagi meningkatkan ekonomi negara turut membuka pelbagai peluang untuk dirintis. Secara tidak langsung, suntikan dana pakej 1 bernilai RM7 bilion yang diumumkan pada suku tahun ke-4 2008 merupakan berita baik untuk Kumpulan sebelum menutup tirai 2008. Daripada perbelanjaan yang diperuntukkan kepada prasarana, AZRB diberi kepercayaan untuk melaksanakan projek Hospital Materniti Kuala Terengganu bernilai RM115 juta.

Kami turut menaruh harapan yang tinggi terhadap suntikan dana pakej 2 bernilai RM60 bilion yang diumumkan oleh kerajaan pada suku tahun pertama 2009, terutama peruntukan sebanyak RM12 bilion untuk industri binaan. AZRB berkeyakinan bahawa kedudukannya yang teguh memberi kelebihan kepada AZRB untuk membida dan melaksanakan projek-projek di bawah pakej-pakej tersebut, termasuk Jajahan Ekonomi Koridor Timur (ECER) dan projek-projek Rancangan Malaysia ke-9 yang sedang berjalan.

Dalam mengorak langkah menuju kejayaan, AZRB peka terhadap cabaran-cabaran yang bakal dihadapi Kumpulan. Oleh itu, AZRB perlu mengambil langkah waspada dalam perbelanjaan modal di samping berdaya saing dan berkeupayaan dari segi kewangan untuk mengambilalih projek-projek baru. Kos material yang sentiasa berubah-ubah serta syarat pinjaman yang lebih ketat daripada institusi kewangan merupakan faktor mempengaruhi keuntungan Kumpulan.

Usaha berterusan dan pelbagai inisiatif telah dirangka dan akan terus dikaji AZRB bagi mengekang kemerosotan untung di samping memantau elemen-elemen produktif bagi mengurangkan impak terhadap keuntungan disebabkan faktor-faktor tersebut.

Dividend

In line with commitment towards our shareholders, the Board has recommended that a first and final dividend be declared and paid at 3 sen per share, less 25% tax. The Board would like to request support from shareholders with the dividend pay out proposal.

Indebtedness

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

I would also like to register my heartfelt gratitude to all personnel of AZRB Group for their dedication and commitment to the cause of the Group.

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

Dividen

Sejajar dengan komitmen Kumpulan kepada pemegang-pemegang saham, Lembaga Pengarah telah menyarankan bahawa dividen awal dan akhir akan diisytiharkan dan dibayar pada 3 sen sesaham, ditolak dengan 25% cukai. Lembaga Pengarah memohon sokongan daripada pemegang-pemegang saham, berkaitan kertas cadangan pembayaran dividen.

Sekalung Budi

Bagi pihak Lembaga Pengarah, saya ingin melahirkan rasa berterima kasih dan penghargaan kepada pemegang-pemegang saham, pelbagai agensi kerajaan, pelanggan, konsultan, kontraktor, pembekal dan rakan kongsi yang turut menyumbangkan ke arah kejayaan di samping sokongan berterusan serta keyakinan terhadap AZRB.

Saya juga ingin merakamkan ribuan terima kasih kepada semua kakitangan AZRB yang selama ini menunjukkan dedikasi dan komitmen yang tinggi terhadap Kumpulan.

Akhir kata, jutaan penghargaan kepada Ahli Lembaga Pengarah yang telah memberi tunjuk ajar, panduan dan sumbangan yang tidak ternilai.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
Chairman / Pengerusi

Review of Operations

Year 2008 has been a challenging tenure for the Group. The economic events in the year under review have been predominantly occupied by the global financial tsunami which subsequently impaired the financial health of all industries across the economic sphere and these include the construction industry.

Not to be deterred by these adverse circumstances, proactive measures have been initiated to augment our dominance in the mainstay of business, i.e. construction industry. Efforts to reengineer and reconstruct our competitiveness in terms of efficiency improvement, cost containment and productivity enhancement have been initiated in the other area of businesses as well. Through the efficient implementation of these initiatives and the Group concentration on completing and delivering the existing order book and intensive efforts to secure new businesses, AZRB is without a doubt, on the right path towards greater growth and excellence performance in years to come.

Malaysia Construction Industry Development Board (CIDB) through The Malaysia Construction Industry Excellence Award (MCIEA) has presented the Contractor Award Grade G7 to AZRB for the successful and timely delivery of an Indoor Sports Complex in Gong Badak, Terengganu. This award, in the highest grade contractor category, is to award contractor who have demonstrated overall excellence in business performance, financial capacity, technical capability, management system, IT and innovation, best project performance and management capability.

In brief, the overall performance of our business units will be further elaborated in the segmental review as set out below.

CERTIFIED TO ISO 14001:2004
CERT. NO. : MY-ER 0597

CERTIFIED TO ISO 14001:2004
CERT. NO. : ER 0597

CERTIFIED TO ISO 14001:2004
CERT. NO. : ER 0597

Construction Division

The bastion amongst the Group business units, the Construction Division has again provided a consistent and growing earning base. Remarkably, the achievement was against the challenging backdrops such as hike in fuel and building material prices, slowdown in the local and overseas construction activities and revision of fiscal spending by the Malaysian government for the development of infrastructures.

As if to confound the economic anomalies, year 2008 still has been proven rewarding for the Construction Division with another consistent growth contribution of RM136 million (30%) increases to the Group's revenues.

The year under review has also seen another smooth handing over of an award winning project, the Indoor Sports Complex in Gong Badak to the Terengganu's state government. The delivery of high quality end product has boosted interest in the AZRB brand name. Such interest is evidently visible through new contract awarded to AZRB for the construction of the RM115 million Maternity Hospital in Kuala Terengganu.

Together with two new contracts secured in year 2008, the existing ongoing contracts with a total balance of billable book order of approximately RM850 million are as follows: -

No.	Project Name	Approximate Contract Value (RM Milion)	Expected Project Completion Date
1.	Construction of Al-Faisal University, Riyadh, Saudi Arabia (Phase 1&2)	349	March 2010
2.	Construction of Kiblat Walk, Putrajaya Mosque, Putrajaya	213	July 2009
3.	Design and Build for Jitra-Kodiang, from Kedah to Arau, Perlis	110	July 2009
4.	Design and Build for Subang-Kelana Link (Phase 1 & 2)	315	June 2009
5.	Upgrading of Federal Road 3 from Kuantan to Pekan	384	December 2010
6.	Petaling Jaya Court Complex, Selangor	26	April 2009
7.	Lebuh Raya Pantai Timur – Package 5A	144	January 2010
8.	Lebuh Raya Pantai Timur – Package 6	86	February 2010
9.	Lebuh Raya Pantai Timur – Package 9C	90	August 2009
10.	Sekolah Menengah Sains Hulu Terengganu	46	August 2009
11.	University Darul Iman – Infrastructure	37	September 2009
12.	Maternity Hospital Terengganu	115	December 2011

Despite the overall good performance, profitability of these projects was not expected to be achieved as we anticipated. Our construction activities were directly affected mainly by the instability of the fuel and construction material prices, which has resulted in additional pressure to the bottomline. Taking a conservative stand, profit margins on several of our on-going local and overseas projects were revised downward to account for the impact of the higher construction costs.

The economic uncertainties have resulted in major adverse impact to the overall construction activities throughout the year 2008. Measures and strategies shall continue to be undertaken and be put in place to ensure sustainability of the construction business during this period of economic slowdown.

Oil and Gas Division

As expected, the increase in demand and consumption of oil and oil related products in year 2008 such as diesel, lubricants, etc has heightened the growth in profit for our Oil & Gas Division. Inter-Century Sdn. Bhd. ("ICSB") and Astral Far East has recorded a notable growth of 15% in its revenue to RM74 million from RM64 million previously. With a combination of a favourable new Throughput Agreement between ICSB and Petronas in year 2008 and strong demand for oil and oil related products, such growth is expected to continue for the coming years.

Our participation in Eastern Pacific Industrial Corporation Berhad ("EPIC) has generated quite a good return through dividend payment by EPIC during the year under review. We are hoping that the potential synergistic relationship between AZRB and EPIC could be cemented in the ensuing years, especially in the area of our expertise. There are upwards potential for the joint bid for lucrative construction works involving expansion in upstream and downstream exploration and production activities in the Oil & Gas industry, 9MP and Eastern Corridor Economic Region (ECER) ongoing projects.

Plantation

The Plantation Division through our wholly owned subsidiary PT Ichtiar Gusti Pudi ("PT IGP") has completed planting of over 6,000 hectares by the end of December 2008. The planted hectares were completed within the spread of three years and a further 2000 hectares are expected to be planted by the end of 2009.

Earnings from this division are expected to bear fruit in the year 2010 onwards.

Property Development

Although there has been no major development undertaken throughout the year under review for the Group property development project, our subsidiary Kemaman Technology and Industrial Park Sdn. Bhd. ("KTIP") shall continue to look into the possibilities to develop industrial and residential lots on the undeveloped area nearby. This development will consist of 86 hectares Paka Industrial Park, an integrated and comprehensive industrial infrastructure development situated within the petrochemical industrial development zone in Paka/Kerteh, Terengganu.

Notwithstanding the above, in line with the potential development of the land, we are confident that the land will benefit the Group in the long run especially with the infrastructure development programmes allocated under the 9MP and Eastern Corridor Economic Region (ECER) for the East Coast of Malaysia.

Calendar of Events

19 - 22 February 2008
University Technology of MARA Career Fair.

4 - 6 April 2008
7th Malaysia Career & Training Fair, held in Mid Valley.

19 - 21 February 2008
University of Malaya Career Fair.

2 May 2008
National Labour Day at Bukit Jalil Stadium.

22 March 2008
AZRB Recreational & Sport Club Bowling Tournament.

18 May 2008
AZRB Recreational & Sport Club, hiking to Gunung Nuang, Cheras, Selangor.

1 - 2 April 2008
University Technology of Petronas, Technology, Education and Career fair 2008.

17 June 2008
11th Annual General Meeting.

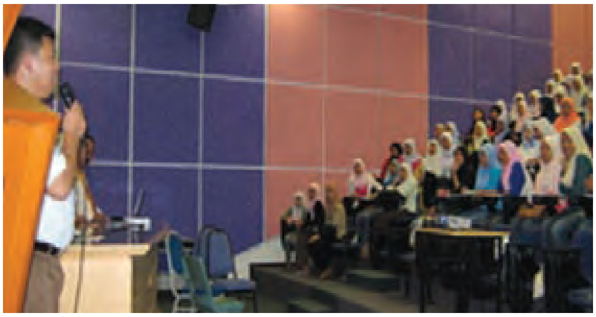
9 July 2008
AZRB won the Silver Award from the National Occupational Safety and Health at Putra World Trade Centre.

27 July 2008
AZRB Recreational & Sport Club, hiking to Gunung Datuk, Negeri Sembilan.

2 August 2008
AZRB Recreational & Sport Club, recreational activity at fruit orchard.

19 August 2008
Seminar on Anchor & Rebar Fastening Technology from HILTI.

6 September 2008
UiTM Shah Alam Career Talk.



11 October 2008
UiTM Shah Alam Career Talk.

12 October 2008
Hari Raya Aidilfitri Celebration at Saloma Bistro, Kuala Lumpur.

17, 18 & 19 October 2008
National Career Carnival UKM Bangi.

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Directors' Report

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural construction works. The principal activities of the subsidiary companies are disclosed 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	16,446,295	14,499,241

Profit attributable to:	
Equity holders of the Company	15,728,153
Minority interest	718,142
	16,446,295

DIVIDEND

Since the end of the financial year, the Company paid a first and final dividend of 5 sen per ordinary share of RM0.50 each less tax at 26% amounting to RM10,225,757 in respect of financial year ended 31 December 2007.

The Directors recommend a first and final dividend of 3 sen per ordinary share of RM0.50 each less tax at 25% in respect of the current financial year amounting to RM6,221,961, based on 276,531,600 ordinary shares as at financial year end, subject to the approval of the shareholders at the Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts is required.

At the date of this report, the Directors are not aware of any circumstances which would require provision to be made for doubtful debts or the amount written off for bad debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent liability or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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

ISSUE OF SHARES

During the financial year, the following issues of shares were made by the Company:-

Class	Number	Terms of Issue	Purpose of Issue
Ordinary shares of RM0.50 each	138,265,800	Rights issues of one (1) for one (1)	Working capital

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Group's ESOS and subsequent changes were approved by shareholders of the Company at the Annual General Meeting and Extraordinary General Meeting held on 20 June 2002 and 21 November 2007 respectively. The ESOS shall continue to 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:

(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 being the date when an offer in writing is made to eligible employees to participate in ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors;

(b) the number of ordinary shares of RM1 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 allotted and issued under 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 preceeding 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 share capital of the Company shall not exceed ten percent (10%) of the total AZRB Shares available under the ESOS; and

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (Cont'd)

(f) new shares issued under the ESOS shall rank pari passu in all respects 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 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 shares of RM1.00 each into 2 ordinary shares of RM0.50 each.

The Company has offered a total of 8,767,600 options pursuant to the employees share option scheme to its employees and directors at exercise price of RM0.96 per share on 28 March 2008 which expired on 27 June 2008. No ESOS was exercised by directors and employees for the year ended 31 December 2008.

