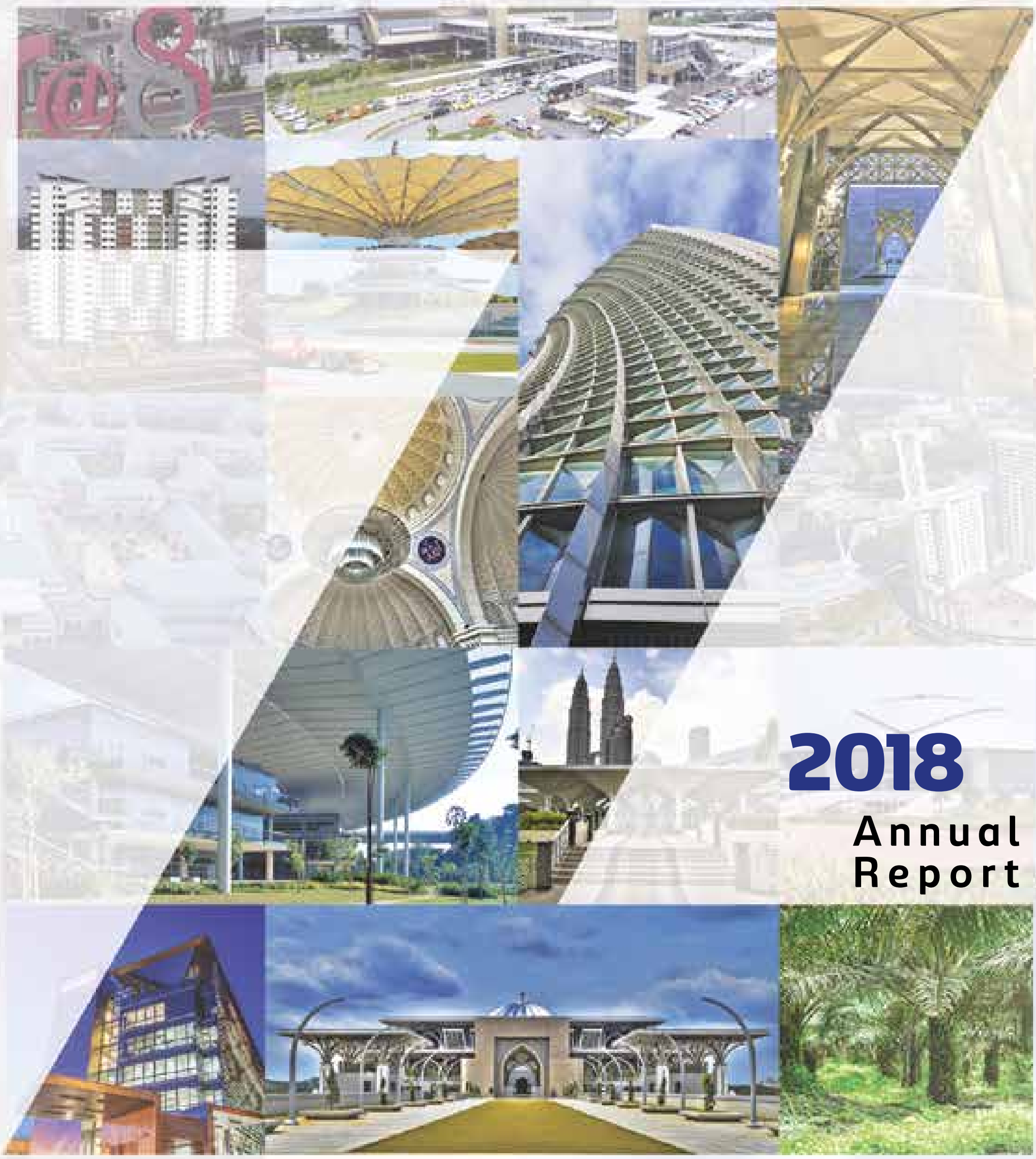
AHMAD ZAKI RESOURCES BERHAD

(432768-X)



2018 Annual Report

Corporate Profile

Ahmad Zaki Resources Berhad ("AZRB" or "the Group"), headquartered in Kuala Lumpur, is a leading Engineering & Construction group listed on the Main Market of Bursa Malaysia. The Group has grown tremendously since its formation in 1982, into a trusted and reputable leader in the industry.

Awarded the coveted "Builder of the Year" award three times (in 2000, 2006, and 2017), the 2018 5-Star SCORE Award by CIDB and a winner in various construction project categories, the Group's Engineering & Construction Division lists Menara Kerja Raya, which was certified under the Green Building Index with Platinum Rating, as one of its many significant achievements. Other notable projects completed by the Division include the Universiti Teknologi Petronas ("UTP"), Mass Railway Transit ("MRT"), and IIUM Medical Centre. Current ongoing projects include the MRT Sg. Buloh-Serdang-Putrajaya Line Viaduct Package V202 and East Klang Valley Expressway ("EKVE").

Apart from Engineering & Construction, the Group is also involved in Concession, Property, Oil & Gas and Plantation.

Our Vision

Trusted **INDUSTRY LEADER** in Delivering **COMMITMENT** with **EXCELLENCE** and **VALUE**

Our Mission

- Smart partnership with customers, employees and stakeholders
- Institutionalise the virtues of honesty and trust
- Setting and maintaining high standards; striving for superior performance in all undertakings
- Pro-active through continuous research and development in meeting challenges

Table of Contents

Tuanku Mizan Zainal Abidin Mosque, Putrajaya

OVERVIEW

Corporate Information

Board of Directors

1. **Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad**
   (Independent Non-Executive Chairman)
2. **Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda**
   (Executive Vice Chairman)
3. **Dato' Sri Wan Zakariah bin Haji Wan Muda**
   (Group Managing Director)
4. **Dato' W Zulkifli bin Haji W Muda**
   (Deputy Group Managing Director (1))
5. **Dato' Haji Roslan bin Tan Sri Jaffar**
   (Deputy Group Managing Director (2))
6. **Dato' Haji Mustaffa bin Mohamad**
   (Executive Director)
7. **Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng**
   (Independent Non-Executive Director)
8. **Datuk (Prof.) A. Rahman @ Omar bin Abdullah**
   (Independent Non-Executive Director)
9. **Dato' Sr. Abdull Manaf bin Hj Hashim**
   (Independent Non-Executive Director)

Audit and Risk Committee

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

Company Secretaries

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

Registered Office

Menara AZRB
No. 71, Persiaran Gurney
54000 Kuala Lumpur
Tel : +603-2698 7171
Fax : +603-2694 8181

Registrar

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : +603-2692 4271
Fax : +603-2732 5388

Principal Bankers

- AmBank (M) Berhad
- Alliance Bank Berhad
- Affin Bank Berhad
- CIMB Bank Berhad
- Malayan Banking Berhad
- UOB Bank Berhad

Auditors

Deloitte PLT
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

Stock Exchange

Main Market of Bursa Malaysia Securities Berhad
Stock Name : AZRB
Stock Code : 7078

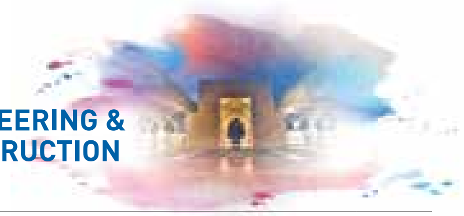
Website

www.azrb.com

Corporate Structure

AZRB
AHMAD ZAKI RESOURCES BERHAD

ENGINEERING & CONSTRUCTION



1. AHMAD ZAKI SDN BHD	100%
2. PENINSULAR PRECAST SDN BHD	100%
3. AZSB MACHINERIES SDN BHD	100%
4. TADOK GRANITE MANUFACTURING SDN BHD	100%
5. UNGGUL ENERGY & CONSTRUCTION SDN BHD	100%
6. AZRB INTERNATIONAL VENTURES SDN BHD	100%
7. AHMAD ZAKI SAUDI ARABIA CO LTD	100%
8. FASATIMUR SDN BHD	50%
9. SALCON MMCB AZSB JV SDN BHD	30%

CONCESSION

1. EKVE SDN BHD	100%
2. PENINSULAR MEDICAL SDN BHD	100%
3. SAMBUNGAN LEBUHRAYA TIMUR SDN BHD	60%

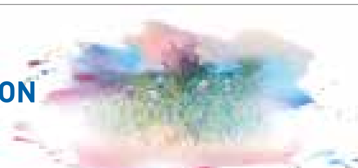
PROPERTY

1. AZ LAND & PROPERTIES SDN BHD	100%
2. PENINSULAR PROKONSULT SDN BHD	100%
3. RESIDENCE INN & MOTELS SDN BHD	100%
4. TREND VISTA DEVELOPMENT SDN BHD	100%
5. TEMALA DEVELOPMENT SDN BHD	70%
6. KEMAMAN TECHNOLOGY & INDUSTRIAL PARK SDN BHD	60%
7. TB REALTY SDN BHD	51%
8. BETANAZ PROPERTIES SDN BHD	51%
9. PALMACORP SDN BHD	50%
10. PENINSULAR IFM SDN BHD	34%

OIL & GAS

1. INTER-CENTURY SDN BHD	100%
2. MATRIX RESERVOIR SDN BHD	51%
3. TB SUPPLY BASE SDN BHD	51%
4. ASTRAL FAR EAST SDN BHD	51%
5. TB TERMINALS SDN BHD	51%

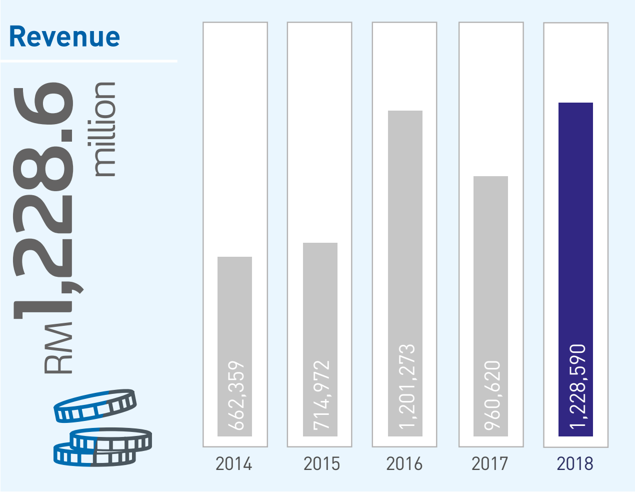
PLANTATION

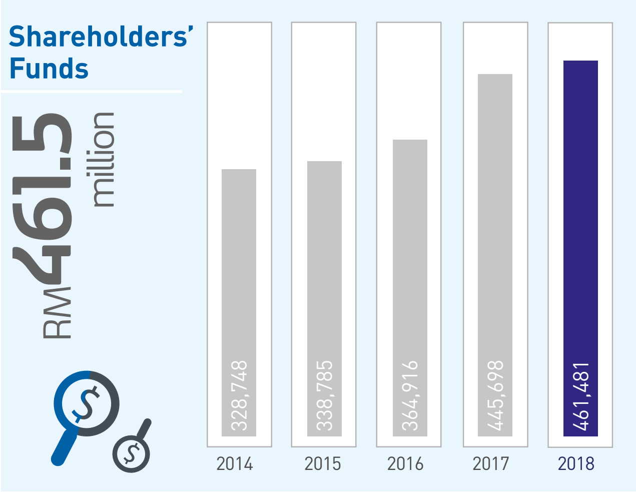


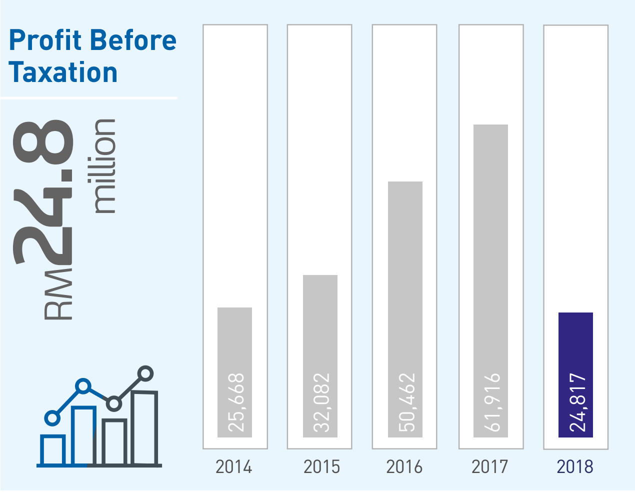
1. PT ICHTIAR GUSTI PUDI	95%
2. BETANAZ MILLS SDN BHD	67%
3. PEAK CROPS SDN BHD	40%

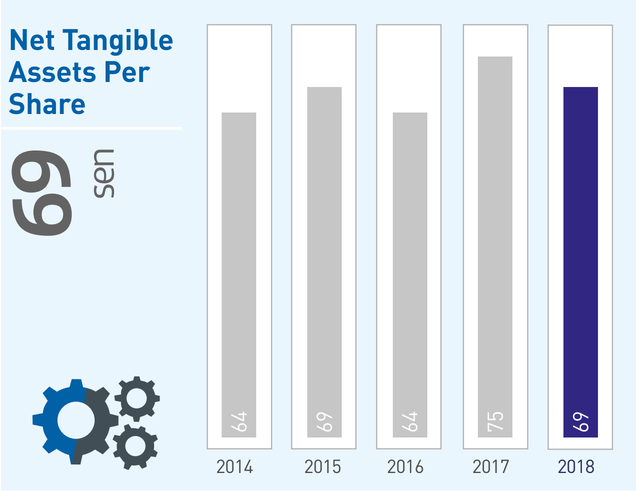
5-Year Financial Highlights

Group 5-Year Summary	2014	2015	2016	2017 Restated	2018
Revenue (RM'000)	662,359	714,972	1,201,273	960,620	**1,228,590**
Profit before taxation (RM'000)	25,668	32,082	50,462	61,916	**24,817**
Profit attributable to owners of the Company (RM'000)	13,508	22,877	27,209	29,423	**14,232**
Paid-up Capital (RM'000)	120,885	120,885	120,885	197,478	**197,536**
Shareholders' Funds (RM'000)	328,748	338,785	364,916	445,698	**461,481**
Net tangible assets per share (Sen)	64	69	64	75	**69**









Calendar
of Events

AZRB Town Hall Session 2018 • 22 January 2018
Multipurpose Hall, Residensi UTM KL, Kuala Lumpur

Majlis Pelancaran Polis Bantuan • 26 February 2018
Menara AZRB, Kuala Lumpur

Investor Briefing • 28 February 2018
Menara AZRB, Kuala Lumpur

Program Sumbangan Keperluan Asas Sempena Syawal 1439H • 5 June 2018
Madrasah Nurul Iman, Kg. Sungai Serai, Hulu Langat, Selangor

Majlis Berbuka Puasa • 6 June 2018
Dewan Perdana FELDA, Kuala Lumpur

21st Annual General Meeting • 28 June 2018
TPC Kuala Lumpur

Calendar of Events

Majlis Sambutan Aidilfitri • 8 July 2018
Sime Darby Convention Centre, Kuala Lumpur

Majlis Penghargaan Man-Hours Without Lost Time Injury (LTI) untuk Projek-Projek Lebuhraya Dalam Binaan & Program Mega Tool Box EKVE 2018 • 4 October 2018
Jalan Susur Bandar Mahkota Cheras, Selangor (BMC- CH.1500 Lebuhraya EKVE)

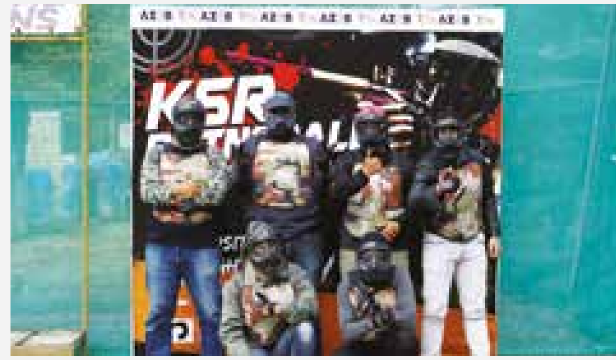
Majlis Ibadah Qurban • 24 August 2018
Menara AZRB, Kuala Lumpur

Kelab Sukan & Rekreasi (KSR) Bowling Tournament • 23 September 2018
Wangsa Bowl, Wangsa Walk Mall, Kuala Lumpur

MRT V202 Team Building Training • 2 November 2018
ABC Camp, Janda Baik, Bentong, Pahang

Calendar
of Events

Best Student Awards 2018 • 11 November 2018
Menara AZRB, Kuala Lumpur



KSR Paintball Tournament • 18 November 2018
Kombat Zone Paintball, Kemensah, Ulu Kelang, Selangor

Extraordinary General Meeting • 30 November 2018
TPC Kuala Lumpur

AZRB Care for You and Me Tree Planting • 15 December 2018
Taman Tasik Ampang Hilir, Kuala Lumpur

Lawatan Kerja dan Taklimat YB Tuan Haji Mohd Anuar bin Mohd Tahir, Timbalan Menteri Kerja Raya ke Projek EKVE Laluan Hulu langat • 20 December 2018
Pejabat Tapak Utama EKVE Hulu Langat, Kajang, Selangor

International Construction Week (ICW) 2019 - Recipient of 5-Star CIDB SCORE Award • 19 Mac 2019
Malaysia International Trade and Exhibition Centre (MITEC), Kuala Lumpur