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

	Number of Share Options 2008	2007
At 1 January	**422,600**	2,668,400
New issue	**8,767,600**	–
Exercised	**–**	(2,422,500)
Lapsed/Expired	**(8,767,600)**	(34,600)
	422,600	211,300
Adjusted for sub-division of every 1 existing ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each	**–**	211,300
Adjusted for Right Issues of one for one ordinary share of RM0.50 each	**339,753**	–
At 31 December	**762,353**	422,600

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

The terms of share options outstanding as at the end of the financial year are as follows:

	2008	2007 Before Share Split	2007 After Share Split
Expiry Date			
25.7.2012			
Exercise Price	**RM0.56**	RM2.05	RM1.025
Number of Share Options Outstanding	**762,353**	211,300	422,600

DIRECTORS OF THE COMPANY

The Directors in office 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
DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH
DATO' ISMAIL @ MANSOR BIN SAID

In accordance with Article 80 of the Articles of Association, Dato' Ismail @ Mansor Bin Said and Datuk (Prof.) A Rahman @ Omar Bin Abdullah retire, and being eligible offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES AND ESOS OPTIONS

The interest of those who were directors as at financial year end in the shares and the ESOS options of the Company and related companies are as follows:-

(a) Shareholdings in the Company and Ultimate Holding Company

	Number of Ordinary Shares of RM0.50 each			
	At 1.1.08	Bought	Sold	At 13.12.08
The Company				
Direct Interest				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	2,173,380	2,173,380	–	4,346,760
Dato' Wan Zakariah bin Haji Wan Muda	1,150,548	1,150,548	–	2,301,096
Dato' Haji Mustaffa bin Mohamad	2,349,824	2,349,824	(1,215,500)	3,484,148
Dato' W Zulkifli bin Haji W Muda	1,370,348	1,630,348	–	3,000,696
Datuk (Prof.) A Rahman @ Omar bin Abdullah	600,000	600,000	–	1,200,000
Dato' Ismail @ Mansor bin Said	2	100	–	102
Indirect Interest				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda *	81,530,568	81,530,568	–	163,061,136
Dato' Haji Mustaffa bin Mohamad **	400,000	650,000	–	1,050,000
Ultimate Holding Company - Zaki Holdings (M) Sdn. Bhd.				
Direct Interest				
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

DIRECTORS' INTERESTS IN SHARES AND ESOS OPTIONS (Cont'd)

The interest of those who were directors as at financial year end in the shares and the ESOS options of the Company and related companies are as follows:- (Cont'd)

(b) Share Options Pursuant to ESOS

	Number of Option Over Ordinary Shares of RM0.50 each			
	At 1.1.08	Granted	Lapsed/ Expired	At 31.12.08
Raja Dato' Seri Aman bin Raja Haji Ahmad	–	480,000	(480,000)	–
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	–	720,000	(720,000)	–
Dato' Wan Zakariah bin Haji Wan Muda	–	480,000	(480,000)	–
Dato' Haji Mustaffa bin Mohamad	–	480,000	(480,000)	–
Dato' W Zulkifli bin Haji W Muda	–	480,000	(480,000)	–
Datuk (Prof.) A Rahman @ Omar bin Abdullah	–	320,000	(320,000)	–
Dato' Ismail @ Mansor bin said	–	320,000	(320,000)	–

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

By virtue of Dato' Sri Haji Wan Zaki bin Haji Wan Muda having an interest of more than fifteen percent (15%) of the shares in the Company, he is deemed interested in the shares of its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, none of the other directors held any shares or have any interest in the Company and its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year no directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors fees, other emoluments and benefits-in-kind disclosed in note 26(a) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits that may have arisen out of ordinary course of business as disclosed in note 35(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the ESOS disclosed in the financial statements.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events arising during the year are disclosed in note 40 to the financial statements.

ULTIMATE 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 Moore Stephens AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

Kuala Lumpur
Date: 28 April 2009

Statement by Directors

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

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 60 to 131 , are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

Kuala Lumpur
Date: 28 April 2009

Statutory Declaration

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

I, Mohd Zaki Bin Hamdan, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 60 to 131 are 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 at
Kuala Lumpur in the Federal Territory
on 28 April 2009

MOHD ZAKI BIN HAMDAN

Before me

ZULKIFLA MOHD DAHLIM (W 541)
Commissioner for Oaths

Independent Auditors' Report

to the Members of Ahmad Zaki Resources Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ahmad Zaki Resources Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 60 to 131.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with 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 2008 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements.

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

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

OTHER MATTERS

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

MOORE STEPHENS AC
Chartered Accountants
(AF 001826)

AU TAI WEE
1551/01/11 (J)
Partner

Kuala Lumpur
Date: 28 April 2009

Balance Sheets

As at 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**48,408,426**	41,644,699	**1,691,102**	2,289,254
Prepaid land lease payments	5	**8,242,056**	8,582,009	**–**	–
Investment property	6	**19,500,000**	25,000,000	**–**	–
Investments in subsidiary companies	7	**–**	–	**43,687,429**	43,687,429
Investments in associated companies	8	**89,784,333**	84,762,385	**85,486,474**	82,964,680
Investments in joint ventures	9	**(28,698,666)**	(28,873,164)	**–**	–
New planting expenditure	10	**62,956,106**	31,954,480	**–**	–
Other investments	11	**2,615,500**	8,615,500	**2,568,000**	8,568,000
Goodwill	12	**3,744,605**	3,744,605	**–**	–
		206,552,360	175,430,514	**133,433,005**	137,509,363
Current assets					
Inventories	13	**12,927,339**	12,142,953	**–**	–
Property development costs	14	**5,831,594**	2,531,332	**–**	–
Receivables	15	**306,258,522**	289,351,747	**233,481,544**	199,716,170
Tax assets	16	**3,931,817**	2,514,749	**3,679,224**	2,505,439
Cash and cash deposits	17	**185,642,625**	207,990,592	**29,076,689**	25,588,590
		514,591,897	514,531,373	**266,237,457**	227,810,199
TOTAL ASSETS		**721,144,257**	689,961,887	**399,670,462**	365,319,562

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**138,265,800**	69,132,900	**138,265,800**	69,132,900
Reserves	19	**73,068,506**	89,819,619	**22,729,677**	39,587,343
Total equity attributable to shareholders of the Company		**211,334,306**	158,952,519	**160,995,477**	108,720,243
Minority interest		**4,661,599**	3,603,457	**–**	–
Total Equity		**215,995,905**	162,555,976	**160,995,477**	108,720,243
Liabilities					
Non-current liabilities					
Other borrowings	20	**161,476,632**	161,001,406	**150,698,322**	153,159,109
Deferred tax liabilities	21	**5,153,614**	5,091,419	**5,151,600**	5,090,218
		166,630,246	166,092,825	**155,849,922**	158,249,327
Current liabilities					
Payables	22	**288,922,481**	300,207,725	**50,228,041**	52,890,218
Other borrowings	20	**37,723,565**	53,039,168	**32,597,022**	45,459,774
Bank overdrafts	23	**9,865,602**	3,497,348	**–**	–
Tax liabilities		**2,006,458**	4,568,845	**–**	–
		338,518,106	361,313,086	**82,825,063**	98,349,992
Total Liabilities		**505,148,352**	527,405,911	**238,674,985**	256,599,319
TOTAL EQUITY AND LIABILITIES		**721,144,257**	689,961,887	**399,670,462**	365,319,562

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

For the year ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Operating revenue	24	**662,676,939**	525,770,666	**127,452,119**	145,845,532
Direct operating costs	25	**(587,320,101)**	(443,688,570)	**(92,865,030)**	(107,297,739)
Gross profit		**75,356,838**	82,082,096	**34,587,089**	38,547,793
Other operating revenue		**7,427,952**	5,770,502	**9,465,496**	5,375,221
Administrative costs		**(34,142,268)**	(32,183,205)	**(5,240,046)**	(6,023,270)
Other operating costs		**(9,299,426)**	(5,690,637)	**(6,440,152)**	(65,125)
		(43,441,694)	(37,873,842)	**(11,680,198)**	(6,088,395)
Profit from operations		**39,343,096**	49,978,756	**32,372,387**	37,834,619
Finance costs		**(15,833,047)**	(9,248,152)	**(10,363,876)**	(8,220,410)
Share of results of joint ventures		**865,580**	(271,221)	**–**	–
Share of results of associated companies		**4,667,242**	1,669,879	**–**	–
Profit before taxation	26	**29,042,871**	42,129,262	**22,008,511**	29,614,209
Taxation	27	**(12,596,576)**	(14,991,475)	**(7,509,270)**	(8,877,350)
Profit for the year		**16,446,295**	27,137,787	**14,499,241**	20,736,859
Attributable to :					
Equity holders of the Company		**15,728,153**	26,294,994		
Minority interest		**718,142**	842,793		
		16,446,295	27,137,787		
Earning per share attributable to equity holder of the Company (sen)					
Basic, earnings per ordinary share (Sen)	28	**5.69**	10.80		
Fully diluted earnings per ordinary share (Sen)	28	**5.68**	10.79		
Proposed gross dividend per ordinary share of RM0.50 (Sen)		**3.00**	5.00		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Share Option Reserve RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Treasury Shares RM	Sub Total RM	Minority Interest RM	Total Equity RM
		Attributable to Equity Holders of the Company									
			Non Distributable								
At 1.1.07		66,710,400	2,180,250	–	–	47,892	67,482,326	–	136,420,868	2,760,664	139,181,532
Allotment of shares pursuant to ESOS		2,422,500	2,543,625	–	–	–	–	–	4,966,125	–	4,966,125
Profit for the year		–	–	–	–	–	26,294,994	–	26,294,994	842,793	27,137,787
Share of associated company's reserve		–	–	67,951	–	–	–	–	67,951	–	67,951
Foreign exchange translation difference from foreign branches and subsidiary companies *		–	–	–	–	(1,473,380)	–	–	(1,473,380)	–	(1,473,380)
Total income and expenses recognised during the year		–	–	–	–	(1,473,380)	26,294,994	–	24,889,565	842,793	25,732,358
Dividend	29	–	–	–	–	–	(7,324,039)	–	(7,324,039)	–	(7,324,039)
At 31.12.07		69,132,900	4,723,875	67,951	–	(1,425,488)	86,453,281	–	158,952,519	3,603,457	162,555,976

		Attributable to Equity Holders of the Company									
		Non Distributable									
	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Share Option Reserve RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Treasury Shares RM	Sub Total RM	Minority Interest RM	Total Equity RM
At 31.12.07		69,132,900	4,723,875	67,951	–	(1,425,488)	86,453,281	–	158,952,519	3,603,457	162,555,976
Allotment of shares pursuant to ESOS		–	–	–	1,446,722	–	–	–	1,446,722	–	1,446,722
Transfer of expired options to retained profits		–	–	–	(1,446,722)	–	1,446,722	–	–	–	–
Addition paid up capital from minority interest		–	–	–	–	–	–	–	–	340,000	340,000
Repurchase of own shares		–	–	–	–	–	–	(1,004,622)	(1,004,622)	–	(1,004,622)
Issue of shares pursuant to Rights Issue		69,132,900	(3,813,329)	–	–	–	(16,926,541)	–	48,393,030	–	48,393,030
Profit for the year		–	–	–	–	–	15,728,153	–	15,728,153	718,142	16,446,295
Share issue expenses		–	(910,546)	–	–	–	–	–	(910,546)	–	(910,546)
Foreign exchange translation difference from foreign branches and subsidiary companies *		–	–	–	–	(1,045,193)	–	–	(1,045,193)	–	(1,045,193)
Total income and expenses recognisd during the year		–	(910,546)	–	–	(1,045,193)	15,728,153	–	13,772,414	718,142	14,490,556
Dividend	29	–	–	–	–	–	(10,225,757)	–	(10,225,757)	–	(10,225,757)
At 31.12.08		**138,265,800**	**–**	**67,951**	**–**	**(2,470,681)**	**76,475,858**	**(1,004,622)**	**211,334,306**	**4,661,599**	**215,995,905**

* Income and expenses recognised directly in equity

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2008

	Note	Share Capital RM	← Non Distributable Share Premium RM	Share Option Reserve RM	Foreign Exchange Translation Reserve RM →	Distributable Retained Profits RM	Treasury Shares RM	Total Equity RM
At 1.1.07		66,710,400	2,180,250	–	(532)	21,456,492	–	90,346,610
Allotment of shares pursuant to ESOS		2,422,500	2,543,625	–	–	–	–	4,966,125
Dividend	29	–	–	–	–	(7,324,039)	–	(7,324,039)
Foreign exchange translation differences *		–	–	–	(5,312)	–	–	(5,312)
Profit for the year		–	–	–	–	20,736,859	–	20,736,859
Total (expenses)/income recognised for the year		–	–	–	(5,312)	20,736,859	–	20,731,547
At 31.12.07		69,132,900	4,723,875	–	(5,844)	34,869,312	–	108,720,243
Issue of options pursuant to ESOS		–	–	1,446,722	–	–	–	1,446,722
Transfer of expired options to retained profits		–	–	(1,446,722)	–	1,446,722	–	–
Issue of shares pursuant to Rights Issue		69,132,900	(3,813,329)	–	–	(16,926,541)	–	48,393,030
Repurchase of own shares		–	–	–	–	–	(1,004,622)	(1,004,622)
Share issue expenses		–	(910,546)	–	–	–	–	(910,546)
Foreign exchange translation differences *		–	–	–	77,166	–	–	77,166
Profit for the year		–	–	–	–	14,499,241	–	14,499,241
Total (expenses)/income recognised for the year		–	(910,546)	–	77,166	14,499,241	–	13,665,861
Dividend	29	–	–	–	–	(10,225,757)	–	(10,225,757)
At 31.12.08		**138,265,800**	**–**	**–**	**71,322**	**23,662,977**	**(1,004,622)**	**160,995,477**

* Income and expenses recognised directly in equity

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

For the year ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash Flows from Operating Activities					
Profit before taxation		**29,042,871**	42,129,262	**22,008,511**	29,614,209
Adjustments for:-					
Amortisation of prepaid land lease payments		**6,945**	9,517	**–**	–
Depreciation of property, plant and equipment		**8,581,444**	7,296,272	**674,290**	579,682
Interest expenses		**13,379,313**	10,018,327	**10,663,393**	7,394,682
Inventories written off		**–**	76,739	**–**	–
(Gain)/Loss on foreign exchange - unrealised		**(1,522,102)**	4,303,063	**370,653**	(6,207)
Property, plant and equipment written off		**138,683**	21,766	**3,161**	20,016
Allowance for diminution in value on investment in unquoted shares		**6,000,000**	–	**6,000,000**	–
Share based payment costs		**1,410,824**	–	**583,977**	–
Dividend revenue		**–**	(326)	**(27,676,610)**	(27,500,115)
Gain on disposal of property, plant and equipment		**(1,170,416)**	(592,948)	**(32,273)**	(253,667)
Gain on disposal of leasehold land		**–**	(10,287)	**–**	–
Changes in fair value of investment properties		**–**	(450,000)	**–**	–
Interest revenue		**(5,563,238)**	(4,679,841)	**(8,660,350)**	(5,115,299)
Share of results of associated companies		**(4,667,242)**	(1,669,879)	**–**	–
Share of results in joint ventures		**(865,580)**	271,221	**–**	–
Operating profit before working capital changes		**44,771,502**	56,722,886	**3,934,752**	4,733,301
Increase in inventories		**(784,387)**	(1,697,970)	**–**	–
(Increase)/Decrease in amount due from customers for contract works		**(81,676,286)**	33,746,360	**(9,478,570)**	20,996,770
Increase in property development costs		**(3,300,262)**	(746,765)	**–**	–
Increase in amount due to customers for contract works		**6,215,574**	19,620,442	**–**	–
Decrease/(Increase) in trade and other receivables		**72,209,314**	(81,276,168)	**26,208,527**	(31,994,925)
(Decrease)/Increase in trade and other payables		**(16,038,650)**	24,301,997	**(13,485,183)**	4,062,324
Cash generated from/(used in) operations		**21,396,805**	50,670,782	**7,179,526**	(2,202,530)
Interest paid		**(13,413,567)**	(8,697,237)	**(10,697,647)**	(6,073,592)
Interest received		**5,499,440**	4,679,841	**8,596,553**	5,115,299
Tax paid		**(16,513,822)**	(14,530,494)	**(1,862,217)**	(1,877,052)
Net cash (used in)/generated from operating activities carried down		**(3,031,144)**	32,122,892	**3,216,215**	(5,037,875)

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Net cash (used in)/generated from operating activities brought down		**(3,031,144)**	32,122,892	**3,216,215**	(5,037,875)
Cash Flows from Investing Activities					
Acquisition of subsidiary companies		**–**	–	**(2)**	(4)
Proceeds from disposal of investment in subsidiary		**2**	–	**2**	24,572
Dividend received		**2,167,088**	326	**16,967,147**	5,475,026
New planting expenditure incurred		**(29,846,022)**	(18,028,638)	**–**	–
Acquisition of other investments		**–**	(4,000,000)	**–**	(4,000,000)
Acquisition of investment in associated company		**(2,521,794)**	(82,964,680)	**(2,521,794)**	(82,964,680)
Distribution of profits from joint venture		**691,082**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**306,967**	898,015	**209,947**	262,000
Proceeds from disposal of leasehold land		**–**	1,103,311	**–**	–
Purchase of property, plant and equipment	31	**(8,141,942)**	(5,222,929)	**(92,266)**	(291,625)
Repayments from related companies		**–**	–	**(35,636,159)**	(55,077,331)
Net cash used in investing activities		**(37,344,619)**	(108,214,595)	**(21,073,125)**	(136,572,042)
Cash Flows from Financing Activities					
(Repayment to)/Advances from ultimate holding company		**(69,803)**	137,641	**–**	–
Advance from joint venture		**504,000**	–	**504,000**	–
Repayment to related companies		**(576,005)**	(61,184)	**–**	–
Dividend paid		**(10,225,757)**	(7,324,039)	**(10,225,757)**	(7,324,039)
Payments to finance lease liabilities		**(4,881,106)**	(3,193,581)	**(583,539)**	(338,781)
Proceeds from borrowings		**10,980,693**	176,418,499	**–**	150,230,000
Repurchase of treasury shares		**(1,004,622)**	–	**(1,004,622)**	–
Repayments of borrowings		**(29,650,921)**	(30,831,777)	**(14,930,000)**	(1,080,444)
Payments of right issue expenses		**(910,546)**	–	**(910,546)**	–
Proceeds from issuance of shares		**48,393,030**	4,966,125	**48,393,031**	4,966,125
Net cash generated from financing activities		**12,558,963**	140,111,684	**21,242,567**	146,452,861
Balance carried down		**(27,816,800)**	64,019,981	**3,385,657**	4,842,944

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Balance brought down		**(27,816,800)**	64,019,981	**3,385,657**	4,842,944
Effects of exchange rate changes		**125,153**	(300,524)	**997,827**	(28,913)
Net (decrease)/increase in cash and cash equivalents		**(27,691,647)**	63,719,457	**4,383,484**	4,814,031
Cash and cash equivalents at beginning of the year					
As previously reported		**204,493,244**	141,316,787	**25,588,590**	20,756,821
Effects of exchange rate changes on cash and cash equivalents		**(1,024,574)**	(543,000)	**(895,385)**	17,738
		203,468,670	140,773,787	**24,693,205**	20,774,559
Cash and cash equivalents at end of the year	32	**175,777,023**	204,493,244	**29,076,689**	25,588,590

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

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

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural construction works. The principal activities of the subsidiary companies are disclosed in note 7. There have been no significant changes in the nature of these activities during the financial year.

The registered office and principal place of business are located at Mezzanine Floor, 8A, Jalan Sri Semantan Satu, Damansara Height, 50490 Kuala Lumpur and No. 88, Jalan Gombak, Setapak, 53000 Kuala Lumpur respectively.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April 2009.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the provisions of the Companies Act 1965.

New and revised FRSs, Amendment to FRS and Issues Committee ('IC') Interpretations adopted

The MASB has issued a number of new and revised FRSs, Amendment to FRS and Issues Committee ('IC') Interpretations that are effective for accounting periods beginning on or after 1 July 2007. On 1 January 2008, the Group and the Company adopted the following FRSs, Amendment to FRS and Interpretations mandatory for the financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

New and revised FRSs, Amendment to FRS and Issues Committee ('IC') Interpretations adopted (Cont'd)

The adoption of FRS 107, 111, 112, 118, 134, 137 and Amendment to FRS 121 does not have any significant financial impact on the results and the financial position of the Group and the Company.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 120 are not relevant to the Group's and the Company's operations.

New FRSs and Interpretation not adopted

The MASB has also issued the following new FRSs and IC Interpretations that have not been adopted in preparing these financial statements.

		For financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The adoption of FRS 7 and 8 and IC interpretation 10 is not expected to have any significant financial impact on the Group and the Company when the standards become effective.

FRS 4 and IC Interpretation 9 are not relevant to the Group and the Company's operations.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on these financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

(b) Basis of measurement

The measurement bases applied in the preparation of the financial statements include cost, recoverable amount and realisable value. Estimates are used in measuring these values.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2. BASIS OF PREPARATION (Cont'd)

(d) Significant accounting estimates and judgements

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Assumptions and estimates are reviewed on an ongoing basis and are recognized in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

i. Depreciation of property, plant and equipment (note 4) - the cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 28 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii. Annual testing for impairment of goodwill (note 12) - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.

iii. Property development costs (note 14) - significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and cost, as well as the recoverability of the development projects. In making judgements, the Group evaluates based on past experience and work of specialists.

iv. Construction contracts (note 33) - significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making judgments, the Group evaluates based on past experience and work of specialists.

v. In accordance with FRS 2 Share-based Payment, the employee benefits expense arising from share options granted under the Employees Share Option Scheme ("ESOS") of the Group is computed based on the product of the fair value of the share options granted and the number of share options expected to vest by the vesting date. The amount is recognised as an expense in the income statement of the Group over the vesting period of the grant. The fair value of the share options granted is calculated based on the options pricing model, which includes the share price on measurement date, exercise price of the share options, expected volatility, weighted average expected life of the share options, expected dividends and the risk-free interest rate. Changes in the number of share options that are expected to vest by the vesting date will result in changes in the employee benefits expense arising from the share options granted under the ESOS.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary companies which are disclosed in note 7 made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Intra-group balances, transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The results of the subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. The assets, liabilities and contingent liabilities assumed from a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Any excess of the cost of the acquisition over the Group's interest in fair value of the identifiable assets, liabilities and contingent liabilities assumed represents goodwill. Any excess of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the minorities' share of changes in the equity since then.

The consolidated financial statements are prepared on the basis that any excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary companies will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

(b) Goodwill

Goodwill represents the difference between purchase consideration and the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Subsidiary Company

A subsidiary company is defined as a company in which the Group has a long term equity interest, directly or indirectly, and has control over its financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary company, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. An impairment loss is recognised when there is an impairment in the value of the investments determined on an individual basis and is charged to the income statement as an expense. The difference between net disposal proceeds and its carrying amount is charged or credited to the income statement upon disposal of the investment.

(d) Associated Company

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associated companies are accounted for in the Group's consolidated financial statements using the equity method. The Group's investment in associated companies is recognised in the consolidated balance sheet at cost plus the Group's share of post-acquisition net results of the associated company less impairment loss, if any, determined on an individual basis. The Group's share of results of the associated company is recognised in the consolidated income statement from the date that significant influence commences until the date that significant influence ceases. Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated company.

When the Group's share of losses in an associated company equals or exceeds its investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company. Consistent accounting policies are applied for transactions and events in similar circumstances.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the fair value of the associated company's net identifiable assets and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the results of the associated company in the period in which the investment is acquired.

Investments in associated companies are stated at cost, less accumulated impairment losses, if any, in the Company's financial statements.

On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is included in income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Joint Venture

Joint venture is defined as a contractual arrangement entered into by two or more parties to undertake a jointly controlled economic activity in which no single venturer has unilateral control in the financial and operating decisions of the joint venture.

Investment in joint venture which does not involve any establishment of a separate entity is accounted for in the financial statements based on the agreed share of the results, assets and liabilities of the joint venture.

Investment in joint venture which involves an establishment of a separate entity is stated at cost less accumulated impairment losses, if any, in the financial statements. Where consolidated financial statements are prepared, the investment in the joint venture entity is accounted for using the equity method based on the audited financial statements of the entity. When audited financial statements of the entities are not co-terminous with those of the Group, the share of results is based on the unaudited management financial statements made up to the financial year end of the Group. The consolidated income statement includes the Group's share of the entity's results of the operation. In the consolidated balance sheet, the Group's interest is stated at cost and adjusted for the Group's share of changes in the net assets of the entity.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold land and building work-in-progress are not depreciated.

Depreciation of other property, plant and equipment is calculated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Leasehold land	Over the remaining lease period of 23 and 28 years
Buildings	2%
Furniture, fittings and equipment	10% - 20%
Plant and machinery	10% - 20%
Motor vehicles	20%
Renovation	20%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Property, Plant and Equipment and Depreciation (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(g) Impairment of Assets

The carrying amounts of assets other than investment property that is measured at fair value, construction contract assets, property development costs, inventories, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost of sales and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flow that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

(h) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair values is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes of fair values of investment properties are recognised in income statement in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investment Properties (cont'd)

Investment properties are derecognised when either there have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the year in which they arise.

(i) New Planting Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised as costs and is amortised upon maturity over the remaining lease period of the leasehold land.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value and are costed on the first-in-first-out basis. Cost includes the actual cost of purchases and incidentals in bringing the inventories into store. Cost of completed development properties is determined on specific identification basis and includes land, construction and appropriate development overheads.

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

(k) Construction Contracts

Contract work-in-progress consists of cost incurred to date plus a proportion of estimated profit attributable to contract work performed to date less progress billings received and receivable. Contract costs include direct materials, labour, sub-contract costs and attributable construction overheads. Where foreseeable losses on contract are anticipated, full provision of these losses is made in the financial statements.

The aggregate of the costs incurred plus the profit/loss recognised on each contract is compared against the respective progress billings up to the end of the financial year. The excess of costs incurred plus recognised profit (less recognised losses) over progress billings, is shown as 'Amount due from customers for contract work' under current assets. Conversely, the excess of progress billings over costs incurred and recognised profit (less recognised losses), is shown as 'Amount due to customers for contract work' under current liabilities.

(l) 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 income statement by reference to the stage of completion of development activities at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Property Development Costs (cont'd)

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.

Any 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 income statement over billings to purchasers. Progress billings as current liabilities represent the excess of billings to purchases over revenue recognised in the income statement.

(m) Borrowing Costs

Borrowing costs incurred on borrowings related to property, plant and equipment, development properties and investment properties are capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowings are recognised in income statement in the period in which they are incurred.

(n) Lease

i. Finance lease

Assets acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease or hire purchase at the lower of the fair values of the asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on the straight-line basis.

In the case of a lease of land, the minimum lease payments or the up-front payments representing the prepaid land lease payments are amortised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Foreign Currencies

i. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

ii. Translation of foreign currency financial statements

Assets, liabilities and reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statements items are translated at the average rate of exchange for the year which approximate the exchange rate at the date of transaction. The translation differences arising therefrom are recorded as movement in translation reserve. Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are translated to Ringgit Malaysia at the rate prevailing at the date of acquisition.

(p) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised for prior years' tax.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Taxation (cont'd)

Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(q) Revenue Recognition

Revenue from construction contracts is recognised on the percentage of completion method in the proportion of which the contract costs incurred to date bear to the total estimated contract costs, when the outcome of the contracts can be reliably estimated.

Revenue from development properties sold is recognised on the percentage of completion method in the proportion of which the development costs incurred to date bear to the total estimated development costs, when the outcome of development can be reliably estimated.

Sales of goods are recognised when goods are delivered.

Rental and management fees revenue are recognised on due and receivable basis.

Interest revenue is recognised on an accrual basis using the effective interest method.

Dividend revenue from investment in subsidiary companies, associated companies and other investments is recognised when the right to receive the dividend is established.

(r) Employee Benefits

i. Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Employee Benefits (cont'd)

iii. Share -Based Compensation

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 income statement 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 conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. At the balance sheet 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 income statement and a corresponding adjustment to equity over the remaining vesting period.

(s) Murabahah Facility

Construction materials acquired under the Murabahah facility are capitalised as construction costs and the corresponding obligations included in other borrowings. The related financial charges are allocated to the income statement on a systematic basis over the period of the financing.

(t) Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction of equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are resold, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(u) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, other non-current investments, bank borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to financial institutions for banking and credit facilities granted to subsidiary companies and legal claims by suppliers. The financial guarantees and legal claims would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Financial Instruments (cont'd)

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to insignificant risk of changes in value.

ii. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iii. Payables

Payables are stated at cost which are the fair values of considerations to be paid in the future for goods and services received.

iv. Other Non-Current Investments

Non-current investments other than investments in subsidiary companies, associated companies, jointly controlled entities and investment properties are stated at cost less allowance for diminution in value, if any.