Awards and Recognitions

4-Star CIDB SCORE Award 2018 - AZRB

5-Star CIDB SCORE Award 2018 - AZSB

5-Star SHASSIC Award 2018 - EKVE

No.	Name of Award	Name of Awarding Body	Year	Recipient of the Award
1.	5-Star Award - SCORE Certificate of Achievement	CIDB Malaysia & SME Corp Malaysia	2018	Ahmad Zaki Sdn Bhd
2.	4-Star Award - SCORE Certificate of Achievement	CIDB Malaysia & SME Corp Malaysia	2018	Ahmad Zaki Resources Berhad
3.	GOLD Safety Award 2018 - East Klang Valley Expressway 5.5 Million Man-Hours Without Lost Time Injury ("LTI")	Kementerian Kerja Raya & Lembaga Lebuhraya Malaysia	2018	EKVE Sdn Bhd
4.	5-Star Award - Sistem Penilaian Keselamatan dan Kesihatan Dalam Pembinaan ("SHASSIC")	CIDB Malaysia	2018	EKVE Sdn Bhd
5.	Best Under Billion Awards 2018 - Best Sustainability Reporting (RM150 Million to RM499 Million)	Focus Malaysia	2018	Ahmad Zaki Resources Berhad
6.	The Malaysian Construction Industry Excellence Awards 2017: Builder of the Year Award	CIDB Malaysia	2017	Ahmad Zaki Sdn Bhd
7.	The Malaysian Construction Industry Excellence Awards 2017: Green Construction Award	CIDB Malaysia	2017	Ahmad Zaki Sdn Bhd
8.	The Malaysian Construction Industry Excellence Awards 2017: The Best Project Award (Building Project - Major Category)	CIDB Malaysia	2017	Ahmad Zaki Sdn Bhd
9.	Green Building Index Platinum Rating Certification: Main Contractor	Green Building Index Sdn Bhd	2016	Ahmad Zaki Sdn Bhd

Focus Malaysia Best Under Billion Awards 2018 (Best Sustainability Reporting) - AZRB

GOLD Safety Award 2018 - EKVE

No.	Name of Award	Name of Awarding Body	Year	Recipient of the Award
10.	PAM Award Commendation: Commercial High-Rise (for Menara Kerja Raya)	Pertubuhan Arkitek Malaysia	2015	Ahmad Zaki Sdn Bhd
11.	PAM Award Gold: Commercial High-Rise Office for Menara AZRB	Pertubuhan Arkitek Malaysia	2013	Ahmad Zaki Sdn Bhd
12.	The Malaysian Construction Industry Excellence Awards 2013: The Best Project Award (Building Project - Medium Category for Menara AZRB)	CIDB Malaysia	2013	Ahmad Zaki Resources Berhad
13.	The Malaysian Construction Industry Excellence Awards 2011: Special Mention Award (Environment) - Environmental Best Practices Award	CIDB Malaysia	2011	Ahmad Zaki Sdn Bhd
14.	The Malaysian Construction Industry Excellence Awards 2011: CEO of the Year	CIDB Malaysia	2011	Dato' Sri Wan Zakariah bin Haji Wan Muda/Ahmad Zaki Resources Berhad
15.	Bumiputera Entrepreneur Award 2010: Construction Cluster Award (Infrastructure)	Gagasan Badan Ekonomi Melayu (GABEM)	2010	Tan Sri Dato' Sri Haji Wan Zaki Haji Wan Muda/Ahmad Zaki Resources Berhad
16.	The Malaysian Construction Industry Excellence Awards 2006: Builder of the Year Award	CIDB Malaysia	2006	Ahmad Zaki Sdn Bhd
17.	The Malaysian Construction Industry Excellence Awards 2000: Builder of the Year Award	CIDB Malaysia	2000	Ahmad Zaki Sdn Bhd

MRT Bandar Tun Hussein Onn Station

- Board of Directors
- Directors' Profile
- Profile of Heads of Division/Key Management Team
- Statement on Risk Management and Internal Control
- Corporate Governance Overview Statement
- Statement of Directors' Responsibilities in Preparing the Financial Statements
- Audit and Risk Committee Report
- Additional Compliance Information

GOVERNANCE

Board of Directors

Seated (Left to Right):

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Dato' Sri Wan Zakariah bin Haji Wan Muda
Dato' Haji Mustaffa bin Mohamad
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda

Standing (Left to Right):

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' W Zulkifli bin Haji W Muda
Dato' Haji Roslan bin Tan Sri Jaffar
Datuk (Prof.) A. Rahman @ Omar bin Abdullah
Dato' Sr. Abdull Manaf bin Hj Hashim

Directors' Profile

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
PSM, SPMP, DPMP

Chairman
Independent Non-Executive Director
Aged 73, Male, Malaysian

Raja Tan Sri Dato' Seri Aman was appointed as the Chairman and Independent Non-Executive Director and member of Audit and Risk Committee on 26 February 2004. Subsequently, he assumed the Chairmanship of the Audit and Risk Committee on 8 April 2004. He also sits on the Remuneration and Nomination Committees as an ordinary member.

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

Raja Tan Sri Dato' Seri Aman is also an Independent Non-Executive Director of Tomei Consolidated Berhad and Affin Hwang Investment Bank Berhad. He was appointed as Chairman of the Investment Panel of Lembaga Tabung Angkatan Tentera on 1 December 2018.

During the financial year ended 31 December 2018, he attended 6 out of 7 Board meetings held.

Directors' Profile

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

Executive Vice Chairman
Non-Independent Executive Director
Aged 70, Male, Malaysian

Tan Sri Dato' Sri Haji Wan Zaki was appointed as the Executive Vice Chairman of the Company on 24 March 1999. Subsequently, he held the post of Executive Chairman from 1 March 2000 and was redesignated as Executive Vice Chairman of the Company on 26 February 2004. He is presently the Chairman of the Remuneration Committee.

Tan Sri Dato' Sri Haji Wan Zaki is the founder of Ahmad Zaki Sdn Bhd ("AZSB"). Prior to venturing into business, he served in various positions in state-owned companies in Pahang and Terengganu, of which his last position was the Managing Director of Pesama Timber Corporation Sdn Bhd ("Pesama"), a Terengganu state-owned company. He left Pesama in 1984 to focus on expanding the engineering and construction business of AZSB.

Tan Sri Dato' Sri Haji Wan Zaki had served as the Chairman of Chuan Huat Resources Berhad from 2002 until 2013. He sits on the board of directors of several private limited companies and has no directorship in other public companies and listed issuers.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

Directors'
Profile

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA
SSAP, DSAP, DSSA

Group Managing Director
Non-Independent Executive Director
Aged 59, Male, Malaysian

Dato' Sri Wan Zakariah joined the Board of the Company as an Executive Director on 24 March 1999, and subsequently was appointed to the post of Group Managing Director on 1 January 2003. He is presently the Chairman of the Employees' Share Scheme Committee and a member of the Remuneration Committee.

Dato' Sri Wan Zakariah obtained a Bachelor of Science degree in Quantity Surveying from the Thames Polytechnic, United Kingdom (now known as University of Greenwich) in 1986. He started his career in the same year as Quantity Surveyor with the construction subsidiary, AZSB moving through various posts in the Company until he was promoted to be the Managing Director of AZSB in 1996.

Dato' Sri Wan Zakariah also sits on the board of directors of several private limited companies and has no directorship in other public companies and listed issuers.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

DATO' W ZULKIFLI BIN HAJI W MUDA
DSAP, DIMP

Deputy Group Managing Director (1)
Non-Independent Executive Director
Aged 57, Male, Malaysian

Dato' W Zulkifli was appointed as a Non-Executive Director on 2 January 1999. He was redesignated as an Executive Director with effect from 1 March 2003 and subsequently appointed as Deputy Group Managing Director (1) with effect from 1 December 2017. He sits on the Employees' Share Scheme Committee as an ordinary member.

Dato' W Zulkifli 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 as the 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 and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

Directors'
Profile

DATO' HAJI ROSLAN BIN TAN SRI JAFFAR
DIMP, AMP

Deputy Group Managing Director (2)
Non-Independent Executive Director
Aged 43, Male, Malaysian

Dato' Haji Roslan was appointed as an Executive Director of the Company on 8 January 2015 and subsequently as Deputy Group Managing Director (2) with effect from 1 December 2017. He sits on the Employees' Share Scheme Committee as an ordinary member.

Dato' Haji Roslan holds a Bachelor in Mechanical Engineering degree from Imperial College London, United Kingdom and is a Fellow of the Association of Chartered Certified Accountants ("ACCA").

He started his career at PricewaterhouseCoopers in 1999 and was promoted to Associate Director in 2008 specialising in Infrastructure, Government and Utilities sector. Dato' Haji Roslan joined the Company in 2010 as Chief Operating Officer and was appointed as an Executive Director of AZSB in the same year.

Currently, he sits on the Board of Governors of an international school and the Board of Trustees of a Royal foundation.

Dato' Haji Roslan does not hold directorship in any other public companies and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

Directors' Profile

DATO' HAJI MUSTAFFA BIN MOHAMAD
DPMT, PJK

Non-Independent Executive Director
Aged 68, Male, Malaysian

Dato' Haji Mustaffa was appointed as an Executive Director of the Company on 24 March 1999 and is an ordinary member of the Employees' Share Scheme Committee.

Dato' Haji Mustaffa graduated with a Bachelor of Laws (Hons) degree from the University of London in 1976. He was called to the English Bar at Lincoln's Inn, UK in 1981, and was admitted as an Advocate & Solicitor in the High Courts of Malaya in 1994. He also holds a Post Graduate Diploma in Port and Shipping Administration from University of Wales, Institute of Science and Technology, Cardiff (1985); and has been a member of The Chartered Institute of Logistics and Transport, UK since 1986. In 1993 he was awarded a Diploma in Syariah Law and Practice by the International Islamic University, Malaysia.

Currently, Dato' Haji Mustaffa sits on the board of directors of several private limited companies and has no directorship in other public companies and listed issuers.

During the financial year ended 31 December 2018, he attended 6 out of 7 Board meetings held.

Directors'
Profile

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG
PSM, DPMT, ASM, JP

Independent Non-Executive Director
Aged 70, Male, Malaysian

Tan Sri Dato' Lau was appointed as an Independent Non-Executive Director of the Company on 15 November 2010. He was appointed as a member of the Audit and Risk Committee and Nomination Committee on 1 March 2011 and 24 March 2016, respectively.

Tan Sri Dato' Lau obtained his Diploma in Commerce with distinction from Tunku Abdul Rahman College, Malaysia in 1974. He has been a member of the Malaysian Institute of Accountants since 1979. He was made a Fellow of the Association of Chartered Certified Accountants, United Kingdom in 1981 and became a graduate member of the Institute of Chartered Secretaries and Administrators, United Kingdom in 1987. He was formerly a Senator of Dewan Negara, appointed by Seri Paduka Baginda Yang di-Pertuan Agong, Malaysia.

Tan Sri Dato' Lau had served as a Non-Independent Non-Executive Director and Chairman of the Board of Directors of Nanyang Press Holdings Berhad and Star Publications (Malaysia) Berhad, and as an Independent Non-Executive Director of Media Chinese International Limited, a company listed in Malaysia and Hong Kong. He also served on the Board of Directors of Tenaga Nasional Berhad in various capacities, as Chairman of Audit Committee, Member of Board Disciplinary Committee, Board Tender Committee and Board Member of several subsidiary companies.

Tan Sri Dato' Lau does not hold directorship in other public companies and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

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

Independent Non-Executive Director
Aged 73, Male, Malaysian

Datuk (Prof.) A. Rahman was appointed as an Independent Non-Executive Director on 1 January 2003. He was redesignated and appointed as Chairman of the Nomination Committee on 24 March 2016. He also sits on the Audit and Risk Committee and Remuneration Committee as an ordinary member.

Datuk (Prof.) A. Rahman 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 Royal Institution of Surveyors Malaysia, as well as Professional Membership with The Chartered Institute of Building of United Kingdom.

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

Datuk (Prof.) A. Rahman does not hold directorship in any other public companies and listed issuers, but sits on the board of directors of several private limited companies.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

DATO' SR. ABDULL MANAF BIN HJ HASHIM
DIMP, KMN, AMN

Independent Non-Executive Director
Aged 63, Male, Malaysian

Dato' Sr. Abdull Manaf was appointed as an Independent Non-Executive Director of the Company on 1 July 2016.

He holds a Bachelor in Quantity Surveying from Universiti Teknologi Malaysia.

Dato' Sr. Abdull Manaf started his career as a Quantity Surveyor in the Education Unit of the Quantity Surveying Branch at Jabatan Kerja Raya ("JKR") Headquarters Malaysia and has served in JKR for 38 years, rising through the ranks until his last post as the Deputy Director General of JKR, Malaysia.

He was the Deputy President of the Royal Institution of Surveyors Malaysia ("RISM") for the session 2011/2012, the President of RISM for the session 2012/2013 and has served as the President of the Board of Quantity Surveyors for 10 years since 2007 until 2017. Dato' Sr. Abdull Manaf has been re-appointed as a Director (Special Interest) of Lembaga Lebuhraya Malaysia for another 2-year period from 27 November 2018 to 26 November 2020.

Dato' Sr. Abdull Manaf does not hold directorship in any other public companies and listed issuers.

During the financial year ended 31 December 2018, he attended 7 out of 7 Board meetings held.

NOTES:

Family Relationship

Except for Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda, Dato' Sri Wan Zakariah bin Haji Wan Muda and Dato' W Zulkifli bin Haji W Muda who are siblings, and Dato' Haji Roslan bin Tan Sri Jaffar who is the son-in-law of Tan Sri Dato' Sri Haji Wan Zaki, none of the other Directors are related to one another, nor with any major shareholder.

Conflict of Interest

Save as disclosed in the related party transactions on Note No. 42 in the Financial Statements of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

Convictions of Offences

None of the Directors have been convicted of any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2018.

Profile of Heads of Division/ Key Management Team

ABDUL HALIM BIN ASHARI
Head, Plantation Division
Aged 64, Malaysian, Male

Date Joined
1 September 2015

Date of Appointment to Current Position
1 September 2015

Academic/Professional Qualification(s)
- Senior Management Training Program, Harvard Business School, USA
- Shun Tzu Art of Management & TQM, National University of Singapore
- Diploma in Rubber Technology and Plantation Management, Rubber Research Institute of Malaysia

Working Experience(s)
- PT Eagle High Plantations Tbk (2013 to 2015)
- PT BW Plantation Tbk (2002 to 2013)
- PT Boustead Management Services (subsidiary of Boustead Holdings Berhad) (1996 to 2001)
- Boustead Estates Agency Sdn Bhd (1981 to 1995)
- Kulim (M) Berhad (1978 to 1980)

DATO' AZMAN BIN MARZUKI
Head, Engineering & Construction Division
Aged 54, Malaysian, Male

Date Joined
5 October 2012

Date of Appointment to Current Position
1 December 2017

Academic/Professional Qualification(s)
- Master of Business Administration from University of Lausanne (IMD), Switzerland
- Bachelor of Engineering (Civil), University of Wollongong, Australia

Working Experience(s)
- PJSI Sdn Bhd (2011 to 2012)
- Kumpulan Hartanah Selangor Berhad (2009 to 2011)
- Tidalmarine Engineering Sdn Bhd (2007 to 2009)
- PECD Berhad (1995 to 2007)
- Pengurusan Lebuhraya Berhad (1989 to 1995)
- Minconsult Sdn Bhd (1988 to 1989)

MOHAMMAD FAUZI BIN HAJI AHMAD
Head, Concession Division
Aged 53, Malaysian, Male

Date Joined
3 October 2011

Date of Appointment to Current Position
6 November 2017

Academic/Professional Qualification(s)
- Bachelor in Civil Engineering, University of Pittsburgh, USA

Working Experience(s)
- Reliance Engineering, USA (2005 to 2011)
- Radicare (M) Sdn Bhd (2001 to 2005)
- Abrar-Manfield Consortium (1996 to 2001)
- Kuala Lumpur City Centre (KLCC) (1993 to 1996)
- Projek Penyelenggaraan Lebuhraya (PROPEL) (1990 to 1993)
- Pengurusan Lebuhraya Berhad (PLB) (1989 to 1990)

Profile of Heads of Division/
Key Management Team

WAN SHARIMAN BIN WAN MOHAMED
Head, Corporate Services
Aged 52, Malaysian, Male

Date Joined
17 October 2016

Date of Appointment to Current Position
1 August 2018

Academic/Professional Qualification(s)
- Fellow of Chartered Institute of Management Accountants (CIMA), UK
- Master in Business Administration (with Distinction), Nottingham Trent University, UK

Working Experience(s)
- Idealcap Holdings Sdn Bhd (2013 to 2016)
- Maju Holdings Group (2010 to 2012)
- Malaysian Resources Corporation Berhad (2003 to 2010)
- APL-NOL Malaysia (1995 to 2003)
- Amanah Capital Berhad (1995)
- Oriental Bank Berhad (1992 to 1994)

MOHAMMAD ASHRAF BIN MD RADZI
Chief Financial Officer
Aged 41, Malaysian, Male

Date Joined
1 September 2016

Date of Appointment to Current Position
1 November 2017

Academic/Professional Qualification(s)
- Member of Malaysian Institute of Accountants (MIA)
- Member of Association of Chartered Certified Accountants (ACCA), UK
- Capital Markets Services Representative License (CMSRL) Modules 12 & 19, Securities Commission Malaysia
- Bachelor of Accounting (Hons), University Tenaga Nasional