On disposal of investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

v. Interest Bearing Bank Borrowings

The interest bearing bank borrowings include bank overdrafts, trade financing and loans and are stated at the amount of proceeds received, net of transaction costs.

vi. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination are included in the cost of acquisition.

(v) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segment.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Building & Renovation RM	Plant & Machinery RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
Group						
Cost						
At 1.1.08	6,979,801	7,677,073	30,450,736	24,541,495	4,517,299	74,166,404
Additions	–	4,393,531	8,399,403	3,589,737	470,226	16,852,897
Disposals	(4,640,000)	(1,584,676)	–	(529,830)	(2,937)	(6,757,443)
Written off	–	–	(41,339)	–	(249,934)	(291,273)
Transfer from investment properties (note 6)	5,500,000	–	–	–	–	5,500,000
Translation differences	–	(2,634)	(71,077)	(16,298)	(28,149)	(118,158)
At 31.12.08	7,839,801	10,483,294	38,737,723	27,585,104	4,706,505	89,352,427
Accumulated Depreciation						
At 1.1.08	–	1,842,040	14,726,772	13,045,146	2,907,747	32,521,705
Charge for the year	–	748,807	4,516,616	3,684,140	418,671	9,368,234
Disposals	–	(520,806)	–	(298,959)	(1,126)	(820,891)
Written off	–	–	(28,302)	–	(124,289)	(152,591)
Translation differences	–	(139)	35,181	(2,621)	(4,877)	27,544
At 31.12.08	–	2,069,902	19,250,267	16,427,706	3,196,126	40,944,001
Net Carrying Amount						
At 31.12.08	7,839,801	8,413,392	19,487,456	11,157,398	1,510,379	48,408,426

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold Land RM	Building & Renovation RM	Plant & Machinery RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
Group (Cont'd)						
Cost						
At 1.1.07	5,531,840	7,825,007	27,584,504	19,512,631	4,217,483	64,671,465
Additions	1,447,961	64,097	3,863,959	7,134,397	368,753	12,879,167
Disposals	–	(211,820)	(244,831)	(1,950,517)	–	(2,407,168)
Written off	–	–	–	(99,098)	(28,688)	(127,786)
Translation differences	–	(211)	(752,896)	(55,918)	(40,249)	(849,274)
At 31.12.07	6,979,801	7,677,073	30,450,736	24,541,495	4,517,299	74,166,404
Accumulated Depreciation						
At 1.1.07	–	982,028	11,728,196	11,705,888	2,506,733	26,922,845
Charge for the year	–	886,250	3,359,983	3,317,167	416,186	7,979,586
Disposals	–	(26,124)	(179,676)	(1,896,301)	–	(2,102,101)
Written off	–	–	–	(52,301)	(6,922)	(59,223)
Translation differences	–	(114)	(181,731)	(29,307)	(8,250)	(219,402)
At 31.12.07	–	1,842,040	14,726,772	13,045,146	2,907,747	32,521,705
Net Carrying Amount						
At 31.12.07	6,979,801	5,835,033	15,723,964	11,496,349	1,609,552	41,644,699

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Plant & Machinery RM	Total RM
Company				
Cost				
At 1.1.08	3,026,716	390,444	67,900	3,485,060
Additions	274,220	8,046	–	282,266
Disposals	(254,229)	–	–	(254,229)
Written off	–	(8,515)	–	(8,515)
Translation differences	(19,790)	(14,393)	(11,375)	(45,558)
At 31.12.08	3,026,917	375,582	56,525	3,459,024
Accumulated Depreciation				
At 1.1.08	1,050,280	122,428	23,098	1,195,806
Charge for the year	586,556	75,532	12,202	674,290
Disposals	(78,367)	(2,418)	–	(80,785)
Written off	–	(1,126)	–	(1,126)
Translation differences	(8,340)	(7,156)	(4,767)	(20,263)
At 31.12.08	1,550,129	187,260	30,533	1,767,922
Net Carrying Amount				
At 31.12.08	1,476,788	188,321	25,992	1,691,102

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Plant & Machinery RM	Total RM
Company (Cont'd)				
Cost				
At 1.1.07	2,549,504	405,891	64,618	3,020,013
Additions	1,361,500	7,125	–	1,368,625
Disposals	(890,000)	–	–	(890,000)
Written off	–	(26,688)	–	(26,688)
Translation differences	5,712	4,116	3,282	13,110
At 31.12.07	3,026,716	390,444	67,900	3,485,060
Accumulated Depreciation				
At 1.1.07	1,444,738	47,731	9,057	1,501,526
Charge for the year	485,962	80,277	13,443	579,682
Disposals	(881,667)	–	–	(881,667)
Written off	–	(6,672)	–	(6,672)
Translation differences	1,247	1,092	598	2,937
At 31.12.07	1,050,280	122,428	23,098	1,195,806
Net Carrying Amount				
At 31.12.07	1,976,436	268,016	44,802	2,289,254

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Included in property, plant and equipment are:

(i) property, plant and equipment under hire purchase instalments plans as follows:

	Motor Vehicles RM	Plant & Machinery RM	Office Equipment RM	Total RM
Group				
2008				
Cost	**14,885,486**	**8,878,272**	**89,000**	**23,852,758**
Net Carrying Amount	**7,505,973**	**8,111,446**	**62,300**	**15,679,719**
2007				
Cost	17,818,909	4,622,844	89,000	22,530,753
Net Carrying Amount	10,804,385	3,302,583	80,100	14,187,068
Company				
2008				
Cost	**2,870,534**	**–**	**–**	**2,870,534**
Net Carrying Amount	**1,453,993**	**–**	**–**	**1,453,993**
2007				
Cost	2,808,588	–	–	2,808,588
Net Carrying Amount	1,897,751	–	–	1,897,751

(ii) freehold land and buildings of the Group with a total net carrying amount of RM3,118,174 (2007 : RM9,406,597) charged to financial institutions as securities for banking facilities of a subsidiary company, Ahmad Zaki Sdn. Bhd. ("AZSB") as disclosed in notes 20 and 23.

(iii) buildings and renovation of the Group is an amount of RM4,361,123 (2007: RM Nil) relating to building work-in-progress.

5. PREPAID LAND LEASE PAYMENTS

	Group 2008 RM	Group 2007 RM
At 1 January	**8,582,009**	10,017,557
Amortisation during the year	**(339,953)**	(342,524)
Disposals	**–**	(1,093,024)
At 31 December	**8,242,056**	8,582,009
Analysed as follows:		
Short term leasehold land	**8,242,056**	8,582,009

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

6. INVESTMENT PROPERTY

	Group 2008 RM	Group 2007 RM
At fair value		
At beginning of the year	**25,000,000**	24,550,000
Changes in fair value (note 26)	**–**	450,000
Less: Transfer to property, plant and equipment (note 4)	**(5,500,000)**	–
At end of the year	**19,500,000**	25,000,000
Included in above are:		
Freehold land	**–**	5,500,000
Hotel property		
- freehold land	**793,912**	793,912
- hotel buildings	**18,706,088**	18,706,088
	19,500,000	19,500,000
	19,500,000	25,000,000

The hotel property are charged to financial institutions as security for facilities of a subsidiary company, AZSB, as disclosed in note 23.

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Group 2008 RM	Group 2007 RM
Unquoted shares, at cost		
At beginning of the year	**43,687,429**	43,711,997
Additions	**2**	4
Disposals	**(2)**	(24,572)
At end of the year	**43,687,429**	43,687,429

The subsidiary companies are as follows:

	Name of Company	Country of Incorporation	Effective Equity Interest 2008	Effective Equity Interest 2007	Principal Activities
	Held by the Company				
#	Ahmad Zaki Sdn. Bhd.	Malaysia	**100%**	100%	Contractors of civil and structural contract works
	Inter-Century Sdn. Bhd.	Malaysia	**100%**	100%	Dealer of marine fuels and lubricants
	Tadok Granite Manufacturing Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
	AZRB International Ventures Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
	Trend Vista Development Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
*	P.T. Ichtiar Gusti Pudi	Republic of Indonesia	**95%**	95%	Oil palm cultivation
@*	Ahmad Zaki Saudi Arabia Co. Ltd.	Kingdom of Saudi Arabia	**95%**	95%	Contractors of civil and structural contract works
	AZRB Properties Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
	EKVE Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
	Unggul Energy & Construction Sdn. Bhd.	Malaysia	**100%**	–	Dormant
	Held through Ahmad Zaki Sdn. Bhd.				
*	Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP")	Malaysia	**60%**	60%	Property development
	AZSB Machineries Sdn. Bhd.	Malaysia	**100%**	100%	Rental of machineries

7. INVESTMENTS IN SUBSIDIARY COMPANIES (Cont'd)

The subsidiary companies are as follows: (Cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest 2008	Effective Equity Interest 2007	Principal Activities
Held through Inter-Century Sdn. Bhd.				
Astral Far East Sdn. Bhd.	Malaysia	**100%**	100%	Dealer of lubricants and petroleum-based products
Held through AZRB International Ventures Sdn. Bhd.				
* AZRB Construction (India) Pvt. Ltd.	India	**100%**	100%	Dormant
@* Ahmad Zaki Saudi Arabia Co. Ltd.	Kingdom of Saudi Arabia	**5%**	5%	Contractors of civil and structural contract works

* Audited by another professional firm of accountants.
@ Wholly-owned subsidiary company of the Group.

8. INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2008 RM	Group 2007 RM
Unquoted shares, at cost		
At beginning of the year	**110,000**	110,400
Written off	**–**	(400)
At end of the year	**110,000**	110,000
Quoted shares in Malaysia, at cost		
At beginning of the year	**82,964,680**	–
Additions	**2,521,794**	82,964,680
At end of the year	**85,486,474**	82,964,680
Share of post-acquisition reserves	**4,187,859**	1,687,705
	89,784,333	84,762,385
Market value of quoted shares in Malaysia	**32,373,000**	90,479,080

8. INVESTMENTS IN ASSOCIATED COMPANIES (Cont'd)

The goodwill included within the Group's carrying amount of investment in associated companies are as follows:

	Group 2008 RM	Group 2007 RM
Goodwill on acquisition	**27,644,415**	27,644,415

	Company 2008 RM	Company 2007 RM
Quoted shares in Malaysia, at cost		
At beginning of the year	**82,964,680**	–
Additions	**2,521,794**	82,964,680
At end of the year	**85,486,474**	82,964,680
Market value of quoted shares in Malaysia	**32,373,000**	90,479,080

The Directors are of the opinion that the decline in market value is temporary and the Company will be able to realise the carrying amount in full in the long term.

The associated companies, all incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest 2008	Effective Equity Interest 2007	Principal Activities
Held by the Company			
Eastern Pacific Industrial Corporation Berhad	**21.3%**	20.4%	Investment holding
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.	**49.9%**	49.9%	Project management
Maxi Heritage Sdn. Bhd.	**20%**	20%	General contractor

8. INVESTMENTS IN ASSOCIATED COMPANIES (Cont'd)

The summarised financial information of the associated companies are as follows:

	Group	
	2008	**2007**
	RM	**RM**
Total assets	**402,827,402**	366,354,519
Total liabilities	**98,039,690**	72,009,048
Operating revenue	**244,791,000**	44,127,553
Net profit	**25,911,959**	7,872,585

The shares of Eastern Pacific Industrial Corporation Berhad amounting to RM76,659,136 (2007: RM76,659,136) are charged to bank for term loan facility as disclosed in note 20(c).

9. INVESTMENTS IN JOINT VENTURES

	Group	
	2008	**2007**
	RM	**RM**
Shares of post acquisition results in joint ventures		
At beginning of the year	**(28,873,164)**	(28,601,943)
Add: Share of results for the year	**865,580**	(271,221)
Less: Profit distribution from a joint venture	**(691,082)**	–
At end of the year	**(28,698,666)**	(28,873,164)

The Group has a 50%, 7.70% and 70% interest in the jointly controlled entities as mentioned in (i), (ii) and (iii) respectively:

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

(ii) Malaysia-China Hidro Joint Venture which undertakes the contract for design and execution of works for Bakun Hydroelectric Project Package CW2 - Main Civil Works at Sarawak.

(iii) Ahmad Zaki-Jasa Bakti Joint Venture which undertakes the design and build for "Sekolah Menengah Sains Hulu Terengganu" at Terengganu.

8. INVESTMENTS IN ASSOCIATED COMPANIES (Cont'd)

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

(i) Share of the assets and liabilities

	Group 2008 RM	Group 2007 RM
Non-current asset		
Property, plant and equipment	**448**	441
Current assets		
Trade receivables	**9,686,702**	12,243,530
Amount due from customers for contract works	**847,000**	–
Other receivables, deposits and prepayments	**279,936**	182,843
Cash and cash deposits	**3,199,281**	3,333,111
	14,012,919	15,759,484
Less: Current liabilities		
Trade payables	**23,904,435**	30,868,260
Other payables and accruals	**18,807,598**	13,764,829
	(42,712,033)	(44,633,089)
Share of net liabilities of the joint ventures	**(28,698,666)**	(28,873,164)

(ii) Share of the revenue and expenses

	Group 2008 RM	Group 2007 RM
Attributable contract revenue	**35,657,164**	34,850,202
Attributable contract costs	**(34,966,082)**	(34,850,202)
Gross profit	**691,082**	–
Other operating revenue	**190,783**	91,877
	881,865	91,877
Finance costs	**(16,285)**	(363,098)
Share of profit/(loss) for the year	**865,580**	(271,221)

10. NEW PLANTING EXPENDITURE

	Group 2008 RM	Group 2007 RM
At cost:		
At beginning of the year	**31,954,480**	12,862,724
Additions	**31,001,626**	19,091,756
At end of the year	**62,956,106**	31,954,480

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

Included in new planting expenditure for the year is amortisation and depreciation of prepaid land lease payments and property, plant and equipment amounting to RM1,119,798 (2007 : RM1,016,321).

11. OTHER INVESTMENTS

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
At cost:				
Unquoted investment in Malaysia				
At beginning of the year	**8,547,500**	4,547,500	**8,500,000**	4,500,000
Additions	**–**	4,000,000	**–**	4,000,000
	8,547,500	8,547,500	**8,500,000**	8,500,000
Less: Allowance for diminution in value	**(6,000,000)**	–	**(6,000,000)**	–
At end of the year	**2,547,500**	8,547,500	**2,500,000**	8,500,000
Club membership	**68,000**	68,000	**68,000**	68,000
	2,615,500	8,615,500	**2,568,000**	8,568,000

The club membership is in respect of transferable golf club membership.

12. GOODWILL

	Group 2008 RM	Group 2007 RM
At cost	**3,744,605**	3,744,605

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

The recoverable amount of a cash-generating unit is determined based on value in use calculations based on financial budgets approved by management covering 5 years period and assume no growth rate.

The key assumptions used for value in use calculations are as follows:

Period of project cash flows	5 years based on the estimated operation period of the subsidiary company
Discount rate	10%

The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

With regard to the assessment of value in use, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially different from its recoverable amount.

13. INVENTORIES

	Group 2008 RM	Group 2007 RM
At cost:		
Completed development properties	**322,877**	994,520
Marine fuels and lubricants	**12,161,784**	11,082,454
Consumable goods	**442,678**	65,979
	12,927,339	12,142,953

14. PROPERTY DEVELOPMENT COSTS

	Group 2008 RM	Group 2007 RM
Development costs		
At beginning of the year	**2,531,332**	1,820,106
Costs incurred during the year	**4,999,920**	746,765
	7,531,252	2,566,871
Cost recognised in income statement		
- previous years	**(35,539)**	(35,539)
- current year	**(1,664,119)**	–
At end of the year	**5,831,594**	2,531,332

15. RECEIVABLES

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade					
External parties	(a)	**42,866,740**	108,557,734	**459,625**	6,974,934
Amount due from customers for contract works	33	**205,941,587**	124,265,300	**20,305,284**	10,826,714
Amount owing by					
- ultimate holding company	(b)	**–**	–	**116,038**	101,954
- joint venture	(c)	**49,773**	49,773	**–**	–
- subsidiary companies	(d)	**–**	–	**189,701,214**	139,283,763
- related companies	(e)	**747,071**	171,066	**–**	–
		249,605,171	233,043,873	**210,582,161**	157,187,365
Non-trade					
Amount owing by					
- associated company	(f)	**20,000**	20,000	**–**	–
Other receivables	(g)	**53,500,740**	49,442,090	**22,681,760**	42,015,595
Sundry deposits	(g)	**1,146,438**	5,390,347	**49,843**	60,244
Prepayments	(g)	**1,986,173**	1,455,437	**167,780**	452,966
		56,653,351	56,307,874	**22,899,383**	42,528,805
		306,258,522	289,351,747	**233,481,544**	199,716,170

The Group's and the Company's normal trade credit term ranges from 60 to 90 days.

15. RECEIVABLES (Cont'd)

(a) Trade receivables

The foreign currency exposure profile of trade receivables is as follows:

	Group	
	2008 RM	2007 RM
Saudi Riyal	**19,272,811**	74,849,950

(b) Amount owing by ultimate holding company

This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

(c) Amount owing by joint venture

This is in respect of advance from BumiHiway-Ahmad Zaki Joint Venture.

(d) Amount owing by subsidiary companies

These amounts are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash except for amounts of RM180,005,532 (2007: RM126,590,287) owing by certain subsidiary companies which bear interest ranging from 7.13% to 8% (2007: 7.13% to 8%) per annum.

The foreign currency exposure profile is as follows:

	Company	
	2008 RM	2007 RM
India Rupee	**12,003**	11,565
Indonesia Rupiah	**62,772,600**	27,255,733
Saudi Riyal	**117,232,931**	99,334,554
	180,017,534	126,601,852

(e) Amount owing by related companies

This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

15. RECEIVABLES (Cont'd)

(f) Amount owing by associated company

The amount owing by Maxi Heritage Sdn. Bhd. is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

(g) Other receivables, sundry deposits and prepayments

Included in other receivables of the Group and of the Company are advances to sub-contractors and suppliers of RM34,835,795 (2007: RM45,428,949) and RM20,129,637 (2007 : RM40,995,642) respectively.

Included in other receivables of the Group is an amount of RM6,800,000 being sales proceeds of freehold land and building receivable from the ultimate holding company.

The foreign currency exposure profile is as follows:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Indonesia Rupiah	**6,084,267**	4,517,796	**–**	–
India Rupee	**20,299,831**	39,675,839	**20,299,411**	39,675,335
Saudi Riyal	**16,615,230**	6,126,283	**–**	–
	42,999,328	50,319,918	**20,299,411**	39,675,335

16. TAX ASSETS

This is in respect of tax paid in advance to the relevant tax authorities.

17. CASH AND CASH DEPOSITS

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Cash and bank balances	**24,144,007**	41,804,860	**1,330,434**	6,353,635
Cash deposits with licensed banks	**161,498,618**	166,185,732	**27,746,255**	19,234,955
	185,642,625	207,990,592	**29,076,689**	25,588,590

17. CASH AND CASH DEPOSITS (Cont'd)

Included in cash deposits with licensed banks of the Group are deposits of RM96,928,753 (2007: RM75,468,420) which have been pledged to financial institutions as security for bank guarantee and credit facilities of the Group.

Included in cash deposits with licensed banks of the Company are deposits of RM25,442,962 (2007 : RM2,499,341) which have been pledged to financial institutions as security for bank guarantee and term loan of the Company and credit facilities of its subsidiary company, AZSB.

The cash deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 2.70% to 3.70% (2007 : 2.6% to 3.7%) and 3.00% to 3.56% (2007 : 3.15% to 3.18%) per annum respectively.

The foreign currency exposure profile is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Indonesia Rupiah	**1,004,481**	1,515,614	**–**	–
India Rupee	**1,007,972**	1,903,605	**1,006,733**	1,902,118
Saudi Riyal	**5,469,468**	1,602,318	**–**	–
	7,481,921	5,021,537	**1,006,733**	1,902,118

18. SHARE CAPITAL

Authorised:	2008 Par Value RM	2008 Number of Shares	2008 Share Capital RM	2007 Par Value RM	2007 Number of Shares	2007 Share Capital RM
Ordinary shares						
At 1 January	**0.50**	**1,000,000,000**	**500,000,000**	1.00	100,000,000	100,000,000
Sub-division of every 1 existing ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each	**0.50**	**–**	**–**	0.50	100,000,000	–
Increase during the year	**0.50**	**–**	**–**	0.50	800,000,000	400,000,000
At 31 December	**0.50**	**1,000,000,000**	**500,000,000**	0.50	1,000,000,000	500,000,000

18. SHARE CAPITAL (Cont'd)

Issued and fully paid:	2008 Par Value RM	2008 Number of Shares	2008 Share Capital RM	2007 Par Value RM	2007 Number of Shares	2007 Share Capital RM
Ordinary shares						
At 1 January	**0.50**	**138,265,800**	**69,132,900**	1.00	66,710,400	66,710,400
Allotment of shares pursuant to ESOS	**0.50**	**–**	**–**	1.00	2,422,500	2,422,500
Right issues	**0.50**	**138,265,800**	**69,132,900**	–	–	–
Sub-division of every 1 existing ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each	**0.50**	**–**	**–**	0.50	69,132,900	–
At 31 December	**0.50**	**276,531,600**	**138,265,800**	0.50	138,265,800	69,132,900

19. RESERVES

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Non-distributable					
Share premium		**–**	4,723,875	**–**	4,723,875
Capital reserve		**67,951**	67,951	**–**	–
Foreign exchange translation reserve	(a)	**(2,470,681)**	(1,425,488)	**71,322**	(5,844)
		(2,402,730)	3,366,338	**71,322**	4,718,031
Distributable					
Retained profits		**76,475,858**	86,453,281	**23,662,977**	34,869,312
Treasury shares	(b)	**(1,004,622)**	–	**(1,004,622)**	–
		73,068,506	89,819,619	**22,729,677**	39,587,343

(a) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which for part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

19. RESERVES (Cont'd)

(b) Treasury shares

This amount relates to the acquisition cost 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 17 June 2008, obtained their approval for the Company's plan to repurchase its own ordinary 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 interest of the Company and its shareholders.

Between July 2008 and September 2008, the Company repurchased 1,451,100 of its issued ordinary shares from the open market at an average price of RM0.69 per share. The total consideration paid for the repurchase was RM1,004,622. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 276,531,600 (2007: 138,265,800) issued and fully paid ordinary shares as at 31 December 2008, 1,451,100 (2007: Nil) are held as treasury shares by the Company. As at 31 December 2008, the number of outstanding ordinary shares in issue after the set off is therefore 275,080,500 (2007: 138,265,800) ordinary shares of RM0.50 each.

20. OTHER BORROWINGS

Group 2008	Note	Effective Interest Rate per annum	Short Term Borrowings Within 1 Year RM	Long Term Borrowings Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
Secured										
Trust receipts	(a)	7.75% - 8.25%	523,289	-	-	-	-	-	-	523,289
Murabahah facility	(b)	5.97%	30,070,000	-	-	-	-	-	-	30,070,000
Term loans	(c)	6.85% - 8.75%	2,093,750	8,375,000	8,375,000	8,375,000	8,375,000	31,406,250	64,906,250	67,000,000
			32,687,039	8,375,000	8,375,000	8,375,000	8,375,000	31,406,250	64,906,250	97,593,289
Unsecured										
Term loans	(c)	7.13% - 7.63%	-	45,000,000	40,000,000	-	-	-	85,000,000	85,000,000
Finance lease liabilities	(d)	3.58% - 9.16%	5,036,526	4,973,040	3,438,151	2,355,006	804,185	-	11,570,382	16,606,908
			37,723,565	58,348,040	51,813,151	10,730,006	9,179,185	31,406,250	161,476,632	199,200,197

20. OTHER BORROWINGS (Cont'd)

Group 2007	Note	Effective Interest Rate per annum	Short Term Borrowings Within 1 Year RM	Long Term Borrowings Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
Secured										
Trust receipts	(a)	7.75%	4,173,303	–	–	–	–	–	–	4,173,303
Murabahah facility	(b)	5.96% - 6.00%	45,000,000	–	–	–	–	–	–	45,000,000
Term loans	(c)	6.85% - 8.75%	90,213	2,791,667	8,375,000	8,375,000	8,375,000	39,083,333	67,000,000	67,090,213
			49,263,516	2,791,667	8,375,000	8,375,000	8,375,000	39,083,333	67,000,000	116,263,516
Unsecured										
Term loans	(c)	7.13% - 7.63%	–	–	45,000,000	–	40,000,000	–	85,000,000	85,000,000
Finance lease liabilities	(d)	3.58% - 9.16%	3,775,652	3,333,444	2,727,215	2,070,095	870,652	–	9,001,406	12,777,058
			53,039,168	6,125,111	56,102,215	10,445,095	49,245,652	39,083,333	161,001,406	214,040,574
Company										
2008										
Secured										
Murabahah facility	(b)	**5.95% - 6.00%**	**30,070,000**	**–**	**–**	**–**	**–**	**–**	**–**	**30,070,000**
Term loans	(c)	**6.00%**	**2,093,750**	**8,375,000**	**8,375,000**	**8,375,000**	**8,375,000**	**31,406,250**	**64,906,250**	**67,000,000**
			32,163,750	**8,375,000**	**8,375,000**	**8,375,000**	**8,375,000**	**31,406,250**	**64,906,250**	**97,070,000**
Unsecured										
Term loans	(c)	**7.13% - 7.63%**	**–**	**45,000,000**	**–**	**40,000,000**	**–**	**–**	**85,000,000**	**85,000,000**
Finance lease liabilities	(d)	**3.58% - 6.65%**	**433,272**	**327,613**	**229,252**	**200,665**	**34,542**	**–**	**792,072**	**1,225,344**
			32,597,022	**53,702,613**	**8,604,252**	**48,575,665**	**8,409,542**	**31,406,250**	**150,698,322**	**183,295,344**

20. OTHER BORROWINGS (Cont'd)

Company 2007	Note	Effective Interest Rate per annum	Short Term Borrowings Within 1 Year RM	← Long Term Borrowings → Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
Secured										
Murabahah facility	(b)	5.96% - 6.00%	45,000,000	–	–	–	–	–	–	45,000,000
Term loans	(c)	6.00%	–	2,791,667	8,375,000	8,375,000	8,375,000	39,083,333	67,000,000	67,000,000
			45,000,000	2,791,667	8,375,000	8,375,000	8,375,000	39,083,333	67,000,000	112,000,000
Unsecured										
Term loans	(c)	7.13% - 7.63%	–	–	45,000,000	–	40,000,000	–	85,000,000	85,000,000
Finance lease liabilities	(d)	3.58% - 9.16%	459,774	433,424	326,659	227,202	171,824	–	1,159,109	1,618,883
			45,459,774	3,225,091	53,701,659	8,602,202	48,546,824	39,083,333	153,159,109	198,618,883

(a) Trust receipt

The trust receipts are secured and supported by:

(i) cash deposits of a subsidiary company; and

(ii) corporate guarantee from the Company.

(b) Murabahah facility

The Murabahah facility of the Group and of the Company is secured by assignments of contract proceeds, guarantees and insurance proceeds from a specific construction contract.

20. OTHER BORROWINGS (Cont'd)

(c) Term loans

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current Liabilities				
Secured				
Repayable within one year	**2,093,750**	90,213	**2,093,750**	–
Non-Current Liabilities				
Secured				
Repayable after one year	**64,906,250**	67,000,000	**64,906,250**	67,000,000
Unsecured				
Repayable after one year	**85,000,000**	85,000,000	**85,000,000**	85,000,000
	149,906,250	152,000,000	**149,906,250**	152,000,000
	152,000,000	152,090,213	**152,000,000**	152,000,000

Secured

Group/Company

The term loan is repayable in monthly instalments over 8 years commencing in October 2009.

The term loan is secured and supported by charges over the 35.48 million ordinary shares of Eastern Pacific Industrial Corporation Berhad quoted on Bursa Malaysia as disclosed in note 8.

Unsecured

The unsecured term loans of the Group and of the Company are repayable in one lump sum on the last day of the tenor of the facilities which should not exceed five years.