Working Experience(s)
- MIDF Amanah Investment Bank (2015 to 2016)
- Johawaki Holdings Sdn Bhd (2013 to 2015)
- Prokhas Sdn Bhd (2009 to 2013)
- UBS Investment Bank, London (2007 to 2009)
- CUNA Mutual Life Assurance (Europe) Ltd, Dublin (2005 to 2007)
- Ernst & Young, Dublin (2002 to 2005)

Profile of Heads of Division/
Key Management Team

RADZILLAH BINTI MAHMOOD
Executive Director, Ahmad Zaki Sdn Bhd
Aged 54, Malaysian, Female

Date Joined
15 September 2016

Date of Appointment to Current Position
15 September 2016

Academic/Professional Qualification(s)
- Master in Business Administration, Universiti Putra Malaysia
- Degree in Civil Engineering, University College of Swansea, UK

Working Experience(s)
- UEM Builders Berhad (2011 to 2016)
- Ahmad Zaki Sdn Bhd (2007 to 2011)
- PECD Berhad (1995 to 2007)
- Structural Concrete (1993 to 1995)
- IJM Corporation Sdn Bhd (1990 to 1993)
- MMC-GTM Binasama Sdn Bhd (1989 to 1990)

IR. AUBREY MICHAEL SHEPHERDSON
Head, Property Division
Aged 58, Malaysian, Male

Date Joined
12 December 2018

Date of Appointment to Current Position
12 December 2018

Academic/Professional Qualification(s)
- Master of Business Administration, University of Strathclyde, Scotland
- Bachelor of Science in Civil Engineering, University of Toledo, Ohio, USA

Working Experience(s)
- Malaysian Resources Corporation Berhad (2014 to 2018)
- KLCC Projeks Sdn Bhd (2009 to 2014)
- Putrajaya Holdings Sdn Bhd (1997 to 2009)
- Pengurusan Lebuhraya Berhad (1991 to 1997)
- HSS Integrated Sdn Bhd (1990 to 1991)
- Minconsult Sdn Bhd (1987 to 1989)

MD SUHAIMI BIN HUSAIN
Chief Operating Officer, TB Supply Base Sdn Bhd
Aged 58, Malaysian, Male

Date Joined
1 May 2017

Date of Appointment to Current Position
1 May 2017

Academic/Professional Qualification(s)
- B.Sc. Maritime/Nautical Studies from Liverpool John Moores University, United Kingdom

Working Experience(s)
- Muhibbah Engineering Berhad (2015 to 2017)
- Atlas Merger Sdn Bhd (2006 to 2015)
- Eastern Pacific Industrial Corporation Berhad (EPIC) (1998 to 2006)
- Pangkalan Bekalan Kemaman Sdn Bhd (Kemaman Supply Base) (1989 to 1998)
- Perwaja Terengganu Sdn Bhd (1985 to 1989)

Profile of Heads of Division/
Key Management Team

HAZMI BIN HUSSAIN
President Director, PT Ichtiar Gusti Pudi
Aged 57, Malaysian, Male

Date Joined
1 September 2012

Date of Appointment to Current Position
1 September 2012

Academic/Professional Qualification(s)
- Member of Malaysian Institute of Accountants (MIA)
- Advance Diploma in Accountancy, Universiti Teknologi MARA (UiTM)

Working Experience(s)
- PT SCAN Nusantara (2006 to 2012)
- PT MAA Indonesia (1999 to 2005)
- MAA Berhad (1996 to 1999)
- Bank Negara Malaysia (1986 to 1995)

KHAIRUDIN BIN HAJI MOHD ALI
Chief Compliance Officer
Aged 44, Malaysian, Male

Date Joined
13 November 2013

Date of Appointment to Current Position
6 November 2017

Academic/Professional Qualification(s)
- Member of Malaysian Institute of Accountants (MIA)
- Member of Malaysian Institute of Certified Public Accountants (MICPA)
- BA (Hons) Accounting and Finance, De Montfort University, Leicester, UK

Working Experience(s)
- Prokhas Sdn Bhd (2009 to 2013)
- CIMB Investment Bank Berhad (2006 to 2009)
- KPMG Singapore (2005 to 2006)
- KPMG Kuala Lumpur (2004 to 2005)
- Jamal, Amin and Partners (2002 to 2004)
- PricewaterhouseCoopers (1997 to 2002)

SEUHAILEY BINTI SHAMSUDIN
Company Secretary
Aged 43, Malaysian, Female

Date Joined
15 June 2005

Date of Appointment to Current Position
1 August 2006

Academic/Professional Qualification(s)
- Associate of The Malaysian Institute of Charted Secretaries and Administrators (ICSA)

Working Experience(s)
- Ranhill Berhad (2003 to 2005)
- Mekar Korperat Sdn Bhd (2000 to 2003)

Note:
Save as disclosed, the above Heads of Division/Key Management Team have no directorship in public companies and listed issuers, have no family relationship with any Director and/or major shareholder of AZRB, have no conflict of interest with AZRB, have not been convicted of any offences within the past 5 years and no public sanction or penalty has been imposed by the relevant regulatory bodies during the financial year 2018.

Statement on Risk Management
and Internal Control

1. INTRODUCTION

The Board of Directors ("the Board") is committed in maintaining a sound system of risk management and internal control in Ahmad Zaki Resources Berhad and its subsidiaries ("AZRB" or "the Group") to manage risk and to report on internal controls and regulatory compliance so as to safeguard shareholders' investment and the Group's assets.

Set out below is the Board's Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 31 December 2018, which outlines the nature and scope of risk management and internal control and covers all of the Group's operations, except for associate companies and smaller investments.

2. RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of risk management and internal control in the Group and as such has reaffirmed its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, project management, organisational and compliance controls, and for reviewing the adequacy of integrity in these systems.

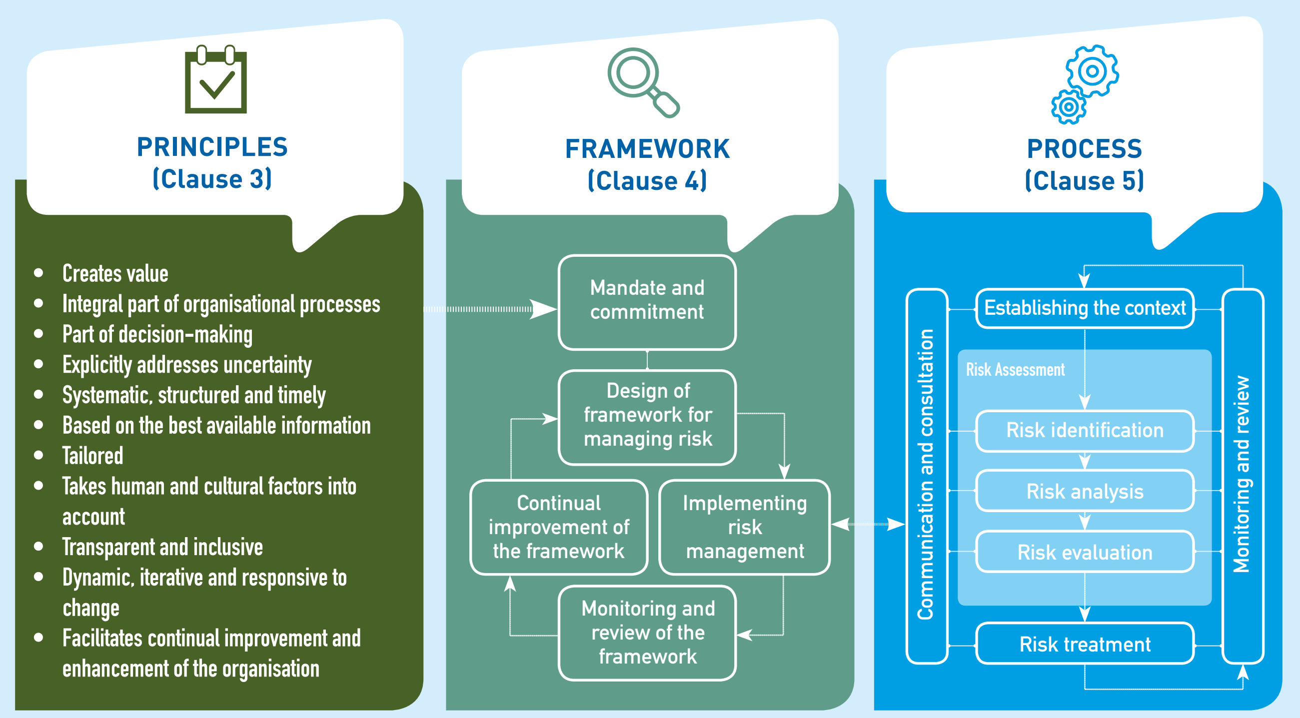
Whilst the Board is ultimately responsible for these systems, it has delegated the implementation of these control systems to the Management who regularly report on risks identified and action or steps taken to mitigate and/or to minimise the risks. The oversight of this critical area is carried out by the Audit and Risk Committee ("the ARC") comprising the independent Board members.

However, in view of the limitations inherent in any system, it should be appreciated that these systems are designed to manage and mitigate, rather than eliminate, the risk of failure to achieve the Group's business objectives. These systems can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Group's concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

3. RISK MANAGEMENT FRAMEWORK

The Group has in place a Risk Management Framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide risk management on an integrated basis and is organised entity-wide. It outlines the risk management methodology which is in line with the ISO 31000:2009 Risk Management – Principle and Guidelines, mainly promoting the risk ownership and continuous monitoring of key risks identified.

Statement on Risk Management
and Internal Control



Source: ISO 31000:2009

Risk management awareness and training is continually conducted to all staff as part of the Group's initiatives to instil a proactive risk management culture and implement proper risk management framework in the Group.

The Board recognises that risk is an inherent part of the Group's business, presenting both threats and opportunities. In order to achieve the Group's business objectives and meet shareholders' expectations, the Board and Management would have to make decisions that will involve some degree of risk. The following risk management policy provides guidance as to the management of risks and its application across AZRB and business divisions:

- Integrate risk management into AZRB culture, business activities and business decision making processes;
- Inculcate risk management in every business process at every level;
- Anticipate and respond to the changing operational, economic, social, environmental and regulatory requirements proactively;
- Manage risks pragmatically, to an acceptable level given specific circumstances of each situation;
- Ensure all approvals to strategy, key projects, major assets, significant initiatives or investment should include a detailed risk assessment report as and when required; and
- Implement a robust and sustainable risk management framework that is aligned with AZRB vision, mission, and in accordance to best practices.

The context within which the Group manages the risks and key focus of accountability is as follows:

a. Project risks are inherent in the ongoing project management and execution activities within the respective construction projects of the Group. Typically, some of the risks cover delay of construction, health, safety and environmental risks, project cost risks, etc. Accountability for managing project risks rests specifically with the Project Director and Project Manager, who regularly identify and manage project risks.

b. Operational risks are inherent in the ongoing activities within the different Business Divisions of the Group. Typically, they cover competency risks, loss of key personnel, liquidity risks, etc. Accountability for managing operational risks rests with Business Division Heads, who regularly identify and manage operational risks.

During the year under review, the significant project risks and operational risks were presented and deliberated at Risk Management Committee ("RMC") – Subsidiary, Board of subsidiaries and ARC.

The RMC – Subsidiary is assisted by the Risk Management Department ("the RMD") in discharging risk management responsibilities. RMD facilitates the risk assessment process on risk identification and risk rating determination by the respective process owners (head of department). RMD also provides guidance and support in the development of risk action plan and monitors the risk action effectiveness and status. The Head of Business Divisions are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting all risks to the RMC – Subsidiary, Board of subsidiaries and ARC.

The RMC – Subsidiary, Board of subsidiaries and ARC have noted the key risks, the potential impact and likelihood of risks occurring, the effectiveness of existing controls and the risk action plans being taken to manage the risks to the desired levels.

4. INTERNAL AUDIT

The Internal Audit Department ("the IAD") reports directly to the ARC. Through internal audit reviews, the IAD's principal roles are to evaluate and improve the effectiveness of internal control within the Group.

Regular reviews by the IAD are carried out based on the annual audit plan which encompasses the management of risk and governance, and the effectiveness and adequacy on the internal control procedures across the various business divisions and projects within the Group. The corrective actions taken by Management on audit recommendations are reported on a regular basis to the ARC for their update, consideration and approval.

Further information on the activities of the IAD can be found in the ARC Report.

5. KEY INTERNAL CONTROL FEATURES

The Group has a structure which outlines accountability, authority and responsibility to the Board, its committees and operating units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control, including the following:

a. Board of Directors

The Board is the pillar of the Group's risk management and internal control practices. The Board is committed to maintaining a sound system of internal control and the overall responsibility for risk oversight, mirroring its overall responsibility for strategy.

The Board meetings are held on a quarterly basis during the year to review and evaluate the Group's operations and performance to address key issues. However, additional meetings may be convened as Special Board Meetings when required.

b. Audit and Risk Committee

The ARC is responsible in ensuring effectiveness of integrated risk management function within the organisation, reviews the internal audit plan and result of internal audit process as well as ensuring appropriate action is taken on the recommendation of the internal audit function.

The ARC composition comprises 3 Independent Non-Executive Directors. The ARC has full access to both Internal Auditors and External Auditors and has the right to convene meeting with auditors without the presence of Executive Directors and Senior Management.

c. Business Plan and Budget

For 2018 Business Plan and Budget, the Group has performed an annual business plan and budget for all business divisions and subsidiaries. The annual business plan and budget were deliberated and approved by the Board. The performance of each business division and subsidiary is assessed against budget by the Chief Financial Officer, with explanation on significant variances presented to the Board on a quarterly basis.

d. Documented Policies and Procedures

Clearly documented policies and procedure of business processes have been set out in a series of Standard Operating Procedures ("SOP") or Integrated Management System ("IMS") and implemented throughout the Group. These policy and procedures are periodically reviewed and updated to reflect the changes in business structure, processes as well as changes in external environment.

e. Human Resource Policy

The Group has in place, a Human Resource Policy which sets the tone of compliance with the Group's rules and regulations and employee conduct as set out in the Employee Handbook.

f. Performance Management

Performance appraisals are carried out annually in a Performance Management System to gauge the employees' performance for any promotion, bonus payment and annual increment exercise.

In order to nurture the quality and competencies of employees, training and development programmes are established.

g. Business Ethics

The Standing Instruction on Business Ethics ("the Code") is communicated to all employees, and compliance to the Code is mandatory. The Code provides guidance and serves as the main source of reference to assist employees to live up to ethical business standards and explains how business and duties should be conducted.

6. ASSURANCE TO THE BOARD

The monitoring, review and reporting arrangements in place is to provide reasonable assurance that the systems on internal control are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or occurrence of unforeseeable circumstances.

In line with the Guidelines, the Board has received assurance from the Group Managing Director and Chief Financial Officer of AZRB that the risk management and internal control systems of the Group are operating adequately and effectively. The Board is of the view that the risk management and internal control systems in place for the year under review are sound and sufficient to safeguard shareholders' investment, stakeholders' interest and the Group's assets.

7. REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, this Statement has been reviewed by the external auditors, Deloitte PLT, for inclusion in the Annual Report for financial year ended 31 December 2018 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the systems of internal control.

8. CONCLUSION

For the financial year under review and up to the date of issuance of the statement, the Board is pleased to state that the Group's risk management and internal control were rated overall satisfactory, adequate and effective for the Group's purpose and safeguards the shareholders' investment and the interest of customers, employees and other stakeholders. There have been no material losses, contingencies or uncertainties identified from the reviews.

This statement is made in accordance with a resolution of the Board dated 28 March 2019.

Corporate Governance
Overview Statement

The Board of Directors ("the Board") of Ahmad Zaki Resources Berhad ("the Company") is committed towards the adoption of principles and best practices as enshrined in the Malaysian Code of Corporate Governance ("MCCG") throughout the Company and its subsidiaries (collectively referred to "AZRB" or "the Group").

A summary of AZRB's corporate governance policies and practices are based on the 3 key principles as outlined in the MCCG below:

Principle A

Board Leadership and Effectiveness

- Board Responsibilities
- Board Composition
- Remuneration

Principle B

Effective Audit and Risk Management

- Audit Committee
- Risk Management and Internal Control Framework

Principle C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

- Communication with Stakeholders
- Conduct of General Meetings

This statement is also prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read together with the Corporate Governance Report of the Company ("CG Report") which is available on the Company's website at www.azrb.com.

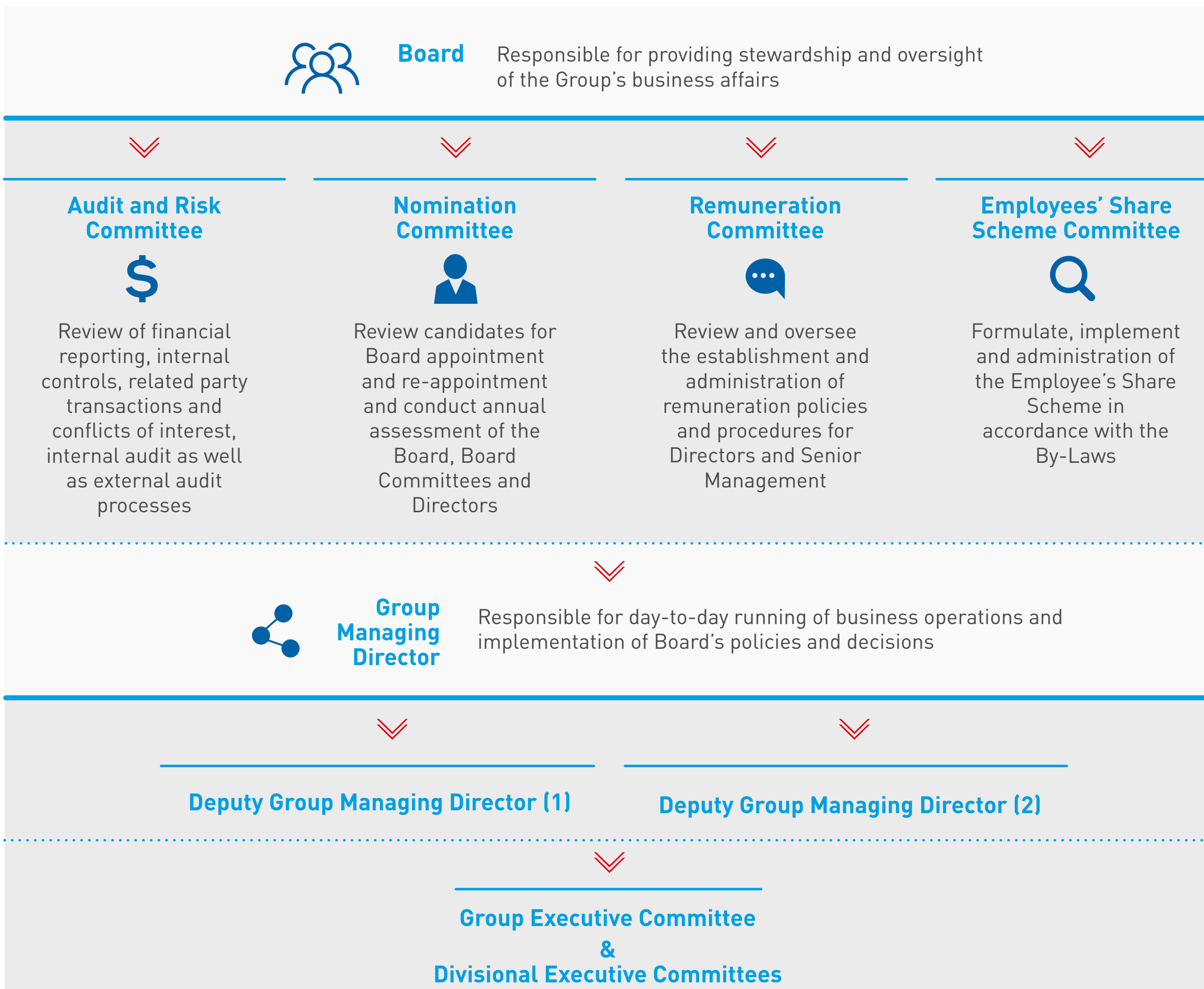
PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

A1 Board responsibilities

The Board recognises its roles and responsibilities in discharging its fiduciary duties and leadership functions including setting the strategic direction, establishing short, medium and long-term business goals and monitoring the achievement of these goals for the Group. The roles and responsibilities of the Board are clearly defined in the Board Charter where the Board will review it as and when required.

In order to assist in the oversight function with respect to specific responsibility areas, the Board has established 4 Board Committees, namely, Audit and Risk Committee ("ARC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Employees' Share Scheme Committee ("ESSC"). Details of the Terms of Reference of each Board Committee are also stipulated in the Board Charter. The Board is regularly updated on the proceedings and deliberations of the Board Committees and recommendations would be highlighted and reported to the Board.

The Board delegates the day-to-day management of the Group to the Executive Directors but reserves for its consideration pertinent significant matters as outlined in the Board Charter. The Board also delegates and confers some of the Board's authorities and discretion to the Executive Vice Chairman as well as the Group Managing Director. Whilst authority is delegated to the Board Committees and Executive Directors in accordance with the Terms of Reference of these Committees, it should be noted that the Board retains collective oversight over them and control is firmly vested in the hands of the Board. Details of the Board Charter can be found on the Company's website at www.azrb.com.



The Board and its Committees meet with sufficient regularity to deliberate on matters under their purview. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, investment proposals, financial results as well as key performance indicators.

A2 Board composition

The Board currently has 9 members comprising 5 Executive Directors and 4 Non-Executive Directors where all 4 Non-Executive Directors are Independent Directors. The Board considers that its current size commensurate with the present scope and scale of the Group's business operations. The profiles of the Directors are presented on pages 16 to 25 of this Annual Report.

The Board is also composed of members with experience and expertise in business, construction, legal and finance which allows for informed deliberation and decision-making at the Board level.

The Board endeavours to ensure that it has appropriate mix of skills, experience, and diversity to reflect the Group's nature of business. The Board, from time to time, undertakes a review of its composition to determine areas of strengths and improvement opportunities.

Whilst the Board does not compromise at least 50% of Independent Directors as promoted by MCCG, the presence of an Independent Chairman on the Board allows for discussions to be framed and moderated in an objective manner.

The Board acknowledges that while it is important to promote diversity, the normal selection criteria of a Director based on effective blend of competences, skills, experience and knowledge should remain a priority so as not to compromise on mix of capabilities, experience and qualification amongst the Board members. At present, the Board is led by all male Directors. However, there are 4 female Directors in the Board of subsidiaries of AZRB. The Board will continue to source for qualified female candidates without compromising on the business imperative.

Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account objective criteria such as competencies, experience, character, integrity, ability to devote time and diversity needed on the Board in the context of the Group's strategic direction.

The Board is chaired by Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad, an Independent Non-Executive Director, who provides leadership for the Board so that the Board can perform its responsibilities effectively. He is also responsible for instilling good corporate governance practices in the Company. The position of the Chairman and the Group Managing Director are held by different individuals and each position has a clear responsibility to ensure a balance of power and authority.

A2.1 Board and Directors Assessment

The NC has established a few assessment forms to evaluate the performance of each member of the Board and Board Committees. The effectiveness of the Board was assessed in the areas of the Board's roles and responsibilities and composition, attendance, participation and contribution at meetings. All assessments and evaluations carried out by the NC were properly documented.

The Board noted the recommendation by MCCG on the tenure of an independent director should not exceed a cumulative of 9 years. Nonetheless, at the moment, the Board did not adopt a policy which limits the tenure of Independent Directors up to certain number of years. The Board is of the view that there is no requirement to fix a maximum tenure limit for independent director as there are significant advantages and benefits to be gained from the long servicing director who is familiar with Company's affairs and businesses. The ability of a director to serve effectively as an independent director is very much dependent on his skills, knowledge, expertise and experience, professionalism, integrity and the ability to discharge his duties and responsibilities. The length of their service does not in any way diminish their exercise of independent judgement.

Whilst Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad and Datuk (Prof.) A. Rahman @ Omar bin Abdullah, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years each, the NC has carried out the annual assessment and recommended to the Board for them to continue to act as Independent Non-Executive Directors of the Company, subject to shareholders' approval at the forthcoming AGM of the Company. The annual assessment was based on the following criteria:

- He fulfils the criteria under definition of Independent Non-Executive Director as stated in the Listing Requirements and therefore, is able to bring independent and objective judgement to the Board;
- His experience in industries relevant to the Group's business enables him to provide the Board and the Audit and Risk Committee, as the case may be, with pertinent expertise, skills and competence to enable the Board to discharge its responsibilities;
- His commitment to the Company in terms of time spent on the Group, as evidenced by his meeting attendance;
- He was assessed to be "independent in mind" with the will and ability to stand for an objective point of view; and
- He has been with the Company for an optimal period of time to understand the Company's business operations and has accumulated tacit knowledge which in turn enables him to contribute actively during deliberations or discussions at the Board and Audit and Risk Committee Meetings, as the case may be.

A2.2 Board Meetings

During the financial year ended 31 December 2018, 7 Board meetings were held. Details of the attendance of Directors at these Board meetings are as follows:

Director	Board meeting attendance
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	7/7
Dato' Sri Wan Zakariah bin Haji Wan Muda	7/7
Dato' W Zulkifli bin Haji W Muda	7/7
Dato' Haji Roslan bin Tan Sri Jaffar	7/7
Dato' Haji Mustaffa bin Mohamad	6/7
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	6/7
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	7/7
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	7/7
Dato' Sr. Abdull Manaf bin Hj Hashim	7/7

Directors are provided with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions on pertinent matters. The circulation of meeting materials to Board members is carried out using a secured technological platform which facilitates seamless information flow and allows for timely enhancements to be made to the materials, if necessary.

A2.3 Directors' Training

The Board emphasises the importance of continuing education and training for its Directors to ensure that they keep up with the latest developments in the areas related to their duties. During the year, all Directors have attended various conferences, seminars and training programme as follows:

- Emotional Intelligence for Exemplary Leadership
- Captains of Industry Roundtable Discussion A Perspective Towards Stakeholder's Responsibility and Safety Culture in Construction Industry
- Rebuilding a New Malaysia
- C-Suite Cyber Security
- Understanding Liquidity Risk Management in Banking
- Risk, Challenges & Vulnerabilities Towards Regulatory Compliance
- Business Continuity Management
- Annual Dialogue with the Deputy Governor of BNM
- AMLA Training 2018
- Malaysia Bioeconomy Development Corporation
- National Supply Chain Conference on Rail Projects & Career Fair 2018
- Understanding and Implementing ISO 9001:2015, ISO 14001:2015 and DIS 45001

A2.4 Company Secretaries

In discharging its responsibilities, the Board is supported by suitably qualified and competent Company Secretaries who are responsible for ensuring that the Group is aware and kept updated on the relevant laws, regulations, listing and policy requirements governing the company and business. The Company Secretary is present for all Board and Board Committee meetings and act as counsel on corporate governance matters to the Board whilst also co-coordinating information flow as well as meeting proceedings. The appointment, removal and performance evaluation of the Company Secretaries shall be a matter reserved for the Board as a whole.

A3 Remuneration

The Board believes that the level of remuneration offered by the Company is sufficient to attract and retain Directors and Senior Management needed to run the Company and to maximise shareholders' value. The component parts of remuneration packages have been structured to link rewards to corporate and individual performance for Senior Management and Executive Directors, whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.

Details of the remuneration for individual Directors of the Company are outlined below:

Name of Director	Received from the Company RM'000			Received from the Group RM'000		
	Fees and Meeting Allowance	Salary[1] and other emoluments	Benefits-in-kind	Fees and Meeting Allowance	Salary[1] and other emoluments	Benefits-in-kind
Executive Directors						
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	7	1,797	69	70	1,947	97
Dato' Sri Wan Zakariah bin Haji Wan Muda	7	1,441	61	73	1,453	94
Dato' W Zulkifli bin Haji W Muda	7	0	0	64	1,327	125
Dato' Haji Roslan bin Tan Sri Jaffar	7	1,020	83	73	1,032	83
Dato' Haji Mustaffa bin Mohamad	6	0	7	96	1,100	143
Non-Executive Directors						
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	257	20	35	259	20	35
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	106	8	0	171	8	7
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	196	15	39	202	15	39
Dato' Sr. Abdull Manaf bin Hj Hashim	127	10	25	130	10	25

Notes:
[1] Excludes Employees Provident Fund ("EPF") and other statutory contributions.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

B1 Audit and Risk Committee

The Board has established an ARC to provide robust oversight on financial reporting, external and internal audit processes, related party transactions and conflict of interest situations as well as risk management matters of the Group. The ARC members possess the requisite financial literacy and business knowledge that support the sound understanding of matters under their purview. Whilst a stand-alone Risk Management Committee is not established, the ARC strives to ensure that deliberations on risk management matters are not placed on the periphery. Adequate attention is accorded for risk management matters including discussion on nuanced risks such as reputational, key performance indicator and cyber risks.

The ARC has unrestricted access to both the internal and external auditors, who report functionally and directly to the ARC. The ARC has established transparent arrangements to maintain an appropriate relationship with the Company's external auditor. During the year under review, the external auditor has provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance to the terms of relevant professional and regulatory requirements.

The details of meeting attendance of the ARC members are outlined below:

Director	ARC meeting attendance
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad (Chairman)	8/9
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	9/9
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	9/9

B2 Risk management and internal control framework

The ARC is responsible in ensuring the effectiveness of an integrated risk management function within the Group as well as overseeing and monitoring the overall risk. The Group has on-going processes for identifying, evaluating and managing significant risks. Functionally, the Executive Directors and Senior Management regularly identify and manage the risks faced by the Group. This function is embedded and carried out as part of the Group's operating and business management processes. The Group has also continued to implement its Risk Management Procedures in areas of Enterprise Risk Management and Project Risk Management in its major subsidiaries.

The Group has an in-house internal audit department which is independent of the activities or operations of the other operating units in the Group. The Internal Audit Department adopts a risk-based audit approach when executing each audit assignment which is carried out in accordance with the annual audit plan. The annual audit plan covers the major subsidiaries of the Group. The internal audit function provides the ARC and the Board with reasonable assurance regarding the adequacy and integrity of the systems of risk, governance and internal controls.

Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control of the Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

C1 Communication with stakeholders

The Board acknowledges the importance of timely and equal dissemination of all material business, corporate and financial developments affecting the Group to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Board ensures that continuous disclosures made are effective and transparent whilst regular communication with its stakeholders are connected through a variety of communication channels as follows:

- Announcements/Press Release to Bursa Securities
- Annual Report
- Circular to Shareholders
- General Meetings
- Corporate website
- Investor Relation sessions

C2 Conduct of general meetings

Annual and Extraordinary General Meetings ("General Meetings") are main platforms for shareholders to engage with the Board and Senior Management in a productive dialogue and to raise their concerns about the Group. All Directors of the Company were present at the 21st Annual General Meeting held on 28 June 2018 and also at Extraordinary General Meeting held on 30 November 2018 to provide clear and meaningful response to shareholders' questions. The Senior Management, external auditor and adviser were also present at the General Meetings.

Shareholders have been provided with at least 28 days' advance notice for the upcoming Annual General Meeting ("AGM") to accord them with adequate time to prepare and ultimately make informed decisions during the AGM. Each notice of AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable.

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 26 April 2019.

Statement of Directors' Responsibilities
in Preparing the Financial Statements

The Directors acknowledge their responsibilities as required by the Companies Act 2016 ("the Act") to prepare the financial statements so as to give a true and fair view of the financial position of the Group and the Company as at end of the financial year and financial performance of the Group and the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Act.

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

- ensured that applicable approved accounting standards have been complied with;
- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent where needed;
- prepared the financial statement on the going concern basis and disclose, as applicable, matters related to going concern and using the going concern basis of accounting unless either intends to liquidate or to cease operations, or have no realistic alternative but to do so; and
- ensured that necessary internal controls are in placed to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

The Directors are responsible for ensuring that the accounting and other records have been properly kept in accordance with the provision of the Act.

This Statement of Directors' Responsibilities is made in accordance with a resolution of the Board of Directors dated 26 April 2019.

Audit and Risk
Committee Report

The Audit and Risk Committee ("ARC") was established to assist the Board of Directors ("the Board") in discharging its duties by providing an objective review of the effectiveness and efficiency of the internal controls, risk management, governance control of the Group's and the Company's sustainable strategic plan which creates long–term value creation.

AUDIT AND RISK COMMITTEE MEMBERS

Chairman

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Independent Non-Executive Director

Members

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Independent Non-Executive Director

Datuk (Prof.) A. Rahman @ Omar bin Abdullah
Independent Non-Executive Director

MEETINGS AND ATTENDANCE

A total of 9 meetings were held during the financial year ended 31 December 2018. The quorum for meeting shall be 2 members of the ARC. The details of attendance of meetings are as follows:

	Date of meeting									
Members	25 Jan	26 Feb	23 Mar	18 Apr	25 May	18 July	29 Aug	14 Nov	29 Nov	Total attendance
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	√	√	√	√	x	√	√	√	√	8/9 (89%)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	√	√	√	√	√	√	√	√	√	9/9 (100%)
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	√	√	√	√	√	√	√	√	√	9/9 (100%)

The Company Secretary acts as a secretary to the ARC. The minutes of the meetings were recorded and tabled for confirmation at the next ARC meeting. The Chairman will convey to the Board matters of significant concern as and when raised by the external and internal auditors in the meeting. The Group Managing Director was invited to all the ARC meetings to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations, if any. The relevant person in-charge of the respective division/project was invited to brief the ARC on specific issues arising from the audit reports or any matters of interest, if any.

A separate meeting between the ARC and the external auditors without the presence of the executive Board members and the Management was held twice during the financial year to discuss on audit feedback.

Audit and Risk
Committee Report

TERMS OF REFERENCE

The terms of reference establishes the membership, quorum, powers, authority, duties and responsibilities of the ARC and is incorporated in the Board Charter which is accessible on the Company's website at www.azrb.com.