20. OTHER BORROWINGS (Cont'd)

(d) Finance lease liabilities

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Total instalment payments	**18,309,783**	14,119,983	**1,324,106**	1,757,515
Less: Future finance charges	**(1,702,875)**	(1,342,925)	**(98,762)**	(138,632)
Present value of finance lease liabilities	**16,606,908**	12,777,058	**1,225,344**	1,618,883
Payable within one year				
Total instalment payments	**5,823,027**	4,383,552	**479,832**	521,280
Less: Future finance charges	**(786,501)**	(607,900)	**(46,560)**	(61,506)
Present value of finance lease liabilities	**5,036,526**	3,775,652	**433,272**	459,774
Payable after one year but not later than five years				
Total instalment payments	**12,486,756**	9,736,431	**844,274**	1,236,235
Less: Future finance charges	**(916,374)**	(735,025)	**(52,202)**	(77,126)
Present value of finance lease liabilities	**11,570,382**	9,001,406	**792,072**	1,159,109
	16,606,908	12,777,058	**1,225,344**	1,618,883

21. DEFERRED TAX LIABILITIES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
At beginning of the year	**5,091,419**	5,039,510	**5,090,218**	4,459,052
Transfer from/(to) income statement (note 27)	**60,795**	51,916	**59,982**	631,173
Translation differences	**1,400**	(7)	**1,400**	(7)
At end of the year	**5,153,614**	5,091,419	**5,151,600**	5,090,218

21. DEFERRED TAX LIABILITIES (Cont'd)

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Differences between the carrying amount of property, plant and equipment and its tax base	**353,197**	291,002	**49,600**	60,218
Difference in basis of recognition of results of joint venture	**–**	–	**5,102,000**	5,030,000
Fair value adjustment of investment properties	**2,189,640**	2,189,640	**–**	–
Fair value adjustment in respect of acquisition of subsidiary company	**2,610,777**	2,610,777	**–**	–
	5,153,614	5,091,419	**5,151,600**	5,090,218

22. PAYABLES

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Amount due to customers for contract works	33	**34,349,486**	28,133,913	**–**	–
External parties	(a)	**167,672,523**	164,034,150	**21,825,580**	10,127,607
		202,022,009	192,168,063	**21,825,580**	10,127,607
Non-trade					
Amounts owing to					
- ultimate holding company	(b)	**314,614**	384,417	**–**	–
- associated company	(c)	**53,089**	53,089	**–**	–
- subsidiary company	(d)	**–**	–	**9,982,607**	–
- joint venture	(e)	**504,000**	–	**504,000**	–
Advance payments received	(f)	**77,966,308**	97,333,675	**15,363,509**	39,781,115
		78,838,011	97,771,181	**25,850,116**	39,781,115
Other payables	(g)	**4,186,457**	4,245,628	**357,459**	397,915
Deposits received	(g)	**423,231**	20,741	**–**	–
Accruals	(g)	**3,452,773**	6,002,112	**2,194,886**	2,583,581
		86,900,472	108,039,662	**28,402,461**	42,762,611
		288,922,481	300,207,725	**50,228,041**	52,890,218

22. PAYABLES (Cont'd)

(a) Trade payables

The normal trade credit term granted to the Group and the Company ranges from 30 to 90 days.

Included in trade payables of the Group are:

(a) retention sums of RM43,425,275 (2007: RM38,031,522)

(b) amount due to a related party as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Chuan Huat Industrial Marketing Sdn. Bhd.	**485,585**	1,398,937	**–**	5,440

Chuan Huat Industrial Marketing Sdn. Bhd. is a subsidiary company of 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.

The foreign currency exposure profile is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Indonesia Rupiah	**4,469,118**	2,152,683	**–**	–
Saudi Riyal	**16,660,483**	31,734,594	**–**	–
	21,129,601	33,887,277	**–**	–

(b) Amount owing to ultimate holding company

This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

(c) Amount owing to associated company

This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

(d) Amount owing to subsidiary company

This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

(e) Amount owing to joint venture

This is in respect of advance from Ahmad Zaki-Jasa Bakti Joint Venture. This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

22. PAYABLES (Cont'd)

(f) Advance payments received

This amount is in respect of interest free advances received for performance of the Group's and of the Company's construction contracts. These advances are to be set off against the Group's and the Company's progress billings on the related contracts.

The foreign currency exposure profile is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
India Rupee	**15,363,509**	39,781,115	**15,363,509**	39,781,115
Saudi Riyal	**16,793,809**	17,109,812	**–**	–
	32,157,318	56,890,927	**15,363,509**	39,781,115

(g) Other payables, deposits and accruals

Included in accruals of the Group and of the Company is interest on borrowing amounting to RM2,157,087 (2007: RM2,191,390).

The foreign currency exposure profile is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Indonesia Rupiah	**695,739**	647,541	**–**	–
India Rupee	**361,170**	296,372	**359,242**	290,626
Saudi Riyal	**2,723,233**	2,225,100	**–**	–
	3,780,142	3,169,013	**359,242**	290,626

23. BANK OVERDRAFTS

The bank overdraft facilities of the Group are payable on demand and bear interest at rates ranging from 7.25% to 8.25% (2007: 7.25% to 8.25%) per annum. These facilities are secured and supported by:

(i) cash deposits and freehold land and buildings of a subsidiary company, AZSB, as disclosed in notes 4 and 6;

(ii) cash deposits of the Company and of a subsidiary company, AZSB; and

(iii) corporate guarantee from the Company.

24. OPERATING REVENUE

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Management fees	–	–	**2,190,000**	2,175,000
Dividend revenue	–	–	**27,676,610**	27,500,115
Sale of goods	**68,198,389**	62,431,919	–	–
Rental of machinery	**120,000**	–	–	–
Attributable contract revenue	**589,337,913**	458,361,480	**97,585,509**	116,170,417
Sales of development properties	**5,020,637**	4,977,267	–	–
	662,676,939	525,770,666	**127,452,119**	145,845,532

25. DIRECT OPERATING COSTS

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cost of goods sold	**48,392,623**	48,337,484	–	–
Attributable contract costs	**536,566,177**	393,724,957	**92,865,030**	107,297,739
Cost of development properties	**2,361,301**	1,626,129	–	–
	587,320,101	443,688,570	**92,865,030**	107,297,739

26. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Allowance for diminution in value on investment in unquoted shares		**6,000,000**	–	**6,000,000**	–
Amortisation of prepaid land lease payments		**6,945**	9,517	–	–
Auditors' remuneration					
- statutory audit		**213,431**	181,781	**46,017**	26,999
- under provision in prior year		**(5,000)**	–	**(5,000)**	–
Bad debts written off		**19,532**	–	–	–
Depreciation of property, plant and equipment		**8,581,445**	7,296,272	**635,078**	579,682

26. PROFIT BEFORE TAXATION (Cont'd)

Profit before taxation is arrived at after charging/(crediting): (cont'd)

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Directors' remuneration	(a)				
- executive		**3,638,034**	2,981,038	**1,534,900**	1,228,310
- non-executive		**669,040**	390,000	**665,440**	372,000
Interest expenses		**13,379,313**	10,018,327	**10,361,507**	7,394,682
Inventories written off		**–**	76,739	**–**	–
Loss/(Gain) on foreign exchange					
- realised		**2,197**	(48)	**–**	(48)
- unrealised		**(1,522,102)**	4,303,063	**370,653**	(6,207)
Property, plant and equipment written off		**138,682**	21,766	**3,161**	20,016
Rental and running cost of machinery and equipment		**19,312,468**	7,157,942	**–**	–
Rental of motor vehicles		**178,424**	87,997	**–**	591
Rental of premises		**3,311,472**	3,067,361	**180,000**	180,000
Staff costs	(b)	**38,043,329**	31,919,720	**1,524,710**	1,913,601
Dividend revenue					
- unquoted shares		**–**	(326)	**25,000,110**	–
- quoted shares		**–**	–	**2,676,500**	–
Gain on disposal of property, plant and equipment		**(1,170,416)**	(592,948)	**(32,273)**	(253,667)
Gain on disposal of leasehold land		**–**	(10,287)	**–**	–
Changes in fair value of investment properties		**–**	(450,000)	**–**	–
Interest revenue		**(5,563,238)**	(4,679,841)	**(8,660,350)**	(5,115,299)
Rental revenue		**(180,445)**	(145,500)	**–**	–

(a) Directors' remuneration

The remuneration paid or payable to the Directors and the estimated monetary value of benefitsprovided to the Directors during the financial year by the Group and by the Company are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors				
Fees	**711,498**	822,952	**–**	–
Other emoluments	**2,596,136**	2,158,086	**1,351,300**	1,228,310
Share based payment	**330,400**	–	**183,600**	–
Benefits-in-kind	**602,720**	635,020	**208,500**	218,300
	4,240,754	3,616,058	**1,743,400**	1,446,610

26. PROFIT BEFORE TAXATION (Cont'd)

(a) Directors’ remuneration (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-Executive Directors				
Fees	**372,000**	372,000	**372,000**	372,000
Other emoluments	**20,400**	18,000	**16,800**	–
Share based payment	**276,640**	–	**276,640**	–
Benefits-in-kind	**36,600**	49,450	**18,300**	31,150
	705,640	439,450	**683,740**	403,150

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

Share options granted to directors are disclosed in note 34(v).

The Executive directors are as follows:

2008

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

2007

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

The Non-Executive directors are as follows:

2008

Raja Dato’ Seri Aman bin Raja Haji Ahmad
Datuk (Prof.) A Rahman @ Omar bin Abdullah
Dato’ Ismail @ Mansor bin Said

2007

Raja Dato’ Seri Aman bin Raja Haji Ahmad
Datuk (Prof.) A Rahman @ Omar bin Abdullah
Dato’ Ismail @ Mansor bin Said

26. PROFIT BEFORE TAXATION (Cont'd)

(b) Staff costs

Included in staff cost are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Employees Provident Fund and Social Security Contribution	**3,041,566**	3,345,597	**180,802**	215,339
Share based payment	**839,586**	–	**124,052**	–

The staff costs of the Group and of the Company consist of staff's salaries other than directors' remuneration, allowances, bonus, share based payments, Employees Provident Fund, Social Security Contribution, medical expenses, staff welfare and other expenses directly related to employment of staff.

27. TAXATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Based on results for the year	**12,160,920**	14,861,888	**7,556,523**	8,606,920
Origination and reversal of temporary differences (note 21)	**60,795**	51,916	**59,982**	631,173
	12,221,715	14,913,804	**7,616,505**	9,238,093
Under/(Over) provision in prior years	**374,861**	77,671	**(107,235)**	(360,743)
Tax expense	**12,596,576**	14,991,475	**7,509,270**	8,877,350

Prior to the year of assessment 2008, Malaysian companies adopted full imputation systems. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under Finance Act 2007. As at 31 December 2008, the Company has the 108 balance to pay franked dividends amounting to RM61,809,700 (2007: RM40,077,000) subject to availability of distributable earnings.

27. TAXATION (Cont'd)

The reconciliation from the tax amount at statutory tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation	**29,042,871**	42,129,262	**22,008,511**	29,614,209
Tax at the statutory income tax rate of 26% (2007 : 27%)	**7,551,000**	11,375,000	**5,722,212**	7,996,000
Effect of lower tax rate for Malaysian subsidiary companies with issued and paid-up share capital of RM2.5 million and below	**(65,500)**	(57,000)	**–**	–
Effect of lower tax rate for foreign branches/subsidiary companies	**(269,341)**	269,000	**(7,000)**	(11,000)
Tax effect of non-deductible expenses	**5,459,428**	3,661,304	**2,059,894**	1,064,593
Tax effect of non-taxable revenue	**(489,900)**	(152,500)	**(194,900)**	(68,500)
Tax effect on opening deferred tax resulting from reduction in tax rate	**–**	(182,000)	**–**	(171,000)
Under/(Over) provision of taxation in prior years				
- income tax	**374,589**	77,671	**(107,236)**	(360,743)
- deferred tax	**36,300**	–	**36,300**	428,000
Tax expense	**12,596,576**	14,991,475	**7,509,270**	8,877,350

28. EARNINGS PER ORDINARY SHARE

Basic Earnings Per Share

The basic earnings per ordinary share of the Group is calculated based on the profit attributable to equity shareholders of RM15,728,153 divided by the adjusted weighted average number of shares of 276,531,600.

In previous year, the basic earnings per ordinary share of the Group was calculated based on the profit attributable to equity shareholders of RM26,294,994 divided by the adjusted weighted average number of shares adjusted for sub-division of ordinary shares and Rights Issue in year 2008 as follows:

	No. of shares of RM0.50 each
Weighted average number of shares at at 31 December 2007	134,832,467
Add: Adjustment for Right Issue	108,542,013
Adjusted weighted average number of shares	243,374,480

28. EARNINGS PER ORDINARY SHARE (Cont'd)

Diluted Earnings Per Share

The diluted earnings per share of the Group is calculated based on the profit attributable to equity shareholders of RM15,728,153 divided by the adjusted weighted average number of shares of weighted as at follows:

	No. of shares of RM0.50 each
Weighted average number of shares at at 31 December 2008	**276,531,600**
Add: Dilutive ESOS	**273,283**
Adjusted weighted average number of shares	**276,804,883**

In previous year, the diluted earnings per share of the Group is calculated based on the profit attributable to equity shareholders of RM26,294,994 divided by the adjusted weighted average number of shares adjusted for sub-division of ordinary shares and Right Issue in year 2008 as follows:

	No. of shares of RM0.50 each
Weighted average number of shares at at 31 December 2008	**134,832,467**
Add: Dilutive ESOS	**198,593**
Add: Adjustment for Right Issue	**108,701,883**
Adjusted weighted average number of shares	**243,732,943**

The share options are calculated based on the number of shares which would have been acquired at the market price of RM0.87 based on the monetary value of the subscription rights attached to the outstanding share options.

29. DIVIDENDS

	Group/Company	
	2008 RM	2007 RM
Recognised during the year		
First and final dividend of 15 sen per ordinary share of RM1 each less tax at 27% in respect of financial year ended 31 December 2006	–	7,324,039
First and final dividend of 5 sen per ordinary share of RM0.50 each less tax at 26% in respect of financial year ended 31 December 2007	**10,225,757**	–
	10,225,757	7,324,039

29. DIVIDENDS (Cont'd)

The Directors recommend a first and final dividend of 3 sen per ordinary share of RM0.50 each less tax at 25% in respect of the current financial year amounting to RM6,221,961, based on 276,531,600 ordinary shares as at financial year end, subject to the approval of the shareholders at the Annual General Meeting.