The Nomination Committee ensures that the terms of office and performance of the ARC and each of its members are being evaluated annually to determine whether the ARC and its members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES

The duty and responsibilities of the ARC are in line with its terms of reference. During the financial year, the ARC had timely reviewed and deliberated the following matters and reported the same to the Board for approval:

1. Financial Reporting
   - Quarterly financial results and annual financial statements of the Company and the Group for the financial year ended 31 December 2018

2. External Audit
   - Re-appointment of external auditors and audit fees
   - Scope of works and audit planning memorandum of the external auditors including audit strategy, audit focus, evaluation of internal controls system and resources for the financial year ended 31 December 2018
   - Final audit report together with the external auditors
   - Met the external auditors without the presence of Executive Directors and Management and discussed matters arising from the audit process

3. Internal Audit
   - Internal audit plan of the Company and its subsidiaries for year 2018
   - Major findings of internal audit reports, recommendations in relation to weaknesses in the internal control and corrective actions to be taken by Management

4. Recurrent Related Party Transactions ("RRPT") of a Revenue and Trading Nature
   - RRPT entered into by the Company and its subsidiaries with related parties and ensure disclosure requirements of the Main Market Listing Requirements are adhered to
   - Reviewed the circular to shareholders in relation to the proposed renewal of existing shareholders' mandate and new shareholders' mandate for RRPT of a revenue or trading nature

5. Risk Management
   - Risk Management Plan of the Company and its subsidiaries for year 2018
   - Quarterly Risk Management reports

6. Sustainability
   - Sustainability Plan of AZRB for year 2018

7. Annual Report
   - Corporate Statements such as Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities in Preparing the Financial Statements, Audit and Risk Committee Report and Sustainability Statement for the financial year ended 31 December 2018.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is performed on an in-house basis by the Internal Audit Department ("IAD"). IAD reports directly to the ARC and maintains its impartiality, proficiency and professional due care. The Internal Audit Charter defines the authority, duties and responsibilities of IAD.

The principal roles of IAD are to evaluate and improve the effectiveness of internal control, governance and risk management process. IAD also provides independent and objective assurance to the Board and Management on the system of internal control within business divisions of the Group.

IAD adopts a risk-based audit approach when executing each audit assignment which is carried out in accordance with the annual audit plan. The annual audit plan covers the business divisions and projects of the Group and is approved by ARC.

The Internal Audit activities during the financial year is summarised below:

- Prepared the annual audit plan for deliberation and approval by ARC;
- Performed 17 audit reviews on business divisions and projects to ascertain the adequacy and compliance of their system of internal control, governance and risk management; and
- Conducted 3 follow-up audits to determine the adequacy, effectiveness and timeliness of action taken by Management on audit recommendations and provided updates on their status to ARC.

There are 6 internal auditors in the Group. The total cost incurred for the internal audit function for the financial year ended 31 December 2018 was RM840,310. The internal auditors in the IAD have the relevant qualification and experience and all staff are encouraged to continuously enhance their knowledge, skill and competencies through relevant professional courses, seminars, training courses and on-the-job training.

Additional Compliance
Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There are no corporate proposals which have been announced by the Company but not completed as at the date of this report.

AUDIT FEES*

A breakdown of fees for audit and non-audit services incurred by the Company and on group basis for the financial year ended 31 December 2018 is set out under note 8 of the Financial Statements of this Annual Report.

MATERIALS CONTRACTS OR LOANS WITH RELATED PARTIES

Save as those disclosed in the following recurrent related parties transaction of a revenue in nature, there were no material contracts or loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest either subsisting at the end of financial year ended 31 December 2018 or entered into since the end of the previous financial year.

EMPLOYEES SHARE SCHEME ("ESS")

The ESS was approved by the Company's shareholders at the Extraordinary General Meeting held on 17 March 2014 and subsequently implemented on 18 August 2014. The ESS comprises ESS Options and ESS Share Award.

(a) ESS Options and ESS Share Award granted up to the end of the financial year:

	ESS Options		ESS Share Award	
	Total	Directors	Total	Directors
Granted	4,597,453	2,877,500	-	-
Forfeited	(832,122)	(272,500)	-	-
Exercised	(94,571)	(76,666)	-	-
Outstanding as at 31.12.2018	3,670,760	2,528,334	-	-
Vested during the financial year#	1,327,124	868,329	-	-

Vested ESS Options form part of outstanding ESS Options as at 31.12.2018

Notes:

* The following particulars in relation to the audit and non-audit services rendered to the listed issuer or its subsidiaries for the financial year:

(a) amount of audit paid or payable to the listed issuer's auditors, stating the amount incurred by the listed issuer and the amount incurred on a group basis, respectively;

(b) amount of non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm, stating the amount incurred by the listed issuer and the amount incurred on a group basis respectively. If the non-audit fees incurred were significant, details on the nature of the services rendered. If no non-audit fees were incurred, a statement to that effect.

Additional Compliance
Information

(b) ESS Options and ESS Share Award granted to Directors and Senior Management during the financial year and since commencement of ESS:

	During the financial year		Since commencement of ESS	
	ESS Options	ESS Share Award	ESS Options	ESS Share Award
Maximum allocation (%)	-	-	74.17	-
Actual allocation (%)	-	-	74.17	-

(c) Non-Executive Directors were granted ESS Options during the financial year:

Name of Director	Amount of ESS Options Granted	Amount of ESS Options Exercised
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	230,000	-
Tan Sri Lau Yin Pin @ Lau Yen Beng	230,000	-
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	230,000	76,666

RECURRENT RELATED PARTY TRANSACTIONS

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

Nature of the transactions with related party	Entered by	Period covered from 1 January to 30 June 2018 RM'000	Period covered from 1 July to 31 December 2018 RM'000
a) Purchase of building materials from subsidiaries of CHRB			
i. Chuan Huat Industrial Marketing Sdn Bhd	AZSB	18,694	24,316
ii. Chuan Huat Hardware Sdn Bhd	AZSB	533	722
b) Purchase of building materials from subsidiaries of ZHSB			
i. Kemaman Quarry Sdn Bhd	AZSB	-	1
ii. QMC Sdn Bhd	AZSB	812	315
c) Sales to the following companies:			
i. Kemaman Quarry Sdn Bhd	ICSB	(74)	(55)
ii. MIM Waste Services Sdn Bhd	AZSB	-	(395)

Nature of the transactions with related party	Entered by	Period covered from 1 January to 30 June 2018 RM'000	Period covered from 1 July to 31 December 2018 RM'000
d) Insurance premium paid/payable to ZHSB	AZRB	14	10
	AZSB	324	3
	ICSB	18	30
	AMSB	-	102
	PPSB	2	-
e) Administrative charges paid/payable to ZHSB	AZSB	51	71
	ICSB	1	1
	KTIP	1	2
f) Rental of premise paid to Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	AZSB	18	18
	PPSB	221	221
g) Security service charges paid to MIM Protection Sdn Bhd	AZSB	1,909	2,879
	PPSB	23	48
h) Rental paid/payable to ZHSB	ASZB	50	70

Relationship of the related parties:

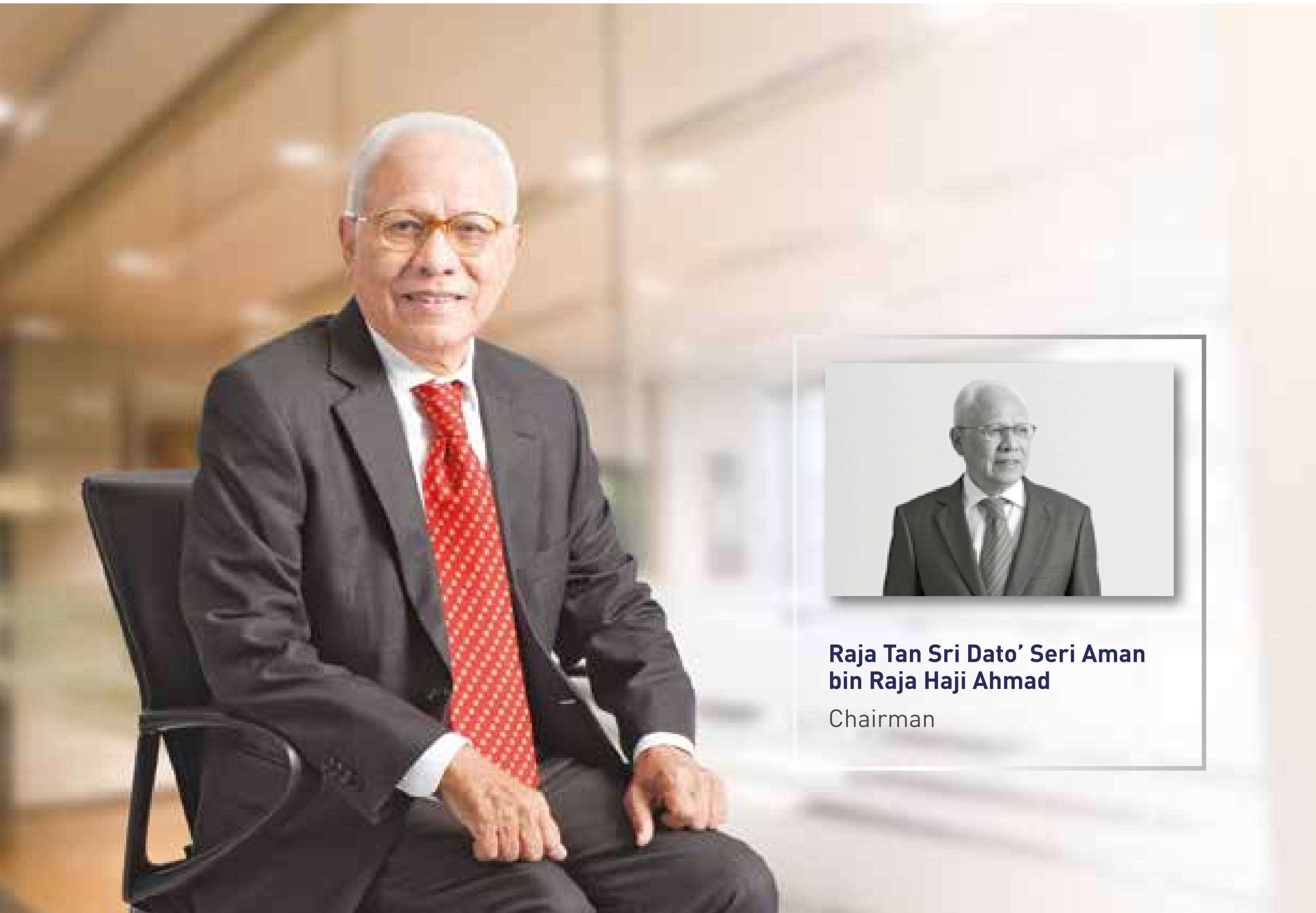
i.	Chuan Huat Resources Berhad ("CHRB")	Chuan Huat Resources Berhad, a company in which Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial equity interest.
ii.	Zaki Holdings (M) Sdn Bhd ("ZHSB")	Holding company of Ahmad Zaki Resources Berhad.
iii.	MIM Waste Services Sdn Bhd	MIM Waste Services Sdn Bhd, a company in which Dato' Sri Wan Zakariah bin Haji Wan Muda and Dato' W Zulkifli bin Haji W Muda have substantial equity interests and are also Directors.
iv.	MIM Protection Sdn Bhd	MIM Protection Sdn Bhd, a company in which Dato' Sri Wan Zakariah bin Haji Wan Muda and Dato' W Zulkifli bin Haji W Muda have substantial equity interests and are also Directors.

Indoor Stadium, Kuala Terengganu

- Chairman's Statement
- Management Discussion and Analysis

PERFORMANCE

Chairman's Statement



Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), it is my pleasure and privilege to present the Annual Report and Financial Statements of Ahmad Zaki Resources Berhad ("AZRB" or "the Group") for the year ended 31 December 2018.

OVERVIEW

The year 2018 has been a challenging year to the Group, the industries we operate in as well as the overall economic condition. It has been a year of large swings of crude oil prices; low edible oil prices, in particular palm oil prices; and bearish economic outlook on the back of ongoing trade disputes. It was also a year of dramatic political change in Malaysia, where a new ruling coalition was voted in after 61 years of independence. The election result was likened to a fresh wind of change for the country with a promise for greater transparency in all aspects of governance, especially in the awards of government contracts. As a Group, we welcome the efforts for greater transparency in awards of government construction contracts considering some of the missed opportunities in the past.

RM197.96 MILLION

PNB118 Tunnels Project

Piling works at the PNB118 Tunnel Project Site-1

POC Project Main Entrance Gate

Notwithstanding the many challenges, the Group, in particular our Engineering & Construction ("E&C") Division, continued to add new projects to our current portfolio of ongoing construction works. On 17 May 2018, the Group announced the receipt and acceptance of a Letter of Acceptance from PNB Merdeka Ventures Sdn Bhd for the 'Construction of Jalan Hang Jebat, Jalan Stadium and Chinwoo tunnels; Elevated u-turn and flyover; Galloway pedestrian bridge; Relocation of existing utilities; Upgrading and improvement of surface road; And associated works' ("the PNB118 Tunnels Project"). The award for the PNB118 Tunnels Project amounted to a total value of RM197.96 million and forms part of the construction works at the iconic PNB118 Project Site. The Group is honoured to have been awarded the Contract Works and be part of the project team that delivers what will be the tallest building in Kuala Lumpur once completed.

Recently on 20 February 2019, the Group accepted a Letter of Award from Rantau Properties Sdn Bhd, a wholly-owned subsidiary of Petroliam Nasional Berhad ("Petronas"), for a project known as "the Proposed Refurbishment and Upgrading Works to the existing Petronas Office Complex (Block A) and Petronas Operations Complex 1 (Block B), Proposed Construction and Completion of new Annex Building (Block C), Infrastructure and Landscaping Works on part of Lot 52271 and 52272 in Kerteh, District of Kemaman in Terengganu Darul Iman" ("the POC Project"). The value of the POC Project is RM150.5 million and represents the start of rejuvenation of the many Petronas facilities in the Kerteh area. The Group is proud to have been entrusted by a company such as Petronas in undertaking the POC Project.

RM150.5 MILLION

POC Project

Aerial view, EKVE Project

Gearing up to welcome PSC operators

The value of the POC Project is RM150.5 million and represents the start of rejuvenation of the many Petronas facilities in the Kerteh area. The Group is proud to have been entrusted by a company such as Petronas in undertaking the POC Project.

Both the awards of the PNB118 Tunnels Project and the POC Project are from clients that the Group have done and/or currently doing construction works for, and these projects signify the continued trust these prestigious clients have in the capabilities and expertise of the Group in delivering high quality projects. This further demonstrates that the Group's brand name is both recognised and well regarded as a trusted industry leader in delivering commitment with excellence and value especially in the engineering and construction field.

Construction works on-site the MRT V202 Project

PROGRESSING FORWARD

Aside from winning the two new projects described above, the E&C Division continues to work through its sizeable balance order book. In the past year, the E&C Division has successfully delivered the new Police Air Wing Base in Subang. The state-of-the-art base will proudly house the Royal Malaysian Police Air Wing operations after its move from Simpang Airport, which is currently undergoing redevelopment as Bandar Malaysia. Aside from delivering the Police Air Wing Base, the E&C Division has made substantial progress in all its projects, in particular the Klang Valley Mass Rapid Transit ("KVMRT") Package V202 project.

After completing all foundation works, the E&C Division is now completing the viaduct sections for onward handover to the systems contractor. The E&C Division has also made substantial progress on our East Klang Valley Expressway ("EKVE") with all works packages now in full swing. Finally, the E&C Division has been assisting the Oil & Gas ("O&G") Division in putting up facilities at the Tok Bali Supply Base ("TBSB"). The facilities have elicited all round praise from prospective oil and gas companies looking to set up operations at TBSB. The O&G Division is now making the final adjustments to meet the necessary requirements so as to welcome aboard the next major Production Sharing Contract ("PSC") operator to TBSB.

Our Plantation Division showed further improvement during the year although as a whole it remained at a loss. Operationally, it managed to further narrow the loss from previous year. However, the Division was severely hampered by the large foreign exchange loss suffered following the Indonesian Rupiah's significant decline versus the US Dollar during the first three quarters of 2018 and the low crude palm oil ("CPO") price that was prevalent for much of 2018. Had the Division enjoyed the same CPO price it did in 2017 for the financial year 2018, the Division stood a good chance of reporting its first full year profit in 2018. The oil palm industry is currently going through a volatile period primarily due to the prevalent low CPO price. As a Group, we will weather through this period whilst looking at options and opportunities to improve the contribution from the Division.

Finally, the Property Division picked up pace during the year. Following two residential housing launches in 2017, the year 2018 saw construction of its development phases in Paka, Terengganu and Marang, Terengganu pick up steam. 2018 also saw a rise in sales of units, with the Tiara Paka Phase 1 development seeing all but 8 of the 83 units launched sold whilst the Puncak Temala development in Marang saw 65 of the 102 units on offer sold as at the date of this report. Almost all of the sales were via the Projek Perumahan Penjawat Awam Malaysia ("PPAM") or Malaysian Civil Servants Housing Project scheme. As a result, financial recognition of the sales under the PPAM scheme is deferred until the completion and handover of the sold units to buyer. Based on the sales achieved to date, we expect the financial results of the Property Division to get a boost for the financial years 2019 and 2020.


Tiara Paka Phase 1


Bird's eye view of the Puncak Temala Township

Finally, the Property Division picked up pace during the year. Following two residential housing launches in 2017, the year 2018 saw construction of its development phases in Paka, Terengganu and Marang, Terengganu pick up steam.

LOOKING AHEAD

The Group looks forward to the country's continued growth and development. The Group especially welcomes the Government's emphasis on a more transparent and accountable system of awarding contracts. The Group is confident of its ability and capability in winning further work based on our established track record.

With respect to our O&G Division, we are bullish with its prospects especially in welcoming in a new PSC operator to our TBSB. With oil prices showing continued resilience around the USD60 to USD70 per barrel range, the prospects of new oil and gas exploration and development programmes in the North Malay Basin is promising. TBSB is well poised to help PSC operators tap the opportunities on offer in the North Malay Basin and we look forward to positive contribution from TBSB in the coming financial periods.

We also look forward to our Property Division being a consistent contributor to the Group. Following the near completion and handover of its first phase of housing units at Tiara Paka, the Division is now making plans to launch the next phase of residential housing so as to maintain the momentum. Set to be priced affordably, the new launch will help to grow Tiara Paka into a vibrant and enviable housing area of choice in the Paka area.

Last but not least, the Group looks to substantially complete our EKVE project during the year for opening in 2020. Presently we are making good progress construction wise and have started looking at our marketing and promotion ideas to attract users to the expressway as soon as it opens.

APPRECIATION

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

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

Finally, I wish to place on record my deepest appreciation to my fellow members of the Board, both at Group level as well as the various subsidiaries for their wise counsel, guidance and invaluable contributions.

Thank you.

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
CHAIRMAN

Management Discussion
and Analysis

Dato' Sri Wan Zakariah bin Haji Wan Muda
Group Managing Director

Dear Valued Shareholders,

On behalf of the Senior Management of Ahmad Zaki Resources Berhad ("AZRB" or "the Group"), I am pleased to present our report card for the financial year ended 31 December 2018 ("2018"). 2018 proved to be a challenging year not just for the Group but for the construction industry as a whole.

As we are still predominantly viewed as a construction based group, the sudden downturn in the industry's prospects significantly affected our share price and thus market capitalisation. With bearish sentiment and tightening credit, the Group has had to manage its operations and cash flows to ride out the sudden storm.

FINANCIAL REVIEW

In 2018, the Group showed significant growth in revenue recorded with an increase of 27.9% from the financial year ended 31 December 2017 ("2017"). The recorded revenue of RM1.23 billion (2017: RM960.6 million) is the highest ever recorded by the Group in its 36-year history. The Engineering & Construction ("E&C") Division led the way with RM1.03 billion (2017: RM769.5 million), followed by Plantation Division with RM106.5 million (2017: RM94.0 million) and Oil and Gas ("O&G") Division with RM46.6 million (2017: RM54.3 million). The E&C Division, Plantation Division and Concession Division all showed double digit growths of 33.8%, 13.3% and 10.4%, respectively. Unfortunately, the Group's profitability did not increase in line with that of revenue recorded. Of significant impact to the Group's profitability was the unrealised foreign exchange loss recorded by the Plantation Division of RM19.7 million, which severely impacted its profitability and overall financial performance. Adding further to the woes of the Plantation Division were the low crude palm oil ("CPO") prices during the whole of 2018, especially when compared to 2017. Another factor in the lower profits for the Group was the recognition of full maintenance costs at our IIUM Medical Centre Concession ("PenMedic") from May 2018 onwards following the expiry of the defect liability period for PenMedic. Taking all this into account, the Group recorded a net profit of RM8.6 million in 2018 as compared to RM27.0 million in 2017.

In 2018, the Group showed significant growth in revenue recorded with an increase of 27.9% from the financial year ended 31 December 2017 ("2017"). The recorded revenue of RM1.23 billion (2017: RM960.6 million) is the highest ever recorded by the Group in its 36-year history.

E&C DIVISION
REVENUE
RM **1.03** billion

PLANTATION DIVISION
REVENUE
RM **106.5** million

O&G DIVISION
REVENUE
RM **46.6** million

CONCESSION DIVISION
REVENUE
RM **36.0** million

PROPERTY DIVISION
REVENUE
RM **9.9** million

The E&C Division remains the Group's largest contributor both in terms of revenue and profit before tax. For 2018, the Division recorded revenue of RM1.03 billion (2017: RM769.5 million) and a profit before tax ("PBT") of RM54.2 million (2017: RM65.7 million). The Division made significant progress across all its projects during the year with both the Klang Valley Mass Rapid Transit ("KVMRT") Works Package V202 and the East Klang Valley Expressway ("EKVE") projects in particular, in full swing. This translated to the higher revenue recorded for the Division in 2018 as compared to 2017. However, in terms of profitability, the Division saw a reduction in profitability due to multiple factors including, narrowing of margins in the current project mix and a fair value adjustment made on net receivable retention sums held in the Division. Furthermore, in 2017, the Division benefited from a release of accruals no longer required following the finalisation of a number of project accounts.

With regards to the Plantation Division, there was an expectation for the Plantation Division to deliver positive results in 2018 following many years of investments and bearing of losses. Whilst, there was the continuous growth in revenue for the Plantation Division, the loss before tax recognised was significantly worse in 2018, with RM29.6 million in loss before tax, as compared to 2017 with RM18.1 million losses before tax reported. The worsening loss in 2018 versus 2017 was mainly due to greater unrealised loss on foreign exchange as a result of the significant devaluation of the Indonesian Rupiah against the US Dollar in 2018.

Whilst, there was the continuous growth in revenue for the Plantation Division, the loss before tax recognised was significantly worse in 2018, with RM29.6 million in loss before tax, as compared to 2017 with RM18.1 million losses before tax reported.

The unrealised loss on foreign exchange recorded in 2018 was RM19.7 million (2017: RM2.8 million). The underlying business loss of the Division in 2018, after excluding the unrealised foreign exchange loss, was RM9.9 million (2017: RM15.3 million). Without the impact of the unrealised foreign exchange loss, the Division has managed to improve its results and was on its way to profitability. This can be further seen in the Division's earnings before interest, tax, depreciation and amortisation ("EBITDA"), which showed an improvement to RM9.8 million in 2018 (2017: RM6.3 million). As mentioned above, the low CPO prices that were prevalent throughout 2018 severely hampered the Division's financial performance. In 2018, the Division recorded an average CPO price per metric tonne of RM2,049 versus RM2,457 in 2017. Based on the CPO production by the Division in 2018 of 43,659MT, the 'lost revenue' due to the lower market price in 2018 versus 2017 was RM17.8 million. Without doubt, this 'lost revenue' would have gone a long way to enabling the Division to achieve profitability in 2018.

The O&G Division remains the Group's third largest contributor in terms of revenue recorded with 2018 revenue coming in at RM46.6 million (2017: RM54.3 million). The difference in revenue recorded is mainly due to higher direct bunkering sales recorded in 2017 as compared to the current year. Bunkering remains the Division's primary revenue driver, at both Kemaman Supply Base and Tok Bali Supply Base ("TBSB"). In terms of profitability, the Division saw a widening of losses before tax in 2018 of RM5.8 million (2017: RM0.1 million). The higher losses were due to the Division's continued investments into TBSB with new warehouses and buildings continually being added in preparation for the entry of major Production Sharing Contract ("PSC") operators into the base.

These completed investments resulted in higher depreciation as well as maintenance costs being recognised. Furthermore, as activity at the base picked up in the second half of the 2018, more manpower and machinery rentals were required to enable 24 hour port operation. As yet, TBSB has not achieved its breakeven activity volume or utilisation rate. However, we are confident that the port will be able to attract at least one new PSC operator in 2019, which will help boost the level of activities and utilisation at the port.

The O&G Division remains the Group's third largest contributor in terms of revenue recorded with 2018 revenue coming in at RM46.6 million (2017: RM54.3 million).

The Concession Division continues to be a significant contributor to the Group especially in terms of the Group profitability. For 2018, the Division contributed RM36.0 million in revenue recorded (2017: RM32.6 million) and more crucially RM43.8 million in profit before tax (2017: RM53.4 million). This makes the Division the second highest contributor after the E&C Division to the Group's profitability. The lower profitability recorded in 2018 as compared to 2017 was due to the recognition of full maintenance cost at PenMedic from May 2018 onwards following the expiry of the defect liability period. The increase in revenue in 2018 versus 2017 was due to increase in ancillary services provided to IIUM Medical Centre during the year.

The Property Division had a good year in terms of sales of residential units under development in 2018. Unfortunately due to the nature of the sales agreements, the Division was not able to translate physical sales into actual recognition in the financial statements. The bulk of the sales in the Division are sales under the Malaysian Civil Service Housing Project or Project Perumahan Penjawat Awam Malaysia ("PPAM"), under which full payment is only made upon handover of vacant possession of completed unit of the house to the buyer. To date the Division's development at Tiara Paka has recorded RM15.8 million in sales representing 75 houses sold out of 83 units launched, whilst its development at Puncak Temala has managed RM21.2 million in actual signed sales and purchase agreements representing 63 out of 102 units launched. We are confident that Puncak Temala will achieve full sales in the current financial year of 2019.

DIVIDEND AND BONUS ISSUE

On 26 October 2018, the Group paid to shareholders an interim single-tier dividend of 1 sen per share in respect of the financial year ended 2018. Additionally, on 17 December 2018, the Group made a bonus issue of 66,454,852 new ordinary shares to be credited as fully paid up ordinary shares to existing shareholders on the basis of 1 bonus share for every 8 existing AZRB shares. We would like to thank our shareholders for their steadfast support and belief in the Group and we would best endeavour to always give returns to all our shareholders.

SEGMENT REVIEW & PROSPECTS

Engineering & Construction Division

The E&C Division continues to record a healthy balance order book with an outstanding value of RM2.9 billion as at 31 December 2018 (2017: RM3.7 billion) that will sustain the Division for the next 3 years. Post year end, on 20 February 2019, the Division was able to add RM150.5 million to that outstanding balance of RM2.9 billion when the Division won the award from Petroliam Nasional Berhad ("Petronas") for the new building and refurbishment of its office complex in Kerteh, Terengganu.

We are pleased to note that following the extensive reviews, the Group's projects have not been affected and are proceeding as per the original awards.

The new award from Petronas was an important win for the Division as it signalled the continued confidence in our capabilities by a large and prestigious client.

In 2018 itself, the Division had managed to secure the project for the construction of road access tunnels, elevated u-turns and flyovers at the PNB118 project. The award on 17 May 2018 was received from PNB Merdeka Ventures Sdn Bhd, a subsidiary of Permodalan Nasional Berhad ("PNB"), the nation's premier investment institution, and is valued at RM198 million. In comparison to 2017, the number of new wins for the Group and Division is significantly lower with 2017 new contract awards coming in at RM649 million versus the RM198 million secured in 2018. This decrease is in line with the general construction industry sentiment which turned negative in 2018.

2018 proved to be a tumultuous year for the construction industry. Following the election of a new government in Malaysia, the new administration conducted several reviews of projects to ensure proper optimisation of resources as well as to align the country's development according to the new hope and vision that they had for Malaysia. We believe that such actions were necessary to ensure longer term sustainability for both the country's economy in general as well as the construction industry in particular. We are pleased to note that following the extensive reviews, the Group's projects have not been affected and are proceeding as per the original awards. Nevertheless, the general outlook for the near term remains soft. In this period of correction, the Group will have to stand fast to the Group's core values of believing in our ability, having the continuous zest and resilience to be the best. Holding firm to those values has enabled the Division and the Group to deliver our on commitments as well as win new work as exemplified by the wins described above.

Plantation Division

Generally, whilst we have seen continuous improvements at the Division, especially with our Palm Oil Mill ("POM") proving its worth at the estate, nevertheless we are naturally disappointed by the continuing losses at the Division albeit due to factors beyond our control. The Division was handicapped by a large unrealised foreign exchange loss of RM19.7 million (2017: RM2.8 million) and hampered by low realised CPO prices averaging RM2,049 per metric tonne in 2018 (2017: RM2,457 per MT). In terms of production, actual production of fresh fruit bunches ("FFB") increased to 54,765 MT in 2018 (2017: 48,349 MT), whilst 2018 CPO production increased to 43,659 MT (2017: 34,068 MT). Of the total FFB processed at the mill, internal fruits made up 27.2% of total tonnage in 2018 (2017: 29.4%). As mentioned earlier, EBITDA improved from RM6.3 million in 2017 to RM9.8 million in 2018.

In 2018, the Division saw 1,150 ha of planted oil palm areas come into full maturity giving a total matured plantation area of 5,389 ha (2017: 4,239 ha). As a result, total yield dropped from 11.4 MT/ha to 10.2 MT/ha. For 2019, we expect an additional area of around 1,700 ha of planted oil palm areas to come into maturity. The lower yields from newly matured areas will further pull down the average yield of production, but this will be offset by the older matured areas increasing their yields as the trees continue to mature further. With increasing contributions from internal fruits, we expect to see better utilisation of our POM which saw an average utilisation of 55% in 2018 (2017: 45%).

Oil & Gas Division

After the oil price crash of 2014 to 2016, crude oil prices have since recovered to be around the USD60 to USD70 per barrel in the last 18 months. Nevertheless, there still remains a level of volatility that saw Brent crude oil prices rally to a high of USD85 per barrel in early October 2018 followed by a swift drop to a low of USD50 per barrel before recovering to a somewhat stable USD66 per barrel as at the date of this report. From the Division's perspective, we are seeing stabilised activities in the fields off east coast of Peninsular Malaysia, in particular with respect to bunkering demand at Kemaman Supply Base ("KSB"). In terms of bunkering volume at KSB, the Division realised sales of 288 million litres in 2018 (2017: 282 million litres).

The real area of growth going forward is in the North Malay Basin, in particular the Malaysia-Thailand Joint Development Area ("MTJDA"). This is where many of the PSC operators are looking to conduct exploration and drilling operations. Our TBSB port is well positioned to cater to the PSC operators' requirements. During the year, we completed the capital dredging at TBSB. As a result we now have a fully dredged navigation channel of up to -8m Access Channel Depth ("ACD"). This allows all varieties of offshore marine support vessels to access our facilities at TBSB.

On-going works at EKVE site

Following the completion of the capital dredging in late third quarter of 2018, TBSB has seen an uptick in supply vessel calls to the base. In late 2018, a PSC operator issued a letter setting out their requirements prior to a planned relocation of operations into TBSB. TBSB has since worked hard to fulfil the requirements, which includes installation of marine radar and completion of a dedicated crew centre amongst other requests. We are pleased to note that TBSB has fulfilled all the key requirements set out in the request and is now coordinating closely with the PSC Operator on a move in date into TBSB in 2019.

Concession Division

As disclosed above, the Concession Division is the Group's second largest contributor to the Group's profitability whilst also contributing well to the Group's recorded revenue. At present the Division's contribution is purely from its PenMedic concession. 2018 saw ancillary revenue from additional services provided increase to RM2.7 million from RM0.9 million in 2017, in line with the increasing traffic and occupancy at the IIUM Medical Centre, on which the PenMedic concession is based on. Nevertheless, due to the expiry of the defects liability period in May 2018, the concession now will have to recognise the full maintenance charge cost for the facilities. As such, whilst revenue has increased to RM36.0 million in 2018 (2017: RM32.6 million), overall PBT decreased to RM43.8 million from RM53.4 million in 2017. Nevertheless, the PenMedic concession will continue to provide a stable steady stream of income to the Group for many years to come.

The main project that the Concession Division is focussing on currently is the construction and completion of EKVE. Scheduled to complete in early 2020, the EKVE will provide road users with a swift and safe alternative to the current gridlocked roads on the eastern sector of Greater Kuala Lumpur. The construction is progressing well despite being hampered by the late handover of the cleared forest area by the State Government. The completion of the EKVE is poised to be a big feather in the Group's cap of achievements.

Grand entrance to the Puncak Temala Township

The general property market continued to be soft in 2018. The Property Division currently has two active residential phases under development namely Phase 1 of Tiara Paka residential development in Paka, Terengganu and Phase 1 of Puncak Temala residential township in Marang, Terengganu.

Property Division

The general property market continued to be soft in 2018. The Property Division currently has two active residential phases under development namely Phase 1 of Tiara Paka residential development in Paka, Terengganu and Phase 1 of Puncak Temala residential township in Marang, Terengganu. The Phase 1 of Tiara Paka residential development consists of 63 units of single storey link houses ("SSLH") and 20 units of single storey affordable homes ("SAH") launched in early 2017. We are pleased to say that as at the date of this report, all but 4 of the SSLH and 4 of the SAH have been sold.

The development is currently going through the local authorities' approval process and is scheduled for vacant possession handover to buyers in April 2019. Meanwhile, the phase 1 of Puncak Temala consists of 102 units of double storey link houses ("DSLH") and was launched at the end of 2017. The Division is pleased to report that as of the date of this report, 63 units have been sold and we are confident of the remaining units to be sold in 2019.

Both residential developments at Tiara Paka and Puncak Temala have primarily been sold under the PPAM scheme where eligible buyers are able to obtain special subsidies by the Government as well as apply for loans from the Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") or Public Sector Home Financing Board. Such initiative by the Government has helped encourage demand in an industry going through some tough times. However, as per the PPAM guidelines, payment for houses shall only be effective upon vacant possession handover of sold units. This is done to protect both buyer and LPPSA, as end financier, from being stuck with abandoned developments. As a result, the Division is only able to recognise such sales upon actual vacant possession handover to buyers. To this end, the Group looks forward to some valuable contribution from the Division in 2019 and 2020.

MARKET OUTLOOK

The World Bank has projected the Malaysian economy to grow at 4.7% in 2019 and 4.6% in 2020 with lower public investment weighing down on growth, reflecting the completion of several infrastructure projects and a more prudent approach towards new projects. This is also on the back of uncertainties in particular with the general threat of trade wars further escalating, coupled with its forecast of global economic growth of 2.9% in 2019, down from 3.0% in 2018. Meanwhile, Bank Negara Malaysia in its latest annual report, projects the Malaysian economy to grow by 4.3% to 4.8% in 2019, primarily driven by domestic demand. The general consensus of most economies is that globally, there is a high level of uncertainty with ongoing trade disputes threatening the overall global economic growth. Malaysia, as an exporting nation, is not immune from the negative repercussion such trade disputes have on global value chains.