30. ACQUISITION OF SUBSIDIARY COMPANIES

During the year, the Company incorporated a new subsidiary company as follows:

(a) Unggul Energy & Construction Sdn. Bhd.

(i) Effect of acquisition of subsidiary companies, net of cash acquired.

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:

	Group	
	2008 RM	**2007 RM**
Cash balance	**2**	4
Total purchase consideration	**2**	4
Cash balance	**(2)**	(4)
Effect of acquisition of subsidiary companies, net of cash acquired	**–**	–

(ii) Effect on Consolidated Income Statement

There was no effect on the consolidated results of the Group from their effective date of acquisition.

(iii) Effect of Consolidated Financial Position

The effect on the consolidated balance sheet as at financial year end are as follows:

	Group	
	2008 RM	**2007 RM**
Cash and bank balances	**2**	4

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM16,852,897 (2007 : RM12,879,167) and RM282,266 (2007 : RM1,368,625) respectively, which were satisfied as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Finance lease liabilities	**8,710,955**	7,656,238	**190,000**	1,077,000
Cash payments	**8,141,942**	5,222,929	**92,266**	291,625
	16,852,897	12,879,167	**282,266**	1,368,625

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following amounts:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	**24,144,007**	41,804,860	**1,330,434**	6,353,635
Cash deposits with licensed banks	**161,498,618**	166,185,732	**27,746,255**	19,234,955
Bank overdrafts	**(9,865,602)**	(3,497,348)	**–**	–
	175,777,023	204,493,244	**29,076,689**	25,588,590

Included in cash deposits with licensed banks of the Group are deposits of RM96,928,753 (2007: RM75,468,420) which have been pledged to financial institutions as security for bank guarantee and credit facilities of the Group.

Included in cash deposits with licensed banks of the Company are deposits of RM25,442,962 (2007 : RM2,499,341) which have been pledged to financial institutions as security for bank guarantee and term loan of the Company and credit facilities of its subsidiary company, AZSB.

33. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Aggregate costs incurred to date	**1,649,583,563**	1,401,042,657	**498,814,156**	415,739,675
Attributable profits	**202,205,998**	206,282,499	**32,767,494**	30,823,641
	1,851,789,561	1,607,325,156	**531,581,650**	446,563,316
Progress billings	**(1,680,197,460)**	(1,511,193,769)	**(511,276,366)**	(435,736,602)
	171,592,101	96,131,387	**20,305,284**	10,826,714
Represented By:				
Amount due from customers for contract works (note 15)	**205,941,587**	124,265,300	**20,305,284**	10,826,714
Amount due to customers for contract works (note 22)	**(34,349,486)**	(28,133,913)	**–**	–

Included in the above progress billings of the Group are retention sums of RM14,694,345 (2007 : RM17,646,861).

Included in additions to aggregate cost incurred to date are:

(i) staff costs for the year amounting to RM21,099,511 (2007 : RM20,337,559); and

(ii) rental of premises, running cost of machinery, and rental of motor vehicles for the year amounting RM1,065,389 (2007 : RM1,253,439), RM23,603,644 (2007 : RM7,155,568) and RM176,207 (2007 : RM86,806).

(iii) depreciation charges for the year amounting to RM39,213 (2007: RM53,903)

34. EQUITY COMPENSATION BENEFITS

(i) The Group's ESOS and subsequent changes were approved by shareholders of the Company at the Annual General Meeting and Extraordinary General Meeting held on 20 June 2002 and 21 November 2007 respectively. The ESOS shall continue to 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:

(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 being the date when an offer in writing is made to eligible employees to participate in ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors;

34. EQUITY COMPENSATION BENEFITS (Cont'd)

The salient features of the ESOS are: (Cont'd)

(b) the number of ordinary shares of RM1 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 allotted and issued under 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 preceeding 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 share 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 respects with the existing ordinary shares save and except that the new shares shall not be entitled to any dividend, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new shares.

Under the Transitional Provisions of FRS 2 – Share Based Payment, the Company's share options which were granted before 31 December 2004 and were vested before 1 January 2006 need not be recognised as an expense in the income statement.

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 shares of RM1.00 each into 2 ordinary shares of RM0.50 each.

The Company has offered a total of 8,767,600 options pursuant to the employees share option scheme to its employees and directors at exercise price of RM0.96 per share on 28 March 2008 which expired on 27 June 2008. No ESOS was exercised by directors and employees for the year ended 31 December 2008.

(ii) During the financial year, the number of ESOS options exercised and lapsed are as follows:

	Number of Share Options	
	2008	**2007**
At 1 January	**422,600**	2,668,400
New issue	**8,767,600**	–
Exercised	**–**	(2,422,500)
Lapsed/Expired	**(8,767,600)**	(34,600)
	422,600	211,300

34. EQUITY COMPENSATION BENEFITS (Cont'd)

(ii) During the financial year, the number of ESOS options exercised and lapsed are as follows: (Cont'd)

	Number of Share Options 2008	2007
Adjusted for sub-division of every 1 existing ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each	**–**	211,300
Adjusted for Right Issues of one for one ordinary share of RM0.50 each	**339,753**	–
At 31 December	**762,353**	422,600

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

(iii) The terms of share options outstanding as at the end of the financial year are as follows:

	2008	2007 Before Share Split	2007 After Share Split
Expiry Date			
25.7.2012			
Exercise Price	**RM0.56**	RM2.05	RM1.025
Number of Share Options Outstanding	**762,353**	211,300	422,600

(iv) The fair value of share options granted during the year was estimated by an external valuer using Binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

Grant date	28-Mar-2008
Number of options granted	8,767,600
Fair value of share options - Non-Executive Directors	RM0.247
- Others	RM0.153
Weighted average share price	RM1.06
Weighted average exercise price	RM0.96
Expected volatility	50%
Expected life	0.23 years to 1.19 years
Risk free rate - Non-Executive Directors	3.40%
- Others	3.10%
Expected dividend yield	6% per annum

34. EQUITY COMPENSATION BENEFITS (Cont'd)

(iv) The fair value of share options granted during the year was estimated by an external valuer using Binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows: (Cont'd)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility and also an implied volatility from prices of traded options on Company shares where these exist are indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

(v) The Directors' interest in ESOS options are as follows:

	Number of Ordinary Shares of RM0.50 each			
	At 1.1.08	**Granted**	**Lapsed/ Expired**	**At 13.12.08**
Raja Dato' Seri Aman bin Raja Haji Ahmad	–	480,000	(480,000)	–
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	–	720,000	(720,000)	–
Dato' Wan Zakariah bin Haji Wan Muda	–	480,000	(480,000)	–
Dato' Haji Mustaffa bin Mohamad	–	480,000	(480,000)	–
Dato' W Zulkifli bin Haji W Muda	–	480,000	(480,000)	–
Datuk (Prof.) A Rahman @ Omar bin Abdullah	–	320,000	(320,000)	–
Dato' Ismail @ Mansor bin said	–	320,000	(320,000)	–

35. RELATED PARTY TRANSACTIONS

(a) The transactions with related companies are as follows:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Accommodation charged by:				
- Residence Inn & Motels Sdn. Bhd.	**–**	9,937	**–**	–
Management fees charged to:				
- subsidiary companies	**–**	–	**(2,190,000)**	(2,175,000)
Dividend revenue from:				
- subsidiary companies	**–**	–	**(25,000,110)**	(27,500,115)
Interest received and receivable from:				
- subsidiary companies	**–**	–	**(7,536,569)**	(3,882,360)
Administrative service charged by:				
- ultimate holding company	**122,450**	122,400	**–**	–

35. RELATED PARTY TRANSACTIONS (Cont'd)

(a) The transactions with related companies are as follows: (Cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Rental paid and payable to:				
- ultimate holding company	**420,000**	420,000	**180,000**	180,000
Insurance premium paid and payable to:				
- ultimate holding company	**637,385**	614,017	**55,915**	61,360

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

	Group	
	2008 RM	2007 RM
Purchases from subsidiary companies of 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:		
- Chuan Huat Industrial Marketing Sdn. Bhd.	**17,143,469**	15,497,591
- Chuan Huat Hardware Sdn. Bhd.	**54,450**	75,250
Purchases from QMC Sdn. Bhd., a subsidiary of ultimate holding company where Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director	**161,750**	–
Purchases from Kemaman Quarry Sdn Bhd, a subsidiary of ultimate holding company where Dato' Sri Haji Wan Zaki bin Haji Wan Muda and Dato' W Zulkifli bin Haji W Muda have substantial financial interest and are also directors	**905,974**	–
Sales of land and building to ultimate holding company	**(6,800,000)**	–
Professional fees paid to Dato' Ismail @ Mansor bin Said	**18,000**	18,000
Rental of premise paid and payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**36,000**	36,000

35. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

The compensations of the key management are as follows:

	Group	
	2008 RM	2007 RM
Short term employees benefits	**3,394,992**	3,090,497
Post employment benefits	**305,042**	280,541
Share based payment	**330,400**	–
	4,030,434	3,371,038

Share options granted to directors are disclosed in note 34(v).

36. CONTINGENT LIABILITIES

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Unsecured					
Legal claims by suppliers of joint ventures of AZSB	(a)	**18,453,756**	18,453,756	**–**	–
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to AZSB		**–**	–	**85,605,938**	72,857,895
Partially secured					
Corporate guarantee given together with a pledge of cash deposits of the Company amounting to RM2,577,699 (2007 : RM2,499,341) to a financial institutions in respect of credit facilities granted to AZSB		**–**	–	**80,433,938**	90,944,498
		18,453,756	18,453,756	**166,039,876**	163,802,393

Note (a)

No provision has been made for the contingent liabilities as the outcome of the legal proceedings are still pending and that AZSB has supplementary agreements with joint venture partners to indemnify AZSB against any liabilities which may arise therefrom.

37. CAPITAL COMMITMENT

	Group 2008 RM	2007 RM
In respect of:		
Capital expenditure approved but not contracted for the purchase of property, plant and equipment	–	268,000

38. NON-CANCELLABLE OPERATING LEASE COMMITMENT

	Group 2008 RM	2007 RM
Lease rental of office equipment:		
Payable within 1 year	**86,868**	–
Payable within 1 to 2 years	**86,868**	–
Payable within 2 to 3 years	**86,868**	–
Payable within 3 to 4 years	**86,868**	–
Payable within 4 to 5 years	**86,868**	–
	434,340	–

39. SEGMENTAL ANALYSIS

Segment information is presented in respect of the Group's business and geographical segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets and liabilities do not include income tax assets and tax liabilities respectively. Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one accounting period.

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

39. SEGMENTAL ANALYSIS (Cont'd)

Business Segments

The Group comprises the following three major business 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
(iv)	Other operations	-	property development, investment holding, provision of management services and dormant companies

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, provision of management services and dormant companies
(ii)	Republic of Indonesia	-	oil palm cultivation
(iii)	India	-	civil and structural construction works and dormant company
(iv)	Kingdom of Saudi Arabia	-	civil and structural construction works

Major Segment By Activity

	Construction RM	Trading In Oil & Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2008						
Revenue						
External revenue	593,766,340	63,889,962	–	5,020,637	–	662,676,939
Inter-segment revenue	–	10,531,498	–	–	(10,531,498)	–
Total revenue	593,766,340	74,421,460	–	5,020,637	(10,531,498)	662,676,939

39. SEGMENTAL ANALYSIS (Cont'd)

Major Segment By Activity (Cont'd)

	Construction RM	Trading In Oil & Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2008 (Cont'd)						
Results						
Segment result	27,134,759	14,521,486	–	(10,330,121)	–	31,326,124
Interest revenue						5,563,238
Interest expenses						(13,379,313)
Share of results in joint ventures	865,580	–	–	–	–	865,580
Share of results of associated companies	866	4,666,376	–	–	–	4,667,242
Income taxes						(12,596,576)
Minority interest						(718,142)
Profits attributable to shareholders						15,728,153
Other Information						
Segment assets	388,079,932	25,183,558	82,269,244	(26,764,684)	–	468,768,050
Investment properties						19,500,000
Interest in joint ventures	(28,698,666)	–	–	–	–	(28,698,666)
Goodwill						3,744,605
Tax assets						3,931,817
Cash deposits with licensed banks						161,498,618
Other investments						2,615,500
Interest in associated companies	163,223	89,621,110				89,784,333
Consolidated total assets						721,144,257

39. SEGMENTAL ANALYSIS (Cont'd)

Major Segment By Activity (Cont'd)

	Construction RM	Trading In Oil & Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2008 (Cont'd)						
Segment liabilities	**297,542,631**	**3,362,476**	**5,164,857**	**(17,147,482)**	**–**	**288,922,482**
Interest bearing borrowings						**209,065,798**
Tax liabilities						**2,006,458**
Deferred tax liabilities						**5,153,614**
Consolidated total liabilities						**505,148,352**
Capital expenditure	**12,608,796**	**1,558,203**	**2,404,090**	**281,808**	**–**	**16,852,897**
Depreciation	**7,087,082**	**826,583**	**–**	**667,780**	**–**	**8,581,445**
2007						
Revenue						
External revenue	458,361,480	62,431,919	–	4,977,267	–	525,770,666
Inter-segment revenue	–	2,487,691	–	–	(2,487,691)	–
Total revenue	458,361,480	64,919,610	–	4,977,267	(2,487,691)	525,770,666
Results						
Segment result	36,204,553	11,475,367	–	(1,610,830)	–	46,069,090
Interest revenue						4,679,841
Interest expenses						(10,018,327)
Share of results in joint ventures	(271,221)	–	–	–	–	(271,221)
Share of results of associated companies	102,481	1,567,398	–	–	–	1,669,879
Income taxes						(14,991,475)
Minority interest						(842,793)
Profits attributable to shareholders						26,294,994

39. SEGMENTAL ANALYSIS (Cont'd)

Major Segment By Activity (Cont'd)