In terms of the construction industry, the Government via the Ministry of Finance's Economic Report 2018/2019 expects the construction sector to grow by 4.7% in 2019. This is on the back of new planned supply of affordable homes and industrial segments. The Government has also outlined the current infrastructure projects such as KVMRT Line 2, Pan Borneo Highway and Central Spine Road as key drivers to the construction growth. Of particular interest to the Group would be the opportunities in Central Spine Road and Pan Borneo Highway, which still have quite a number of packages to be rolled out. As a developing country, there will always be the need for improved infrastructure and facilities to be built throughout the country. The Government has stated that Malaysia aims to be a strong tiger economy once again. To that end, the country will need to equip itself with the necessary facilities to enable the country to achieve the aim. As such, we believe that the pace of construction awards will generally pick up in the latter half of 2019 and onwards in 2020.

In other sectors, we expect both the Plantation and Property Divisions to continue its current soft trend, especially with global economic uncertainties clouding the horizon. This has the effect of dampening demand and thus affects both prices and outlook. In terms of Oil & Gas, the general consensus is for crude oil price to be around the USD67 per barrel mark, with some market volatility to be expected. Petronas in its Petronas Activity Outlook report, sets out its expectation that it expects a better outlook in 2019 for key segments in the upstream oil and gas sector. Amongst these are an expected pick up in drilling activities, which would require a higher number of offshore marine support vessels as well as fast crew boats. This bodes well for the Group especially with TBSB being ideally positioned to best support the increase in drilling activities.

Notwithstanding the economic outlook, the Group is embarking on a self review programme to better position the Group to take on the challenges and opportunities that comes our way. Of particular note, the Group is looking to optimise its cost structure and organisation so as to improve our efficiency and improve profitability. The Group is set to make the necessary hard decisions to ensure the continued sustainability of the Group's operations and financial positioning.

APPRECIATION

The best way to face challenges and develop opportunities is to continually invest in the right talent and improve our processes. In a time of probable uncertainty, the emphasis on trust, hard work and team work becomes more important. We will also further build upon our strength and resilience whilst improving on our skill set and knowledge. Results can only be achieved when everyone in the Group shares the same vision and mission whilst resolving to always do and deliver their best.

Artist's Impression of KVMRT V202

To this end, I would like to celebrate and express the management's deepest gratitude to all the people in the AZRB Group for their continued efforts, dedication, commitment and personal sacrifices on behalf of the Group.

Finally, we express our sincerest gratitude and appreciation to the shareholders, various Government agencies, clients, consultants, suppliers and business partners who have been pivotal to our success and for their continued support and confidence in the AZRB Group.

Thank you.

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA
GROUP MANAGING DIRECTOR

IIUM Medical Centre

SUSTAINABILITY

Sustainability
Statement

ABOUT THIS STATEMENT

This is our second Sustainability Statement produced by Ahmad Zaki Resources Berhad and its subsidiaries ("AZRB" or "the Group"). Sustainable development continues to be our main focus in order to be resilient in this competitive industry. This Sustainability Statement will summarise the Group's initiatives in incorporating Economic, Environmental and Social ("EES") pillars of sustainability into our business operations. Qualitative and quantitative information are disclosed to our stakeholders, where possible.

In preparing this statement, we will cover activities that are significant to the Group's business and stakeholders and how these material aspects are disclosed. We established our reporting scope and prioritise through conducting stakeholder engagement and a materiality assessment, identifying sustainability indicators by referring to global practices and standards in sustainability reporting, and adopting the sustainability guidelines provided by Bursa Malaysia Securities Berhad ("Bursa Securities").

REPORTING PERIOD

Reporting period covers from 1 January 2018 to 31 December 2018, unless specified otherwise.

REPORTING CYCLE

Annually.

REFERENCES AND GUIDELINES

Principal Guideline:

- Bursa Malaysia Sustainability Reporting Guide

Supporting Guidelines:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards")
- United Nations Sustainable Development Goals ("SDGs")

ORGANISATIONS COVERED

For this year of reporting, the Group has chosen to disclose divisions that have the most impact in terms of our EES contribution – Engineering & Construction ("E&C") Division, Plantation Division, operated by our subsidiary PT Ichtiar Gusti Pudi ("PTIGP") in West Kalimantan, Indonesia and Corporate Office at Menara AZRB, Kuala Lumpur.

For E&C Division, this statement however covers only a few projects under Ahmad Zaki Sdn Bhd ("AZSB"), which is a subsidiary of AZRB, as listed in Table 1.

Projects	Description	Location
Buildings		
Parcel Z (PJHZ)	Two Blocks of office buildings and retail spaces	Plot Z1&Z2, Putrajaya
PNB Hotel & Office Towers (PNB)	Permodalan Nasional Berhad (PNB) project involves; Sectional Completion (1): • Demolition works to part of Existing MAS Building, rear podium, and completion of TNBPPU33kV Substation Sectional Completion (2): • Demolition works of the remaining rear podium, completion of a new 50-storey hotel tower with 5-storey basement car park, and sky bridge between the existing tower and the new hotel	Lot 1194, Jalan Sultan Ismail, Kuala Lumpur
UDA Legasi (UDA)	Mixed development project consists of apartment and offices	Kampung Baru, Kuala Lumpur
Infrastructures		
East Klang Valley Expressway (EKVE)	East Klang Valley Expressway (EKVE) project, with a total length of 39km	Sg. Long, Kajang interchange to Kg. Pasir intersection at Ukay Perdana, MRR2, Ulu Klang
MRT Sg. Buloh - Serdang - Putrajaya (SSP) Line Viaduct Package V202 (MRTV202)	Construction and completion of viaduct guideway and other associated works	Persiaran Dagang to Jinjang
MRT Sg. Buloh - Serdang - Putrajaya (SSP) Line Station Package S206 (MRTS206)	Construction and completion of elevated platform stations and other associated works	Serdang Raya (South), Seri Kembangan and UPM

Table 1: AZRB's project description

CONTACT US

We value your feedback and regard your suggestion(s) as an opportunity to learn and improve ourselves. Any comments or suggestions on our Sustainability Statement, please do not hesitate to contact us at the following email address:

sustainability@azrb.com

SUSTAINABILITY ROADMAP

We strive to continuously increase our efforts in promoting economic growth, protecting the environment and our people while improving our sustainable development practices. We are proud to present the initiatives we have taken so far towards the EES risk and opportunities since our last year of reporting as we aspire to become a sustainable builder among our peers. Figure 1 illustrated the progress we have achieved between the year 2017 and 2018.

2017

- Introduced inaugural Sustainability Statement
- Formalised governance structure
- Introduced sustainability framework
- Referred to GRI G4 guidelines as the reporting framework
- Conducted materiality assessment

2018

- Enhanced the governance structure
- Introduced Sustainability Policy
- Referred to several guidelines (Bursa Malaysia Sustainability Reporting Guide, GRI Standards and UNSDGs) in preparing the Sustainability Statement
- Established materiality matrix
- Mapped AZRB's material sustainability matters to 6 UNSDGs
- Identified 10 material sustainability matters for KPI establishment for 2019

2019

Moving forward
- To develop KPIs for the 10 identified material sustainability matters

Figure 1: AZRB's sustainability journey

OUR SUSTAINABILITY JOURNEY

SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals which are widely adopted throughout the world marks a significant shift in industries in recognising the urgent need of peace and prosperity for people and planet in the present and in the future.

We are committed to steering the Group towards achieving the goals of sustainable development by promoting the nation's economic prosperity, social harmony, and environmental stewardship. For this reporting year, we have identified 6 out of the 17 SDGs that are relevant to our business operations in this section as stated below:

5 GENDER EQUALITY
Promote equality regardless of gender

8 DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

11 SUSTAINABLE CITIES AND COMMUNITIES
Promote sustainable cities and communities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice and build effective, accountable and inclusive institutions

Figure 2: SDG's focus areas that are relevant to AZRB's business operation

AZRB CORE VALUES

In embedding sustainability into our business, we have intertwined it with AZRB core values that have helped us develop into a leading builder. Adherence with our core values; people with capability, fully committed, fostering dynamic people and focusing on quality and excellence, these core values drive us to achieve sustainable growth.

ABLE
People with **Capibility** and **Expertise**

ZEST
Giving **Commitment** with **Energy** and **Passion**

RESILIENCE
Foster **Strong** and **Dynamic People**

BEST
Focus on **Quality** and **Excellence**

SUSTAINABILITY FRAMEWORK

In making certain of the realisation of sustainable development, the Group holds greatly to our sustainability framework as a tool to guide us to an effective long-term sustainability journey. We have built the sustainability framework based on the 3 pillars of sustainability which are EES.

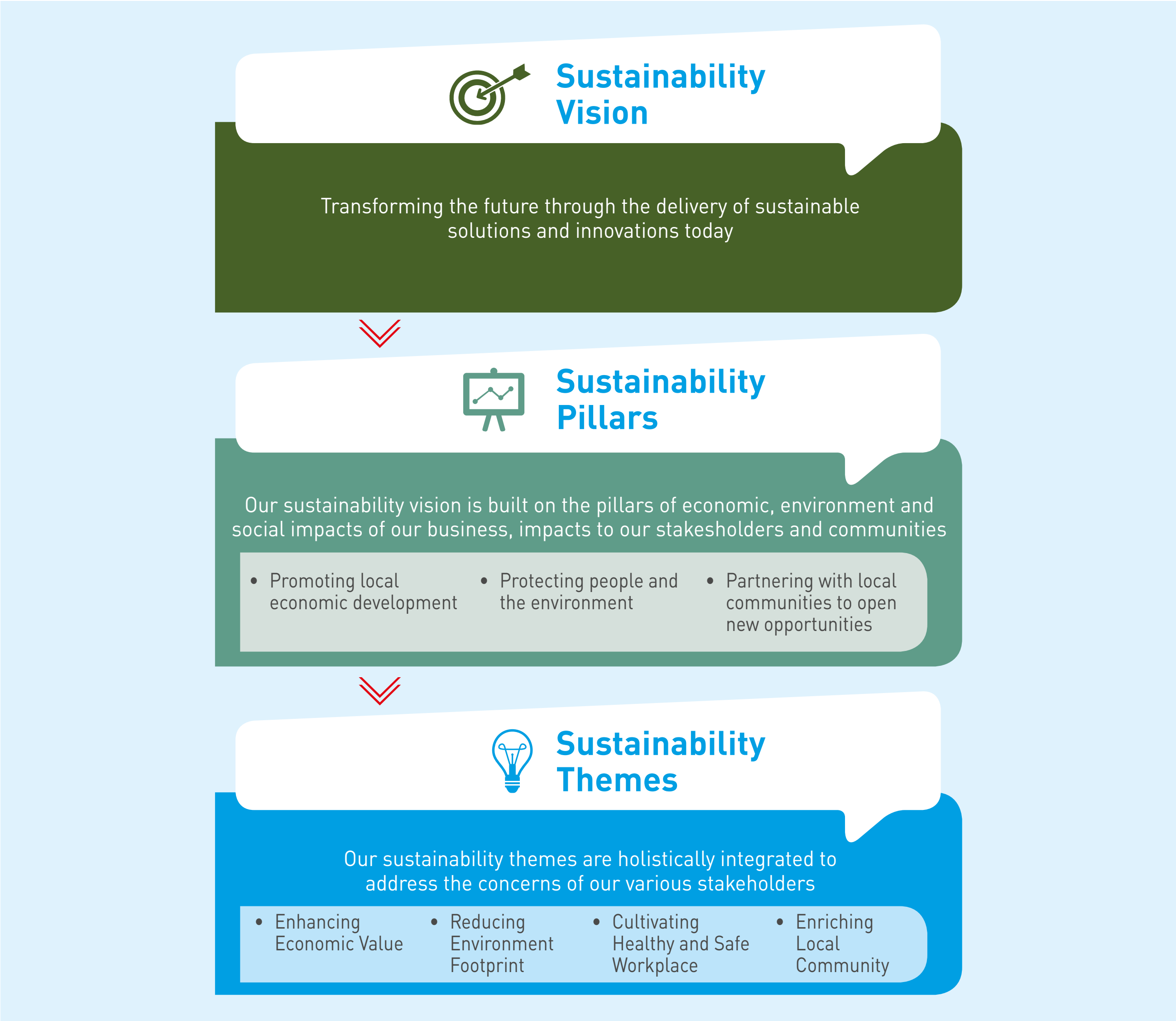


Figure 3: AZRB's sustainability framework

Sustainability
Statement

SUSTAINABILITY POLICY

We have introduced a sustainability policy to further strengthen our commitment towards sustainability. The sustainability policy, which outlines the objectives and strategies to drive sustainability across the Group, aims to ensure that the concerns of our stakeholders are addressed.

Sustainability Policy

Sustainability at Ahmad Zaki Resources Berhad ("AZRB") is about operating our business in a responsible and an ethical manner, for the best interest of our customers, employees, community and shareholders.

In upholding our commitment to sustainability, AZRB will endeavour to:

- Proactively and continuously assess and address significant economic, environmental and social risks and the impact of our operations, and integrate these considerations into business planning, decision-making and implementation processes that ensure sustainable outcomes;
- Comply with relevant legislation, standards, policies and procedures;
- Conduct business activities in an ethical and transparent manner;
- Set clearly defined targets and measuring and monitoring sustainability performance to support continual improvement;
- Explore ways to improve efficiency in all operations; and
- Continuously maintaining communication with the stakeholders on its corporate footprint in the economic, environmental and social realms.

AZRB QUARTERLY NEWSLETTER

Aside from introducing sustainability policy, we have launched AZRB Quarterly Newsletter within our Group. We believe that in order to succeed in embedding sustainability into our business, all employees need to be aware of the initiatives taken by AZRB for sustainability. This Quarterly Newsletter provides information about the Group's progress in business, departmental roles and responsibilities including their challenges and opportunities, allocation of sustainability section and Corporate Social Responsibility ("CSR") events, to keep employees aware on the recent activities within the Group.

SUSTAINABILITY GOVERNANCE

Sustainability governance is vital as it provides a foundation to our sustainability strategies and ensures our sustainability planning and initiatives are being incorporated into the business operations.

AZRB's sustainability strategies are driven by the Board of Directors ("the Board"). The Board is supported by the Audit and Risk Committee that advises the Board on sustainability matters. The Group Managing Director ("GMD") together with the Deputy Group Managing Director (1) and the Deputy Group Managing Director (2) work closely with the Sustainability Working Committee ("the SWC") to drive the implementation of the approved sustainability strategies.

The SWC ensures that sustainability matters are identified and is responsible to report the result to GMD. The SWC is supported by the Sustainability Department to coordinate the implementation of the sustainability-related strategies approved by the Board.

Figure 4: Sustainability governance structure

STAKEHOLDER ENGAGEMENT

We have identified our stakeholders that have an impact on our business or may be impacted by our business. This is to ensure an open, transparent and long-lasting relationship with our stakeholders. Our stakeholders consist of a wide range of groups and we strive to deepen our bond with the stakeholders through methods that are tailored specifically to each of our stakeholder group, as summarised in the Table 2.

Our Stakeholders	Stakeholders Description	Stakeholders' Interest	Our Methods of Engagement (Frequency of Engagement)
Board of Directors	Our Board of Directors are responsible for providing stewardship and oversight of the Group's business affairs	• Financial performance • Compliance • Economic, Environmental and Social risk • Growth and strategic direction of company	• Board Meetings (Quarterly) • Ongoing communications (Periodic) • Directors' trainings (Throughout the year) • General Meeting (Annually)
Shareholders & Investors	Our shareholders and investors provide the financial capital to operate and grow our business	• Group's financial performance • Corporate governance, compliance with laws and regulations, ethical business conduct, risk management • Merger and acquisitions, new business opportunities • Group's position within the industry	• Financial results announcement (Quarterly) • General meeting (Annually) • Annual report (Annually) • Corporate website (Periodic) • Press releases (Periodic) • Analyst briefings (Quarterly)
Government Agency/ Regulators/ Local Authority	Regulators help to keep our operations in compliance with regulations and guidelines that protect other stakeholders' interests	• Approval and permit • Compliance with laws and regulations • Annual reporting • Contributions to the economy, local community and nation-building • Labour practices, environmental and health issues	• Regular meetings with regulators (Periodic) • Regular consultations (Periodic) • Site inspections/Audits (Periodic) • Reporting (i.e. monitoring reports) (Periodic)
Clients/ Customers	Our clients/customers create the demand for our products and services	• Health, Safety and Environmental compliance • Quality of deliverable • Progress of project	• Feedback and enquiry templates (Periodic) • Client satisfaction survey (Annually) • Regular meetings with clients (Periodic) • Site visits (On-going) • Quality assessment at project during construction stage with AZRB Internal Quality Assessment (AIQA) (Quarterly)

Table 2: Stakeholder engagement

Our Stakeholders	Stakeholders Description	Stakeholders' Interest	Our Methods of Engagement (Frequency of Engagement)
Employees	Our employees possess the technical expertise and experience to drive our business operations	• Career development • Employees training/Knowledge and skills enhancement • Safety and health at workplace • Work-life balance • Employees benefits and rewards • Attractive remuneration • Diversity and inclusivity	• Training calendar (Throughout the year) • On-site work safety training (Periodic) • Kelab Sukan dan Rekreasi (Throughout the year) • Team building activities (As and when required) • Staff e-Portal (On-going) • Annual performance appraisal (Annually) • Town hall sessions (Periodic) • Engagement and dialogue sessions (On-going)
Vendors/Suppliers/ Sub-contractors	Our vendors and suppliers provide the materials that we need to produce our goods and services. We also rely on subcontractors to perform works at sites	• Cost of services • Quality and timely delivery • Compliance issues • Contractual terms (i.e. project scope, payment schedule) • Knowledge transfer and capacity building • Fair procurement	• Contract negotiations & bidding opportunities (As and when required) • Suppliers/sub-contractors audit and evaluation (Annually) • Vendor registration screening (pre-qualification of suppliers and sub-contractors (Periodic) • Performance reviews (Suppliers, subcontractors and consultants performance evaluation) (Annually)
Media	Media help to disseminate information about us to the public. Thus, delivering the right message to the media is important	• Company development • Financial and business updates • Community development initiatives • Communication of corporate updates & news • Public service announcements i.e. on road closures, traffic disruptions etc.	• Press releases (As and when required) • Advertisements (As and when required) • Announcements (As and when required)
Civil Society Organisations (CSO)	CSOs help keep us abreast of socioeconomic developments that can impact our business	• Health, Safety and Environmental issues • Security issues • Human rights • Local community support	• Collaborations engagement sessions (As and when required)
Communities	Communities help to improve the company's decision-making especially in reducing conflicts in the areas where we operate	• Impact of operations (i.e. health, safety, environmental and security) on community • Charity and giving donation • Local community development • Staying connected with the company • Access to project information	• Corporate social responsibility activities (Throughout the year) • Community engagement and outreach programmes (As and when required) • Strategic partnership (As and when required) • Town hall and dialogue sessions (On-going)

Table 2: Stakeholder engagement (Cont'd)

SUSTAINABILITY MATTERS

Our SWC together with AZRB's key personnel have identified the risks and opportunities arising from the EES impacts that are most critical to the Group's operations and stakeholders' expectations.