	Construction RM	Trading In Oil & Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2007 (Cont'd)						
Other Information						
Segment assets	339,176,917	23,474,733	48,798,115	16,562,315	–	428,012,080
Investment properties						25,000,000
Interest in joint ventures	(28,873,164)	–	–	–	–	(28,873,164)
Goodwill						3,744,605
Tax assets						2,514,749
Deferred tax assets						–
Cash deposits with licensed banks						166,185,732
Other investments						8,615,500
Interest in associated companies	162,356	84,600,029	–	–	–	84,762,385
Consolidated total assets						689,961,887
Segment liabilities	290,804,685	2,588,035	2,800,224	4,014,781	–	300,207,725
Interest bearing borrowings						217,537,922
Tax liabilities						4,568,845
Deferred tax liabilities						5,091,419
Consolidated total liabilities						527,405,911
Capital expenditure	9,563,059	347,065	1,592,896	1,376,147	–	12,879,167
Depreciation	6,102,577	665,556	–	528,139	–	7,296,272

39. SEGMENTAL ANALYSIS (Cont'd)

Major Segment By Geographical Location

	Malaysia	Republic of Indonesia	India	Kingdom of Saudi Arabia	Eliminations	Consolidated
2008						
Total revenue from external customers	**478,066,870**	**–**	**46,400,364**	**148,741,203**	**(10,531,498)**	**662,676,939**
Segment assets	**165,168,438**	**82,269,244**	**66,234,443**	**155,095,925**	**–**	**468,768,050**
Investments in associate companies	**89,784,333**	**–**	**–**	**–**	**–**	**89,784,333**
Interest in joint ventures	**(28,698,666)**	**–**	**–**	**–**	**–**	**(28,698,666)**
Goodwill	**3,744,605**	**–**	**–**	**–**	**–**	**3,744,605**
Tax assets	**2,108,835**	**–**	**1,822,982**	**–**	**–**	**3,931,817**
Deferred tax assets	**(6,400)**	**–**	**6,400**	**–**	**–**	**–**
Cash deposits with licensed banks	**161,498,618**	**–**	**–**	**–**	**–**	**161,498,618**
Investment properties	**19,500,000**	**–**	**–**	**–**	**–**	**19,500,000**
Other investments	**2,615,500**	**–**	**–**	**–**	**–**	**2,615,500**
Consolidated total assets	**415,715,263**	**82,269,244**	**68,063,825**	**155,095,925**	**–**	**721,144,257**
Capital expenditure	**12,816,327**	**2,404,090**	**457**	**1,632,023**	**–**	**16,852,897**
2007						
Total revenue from external customers	403,012,480	–	12,928,822	109,829,364	–	525,770,666
Segment assets	183,262,907	48,798,115	47,413,634	148,537,424	–	428,012,080
Investments in associate companies	84,762,385	–	–	–	–	84,762,385
Interest in joint ventures	(28,873,164)	–	–	–	–	(28,873,164)
Goodwill	3,744,605	–	–	–	–	3,744,605
Tax assets	2,514,749	–	–	–	–	2,514,749
Cash deposits with licensed banks	166,185,732	–	–	–	–	166,185,732
Investment properties	25,000,000	–	–	–	–	25,000,000
Other investments	8,615,500	–	–	–	–	8,615,500
Consolidated total assets	445,212,714	48,798,115	47,413,634	148,537,424	–	689,961,887
Capital expenditure	10,364,985	1,592,896	765	920,521	–	12,879,167

40. SIGNIFICANT EVENTS

(a) The issued and paid-up capital of the Company was increased from RM66,710,400 to RM138,265,800 arising from renounceable two-call rights issue of 138,265,800 new ordinary shares of RM0.50 each ("Rights Shares") at an issue price of RM0.50 per Rights Share on the basis of one (1) Rights Share for every one (1) existing ordinary shares of RM0.50 each held in the Company which was successfully completed and listed on the Bursa Malaysia on 12 February 2008.

(b) On 17 June 2008, the Company has obtained Shareholders' approval for the proposed Share Buyback. The actual repurchase of own shares during the year was held as treasury shares as disclosed in note 19(b).

(c) On 1 July 2008, the wholly owned subsidiary company, Ahmad Zaki Sdn. Bhd. acquired 2 ordinary shares of RM1 each for a total cash consideration of RM2 of a subsidiary company, AZSB Machineries Sdn. Bhd. shares from the Company.

(d) On 30 December 2008, the wholly owned subsidiary company, Ahmad Zaki Sdn. Bhd. has entered into a Sale and Purchase Agreement holding company, Zaki Holdings (M) Sdn. Bhd. for the disposal of one freehold property for a total cash consideration of RM6,800,000.

41. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group is exposed to a variety of risks in the formal course of business. The Company's risk management seeks to minimize the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:

i. Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets and liabilities:

- Interest bearing financial assets
  Cash deposits are short term in nature and are not held for speculative purposes but are placed to satisfy conditions for bank guarantee and borrowing facilities granted to the Group and for better yield returns than cash at banks.

  The Group manages its interest rate yield by prudently balancing the placement of deposits with varying maturity periods.

- Interest bearing financial liabilities
  The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

41. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial Risk Management Policies (Cont'd)

iii. Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the tendering assessment and evaluation process, application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant credit risk exposure to any individual customer.

iv. Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(b) Fair Values

The methods and assumptions used to estimate the fair value of each class of financial assets and liabilities are as follows:

i. Cash and Bank Balances, Cash Deposits, Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

ii. Other Investments

The fair values of transferable golf club memberships are estimated based on the current market price of the memberships determined on an individual basis.

iii. Borrowings

The carrying amounts of bank overdrafts approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of floating rate term loans approximate their fair values.

The fair values of hire purchase payables and fixed rate term loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

41. FINANCIAL INSTRUMENTS (Cont'd)

(b) Fair Values (Cont'd)

The carrying amounts of financial assets and liabilities recognised in the balance sheets approximate their fair values except for the following:

	Note	Group Carrying Amount RM	Group Fair Value RM	Company Carrying Amount RM	Company Fair Value RM
2008					
Financial Assets					
Club membership	11	**68,000**	**100,000**	**68,000**	**100,000**
Unquoted investments	11	**2,547,500**	***–**	**2,500,000**	***–**
Financial Liabilities					
Finance lease liabilities		**16,606,908**	**15,281,189**	**1,225,344**	**1,221,755**
Term loans		**152,000,000**	**151,462,956**	**152,000,000**	**151,462,956**
2007					
Financial Assets					
Club membership	11	68,000	100,000	68,000	100,000
Unquoted investments	11	8,547,500	*–	8,500,000	*–
Financial Liabilities					
Finance lease liabilities		12,777,058	12,769,853	1,618,883	1,616,283
Term loans		152,090,213	151,553,169	15,200,000	151,462,956

* It is not practical to estimate the fair values of other investments because of the lack of quoted market prices and inability to estimate fair value without incurring excessive costs.

41. FINANCIAL INSTRUMENTS (Cont'd)

(b) Fair Values (Cont'd)

The nominal/notional amounts and fair values of financial liabilities not recognised in the balance sheets of the Group and of the Company are as follows:

		Group		Company	
	Note	Nominal Amount RM	Fair Value RM	Nominal Amount RM	Fair Value RM
2008					
Contingent liabilities in respect of:-					
Legal claims by suppliers of joint ventures of AZSB	36	**18,453,756**	***–**	**–**	**–**
Corporate guarantees given to financial institutions and suppliers of AZSB	36	**–**	**–**	**85,605,938**	**85,605,938**
Corporate guarantees given to a financial institution and suppliers of AZSB	36	**–**	**–**	**80,433,938**	**80,433,938**
		18,453,756	**–**	**166,039,876**	**166,039,876**
2007					
Contingent liabilities in respect of:					
Legal claims by suppliers of joint ventures of AZSB	36	18,453,756	*–	–	–
Corporate guarantees given to financial institutions and suppliers of AZSB	36	–	–	72,857,895	66,766,503
Corporate guarantees given to a financial institution and suppliers of AZSB	36	–	–	90,944,498	62,588,205
		18,453,756	–	163,802,393	129,354,708

* It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

Analysis of Shareholdings

As at 30 April 2009

Authorised Share Capital	:	RM 500,000,000.00
Class of Shares	:	Ordinary Share of RM0.50 each
Issued and Fully Paid-up Share Capital	:	RM 138,265,800
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	–	–	–	–
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4,346,760	1.58	163,061,136	59.28
Dato' Wan Zakariah bin Haji Wan Muda	2,301,096	0.84	–	–
Dato' Haji Mustaffa bin Mohamad	3,284,148	1.19	1,050,000	0.38
Dato' W Zulkifli bin Haji W Muda	3,000,696	1.09	–	–
Datuk (Prof.) A Rahman @ Omar bin Abdullah	1,200,000	0.44	–	–
Dato' Ismail @ Mansor bin Said	102	–	–	–
Ultimate Holding Company				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	50.00	–	–
Dato' Wan Zakariah bin Haji Wan Muda	100,000	10.00	–	–
Dato' W Zulkifli bin Haji W Muda	100,000	10.00	–	–

* shares held through zaki Holdings (M) Sdn Bhd

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 2009.

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	108	–	2,023	–	0.0007	–
100 to 1,000	504	–	286,137	–	0.1040	–
1,001 to 10,000	2,342	31	12,440,816	197,740	4.5226	0.0719
10,001 to 100,000	1,098	28	33,558,056	1,056,500	12.1994	0.3841
100,001 to less than 5% of Issued Shares	118	8	63,192,192	1,285,900	22.9723	0.4675
5% and above of Issued Shares	3	–	163,061,136	–	59.2776	–
TOTAL	4,173	67	272,540,360	2,540,140	99.0766	0.9234

LIST OF SUBSTANTIAL SHAREHOLDERS (5% and Above Excluding Bare Trustees)

		Number of Ordinary Shares of RM0.50 Each			
		Direct Interest	%	Deemed Interest	%
1.	Ammb Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad For Zaki Holdings (M) Sdn Bhd	93,500,000	33.99	–	–
2.	Zaki Holdings (M) Sdn Bhd	69,561,136	25.29	–	–
3.	Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	4,346,760	1.58	163,061,136*	59.28*

* Shares Held Through Zaki Holdings (M) Sdn Bhd

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 APRIL 2008 - REFER TO APPENDIX B

No.	Name	Shares Held	%
1.	AMMB Nominees (Tempatan) Sdn Bhd (Ambank (M) Berhad For Zaki Holdings (M) Sdn Bhd)	93,500,000	33.99
2.	Zaki Holdings (M) Sdn Bhd	38,179,072	13.88
3.	Zaki Holdings (M) Sdn Bhd	31,382,064	11.41
4.	Geosakti Sdn Bhd	6,636,300	2.41
5.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Public Islamic Opportunities Fund)	5,606,400	2.04
6.	Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	4,346,760	1.58
7.	Valuecap Sdn Bhd	3,677,600	1.34
8.	Dato' W Zulkifli Bin Haji W Muda	3,000,696	1.09
9.	Nik Mahani Binti Nik Mohd Rashid	2,622,908	0.95
10.	Dato' Wan Zakariah Bin Haji Wan Muda	2,301,096	0.84
11.	Al Wakalah Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Mustaffa Bin Mohamad (Ckt))	2,000,000	0.73
12.	Alliance Group Nominees (Tempatan) Sdn Bhd (PHEIM Asset Management Sdn Bhd For Employees Provident Fund)	1,550,000	0.56
13.	Cartaban Nominees (Tempatan) Sdn Bhd (AXA AFFIN General Insurance Berhad)	1,406,800	0.51
14.	Dato' Haji Mustaffa Bin Mohamad	1,284,148	0.47
15.	Mayban Nominees (Tempatan) Sdn Bhd (Mayban Trustees Berhad For Maakl Value Fund (950290))	1,200,000	0.44
16.	Datuk (Prof.) A Rahman @ Omar Bin Abdullah	1,200,000	0.44
17.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Maakl Al-faid (4389))	1,200,000	0.44
18.	Betanaz Corporation Sdn Bhd	1,100,000	0.40
19.	To' Puan Naimah Binti Hashim	1,050,000	0.38
20.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Maakl Progress Fund (4082))	1,000,000	0.36
21.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Maakl Al-fauzan (5170))	824,000	0.30
22.	Rosmini Azah Binti Abdul Rahman	801,200	0.29
23.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Hamzah Bin Hasan)	640,800	0.23
24.	Ahmad Rizal Bin Abdul Rahman	455,000	0.17
25.	Ng Teck Long	445,400	0.16
26.	Chong Tze Ling	420,000	0.15
27.	Lau Ngee Tack	413,000	0.15
28.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Kenanga Growth Fund (3795))	403,000	0.15
29.	Ng Keng Khoon	400,000	0.15
30.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Maakl Dividend Fund (5311-401))	390,000	0.14
	Total	209,436,244	76.14

The analysis of shareholdings is based on the issued and paid up capital of the Company after deducting 1,451,100 ordinary shares bought back by the Company and held as treasury as at 30 April 2009.

List of Properties

As at 31 December 2008

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 GM 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.	5,500
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 (14 years)	202,815/ (64,670) sq.ft.	19,500
HS (M) 1038, Lot PT4782 and HS (M) 1039, Lot PT4783 Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot PT4782 and Lot PT4783")	05.05.1997	Adjoining 5-storey buildings for own use	Freehold (13 years)	3,498/ (20,728) sq.ft.	3,013
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 (23 years)	1,581/ (10,364) sq.ft.	999.4
GM 1012, Lot 22050, Tempat Rifle Range Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot 22050")	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	111
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 (13 years)	1,604/ (8,291) sq.ft.	764
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	8,131

Form of Proxy

AZRB
AHMAD ZAKI RESOURCES BERHAD
Co. No. 432768-X (Incorporated in Malaysia)

*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 Twelfth Annual General Meeting of the Company to be held at Dillenia & Eugenia Room, Ground Floor, SIME Darby Convention Centre, 1A, Jalan Bukit Kiara 1A, 60000 Kuala Lumpur on Monday, 22 June 2009 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		
8.	RESOLUTION 8		
9.	RESOLUTION 9		

*(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 __________ 2009

____
Signature of member(s)/Seal

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, Share Registration Department, Level 15-2, 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.

(Delete where inapplicable)*

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