In 2018, we have refined our material sustainability matters by updating the status of previously identified material issues and identifying any additional issues that may have surfaced over the past year.

MATERIALITY MATRIX

Based on the materiality assessment conducted this year, 20 material sustainability matters were identified and discussed in the following sections. Subsequently, we have prioritised 10 material issues from the materiality assessment conducted. Moving forward, we will develop Key Performance Indicator ("KPI") for the 10 identified material matters; economic and business performance, customer satisfaction, branding and reputation, product quality, occupational health and safety, business ethics, diversity and inclusivity, material waste management, protecting biodiversity, and community engagement. The Materiality Matrix shown in Figure 5 presents the results of the materiality assessment for the Group.

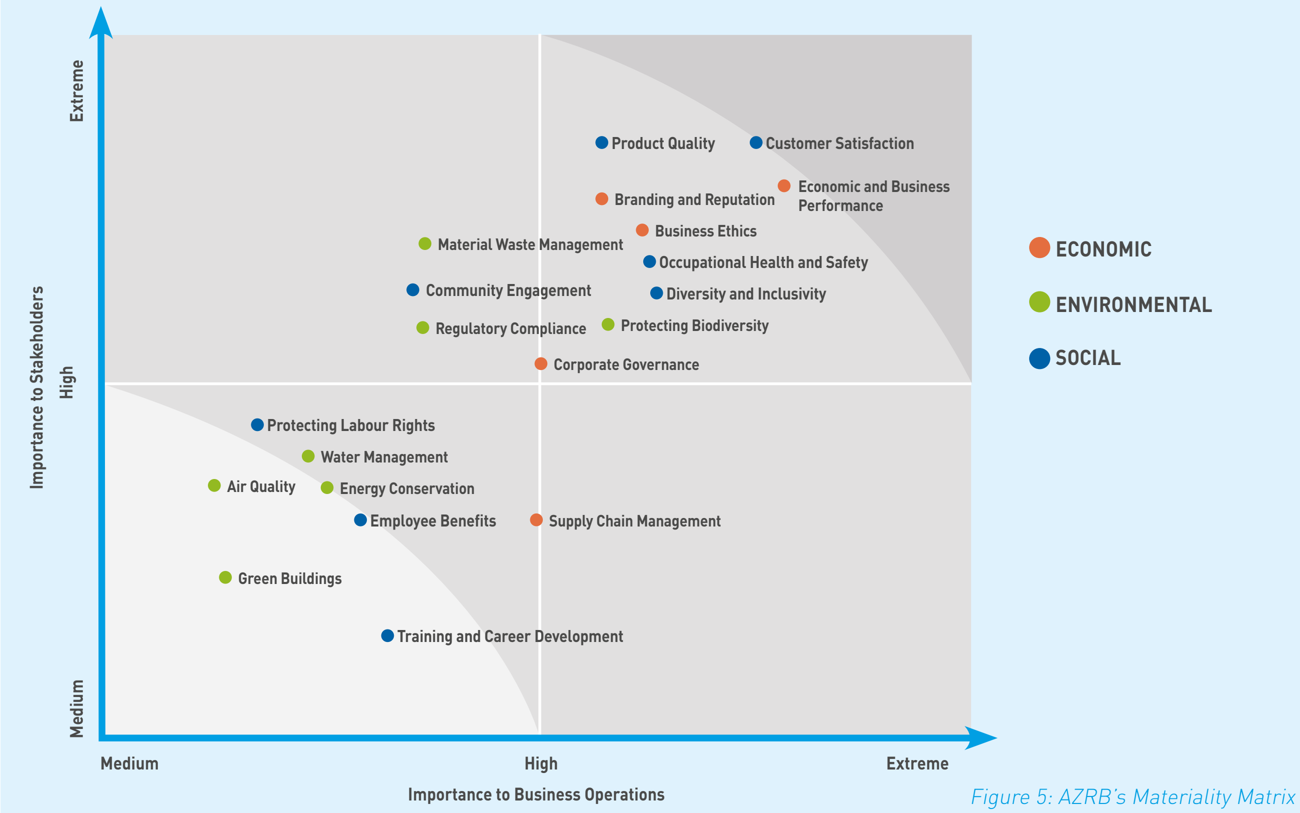


Figure 5: AZRB's Materiality Matrix

ENHANCING ECONOMIC VALUE

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Group continuously seek opportunities to invest in projects that will enhance local economies and improve community living. Driven by our goal to become a sustainable builder and to promote sustainable industrialisation, it is our aim to deliver a healthy development for every project that we handle.

ECONOMIC AND BUSINESS PERFORMANCE

We are proud to announce that our PNB project is the only project in Klang Valley that uses the Total System Formwork for beam, slab and lift core. This project is recognised as the deepest underground basement project in the Kuala Lumpur Golden Triangle area with a depth of 29 meters. In addition, this project also received recognition as the project that managed to construct the deepest transfer beam in Klang Valley with a total dimension that reaches up to 5 meters deep and 5 meters wide. Similarly for UDA project, we also use System Formwork and improve our construction practice by shifting from conventional brick wall to shear wall.

Benefits of adopting System Formwork:

- Reduce the usage of non-recyclable materials
- Offers comprehensive building protection
- Reduce construction time
- Reduce timber waste

With regards to our financial performance, AZRB has consistently expanded its portfolio and has grown its businesses to drive sustainability for the Group and ensuring healthy returns for its relevant stakeholders.

In 2018, we recorded revenue of RM1.2 billion (2017: RM960.6 million) and profit before tax of RM24.8 million. The revenue achieved in 2018 represents a 24.9% increase, while profit before tax has decreased as compared to 2017, mainly derived from unrealised foreign exchange loss of RM19.7 million in 2018. The higher revenue was mainly derived from Engineering & Construction Division, which contributed 83.8% to the Group's revenue base, followed by Plantation Division, which contributed 8.7%, and the balance from other operations.

In addition, we are proud to announce that the Group is an active member of a number of associations such as the Board of Engineers Malaysia ("BEM"), Construction Industry Development Board ("CIDB"), Institution of Civil Engineers ("ICE"), National Institute of Occupational Safety and Health ("NIOSH") and The Institution of Engineers, Malaysia ("IEM").

AZRB aspires to contribute to thought leadership and industry advancement, therefore as a responsible builder, we continuously engage with our industry peers on matters of best practices and ranging issues including sustainable development.

BRANDING AND REPUTATION

AZRB has a proven track record in the E&C industry which is underpinned by our technical capabilities, strong leadership team and our dedicated employees. The ongoing mega-scale infrastructure projects such as the construction of MRTV202, MRTS206 and EKVE have further strengthened our reputation in the industry. As at 31 December 2018, the E&C Division's order book stood at an impressive RM2.9 billion which is expected to sustain our business over the next 3 years.

We are pleased to announce that AZRB and its subsidiaries received 5 awards for 2018 as listed below:

- **5-Star Award - SCORE Certificate of Achievement** – awarded to AZSB based on parameters such as management strength, technical expertise, business performance and best practices by CIDB Malaysia and SME Corp Malaysia
- **4-Star Award - SCORE Certificate of Achievement** – 4-Star rating awarded to AZRB for the SCORE Programme ("Penilaian Keupayaan dan Kemampuan Kontraktor") developed by CIDB Malaysia, in collaboration with SME Corp Malaysia
- **GOLD Safety Award 2018** – Gold award received by EKVE for 5.5 million man-hours without lost time injury ("LTI"), from Kementerian Kerja Raya and Lembaga Lebuhraya Malaysia
- **5-Star Award - Sistem Penilaian Keselamatan dan Kesihatan Dalam Pembinaan (SHASSIC)** – 5-Star rating awarded to EKVE from CIDB Malaysia
- **Best Under Billion Awards 2018** – Awarded to AZRB for Best Sustainability Reporting (RM150mil to RM499mil) by Focus Malaysia

These recognitions demonstrate our excellence and contribution to safety and health in the construction industry. In addition to that, the Group appreciates that reporting non-financial information, particularly on managing EES issues, is equally important for stakeholders to gain a better understanding of AZRB's overall performance. AZRB believes that our brand and reputation continue to expand resulted from our positive impacts in collaborating with various relevant stakeholders. Please refer to Awards and Recognitions section of this Annual Report for the details of the past years prominent awards received by the Group.

CORPORATE GOVERNANCE

Effective governance and risk management policy and procedure, together with AZRB's core values are vital for achieving long-term success. Group Compliance Department works closely with our Group Secretarial in taking the necessary steps to ensure compliance to the Malaysian Code on Corporate Governance ("MCCG") 2017 and adherence to related best practices.

The Board attaches great importance to corporate governance. The Board believes that for the Group to maintain its success, remain competitive and sustainable in the long term, a high standard of governance is indispensable. In this regard, AZRB complies with all legislation and regulations on corporate governance, which is detailed out in the section of Corporate Governance Overview Statement of this Annual Report.

BUSINESS ETHICS

AZRB conducts its business with integrity and is fully supported by our code of conduct. We practice a culture of openness and honesty with the guide of our Whistleblowing Policy. Thus far, no case of misconduct has been reported by employees using the whistleblowing channel. In order to avoid conflict of interest, upon acceptance of employment, employees are required to validate standing instructions on business ethics.

We recognise the importance of safeguarding personal data and comply with the Personal Data Protection Act 2010. Therefore, we have issued a notice regarding the personal data protection throughout our company to inform our employees on how their personal data are being processed.

SUPPLY CHAIN MANAGEMENT

We enhanced our supply chain management for this year by adopting a procurement approach that supports the principles of sustainability. We are committed to being transparent in our procurement processes and in doing so, all our tenderers or subcontractors are registered under the Group's list of approved tenderers/ subcontractors. This ensures the transparency and accountability of our supply chain management.

At AZRB, we are committed to supporting local businesses and helping them grow. A strong local supply chain is vital as it keeps value within the local economy. The main raw materials used in the Group operations such as steel bars, concrete, timber and building materials are sources within Malaysia. However, any future shortage of raw materials or an increase in their respective costs would create an adverse impact on our cost. We have not, to date encountered any shortage of main raw materials nor difficulties in procuring these goods at competitive prices since these raw materials are sourced from a varied base of suppliers; hence there is no over-dependence on any single supplier.


The adoption of IBS technology at EKVE

In mitigating the risk of cost overruns, we adhere to detailed planning and budgeting prior to tendering for construction projects. All of our suppliers and subcontractors need to comply with all relevant national laws at all times.

At AZRB, we conduct subcontractor assessment to evaluate our subcontractors' skills and capabilities of performing work safely. Failure in achieving the desired score will results in a notice issued to the subcontractors by AZRB. The subcontractors would need to submit their mitigation plan in response to the notice received from AZRB; failure to do so would result in removal from our approved subcontractor list.

Industrialised Building System

Our procurement practice does not only focus on the benefits to the Group but also emphasis on the impacts it brings to the EES. Criteria such as appointed subcontractor to apply the Industrialised Building System ("IBS") technology and to implement the latest technology in construction sites are also considered aside from based solely on the competitiveness of price.

As we move towards efficient and sustainable methods, AZRB is making progress in adopting IBS in its construction projects, in line with the Government's efforts to promote the use of IBS. With the implementation of IBS, waste generation in the construction and project sites is lesser. This is demonstrated by our PJHZ project. The Z1 Office Tower has recycled and salvaged more than 50% (by volume) of the non-hazardous construction waste.

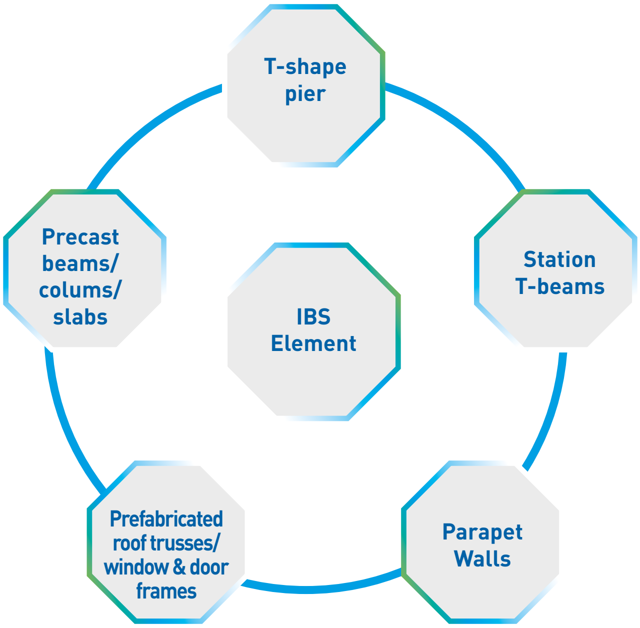


Figure 6: IBS components provided by AZRB to the industry

Besides producing and supplying IBS structural elements, our construction team also adopt the IBS in the design and build project. Figure 6 illustrates the IBS component that we provide to the industry.

Benefits of adopting IBS technology:

- Reduce the number of construction workers required
- Minimise wastage
- Shorten the construction period
- Decrease labour costs

Building Information Modelling

Building Information Modelling ("BIM") is a three-dimensional ("3D") model computerised system-based process that integrates coordination of designers, planners, project managers, quantity surveyors and related-parties. It contains detailed information to facilitate the planning, construction, operation and maintenance of the project.

For this year, we are exploring into four-dimensional ("4D") BIM model by linking the 3D BIM model to another software called SYNCHRO, where we can link the model to construction work sequence. The 4D model enables us to analyse the spatial conflicts, logistics planning and safety risks, which are normally difficult to detect, plan and manage.

REDUCING ENVIRONMENTAL FOOTPRINT

AZRB recognises the importance of protecting the environment and we are dedicated to monitoring our environmental footprint whilst minimising the environmental impact arising from our business operations. We continue to spearhead our initiatives of eco-friendly green building projects and IBS components. All the material environmental indicators identified remain as top priority to AZRB.

GREEN BUILDING

In recent years, the call for more green building has driven the implementation of IBS. With the implementation of IBS, waste generation in the construction and project sites is lesser.

AZRB has been increasingly involved in green type of construction projects. Our on-going projects such as PJHZ, UDA and PNB are featured with eco-construction materials and methods aimed at reducing the environmental impact of buildings. These projects are GBI certified, which are intended to promote energy conservation and ensure buildings are sustainable for the long-term.

MATERIAL WASTE MANAGEMENT

Reducing waste management is one of the initiatives to minimise environmental impact. As a builder, we make sure that all our project sites adhere to the Environmental Quality Regulations (Scheduled Waste) 2005 and ISO 14001:2015 - Environmental Management System. In ensuring appropriate waste management practices, we have prepared a set of checklists that needs to be followed at all our project sites.

Reduce, Reuse and Recycle ("3R")

We practice the 3R principles of 'reduce', 'reuse' and 'recycle' at AZRB and its subsidiaries. Where possible, we eliminate or reduce the use of disposable resources, promote recycling and encourage the reuse of materials. Table 3 shows the initiatives taken by AZRB in practicing the 3R principles at Menara AZRB and Site Offices:

Location	3R Initiatives
Menara AZRB and all Site Offices	• Daily housekeeping at workplace • Major housekeeping every six months • Paperless environment for all Board meetings • Duplex printing to avoid paper wasted • Use of recycled paper and reduce colour printing for internal documents • All communication via email e.g. memo or other documents • Any purchased materials at site shall be registered and declared at project site • Any materials from completed projects will be transferred to the other sites for use, or it will be transferred to storage
Site Offices	• General and recycling waste bins are provided at designated areas at all project sites • These wastes will only be collected by appointed contractors and properly disposed at the approved disposal sites • Adopted 3R practice of our construction materials. All the cut-off piles shall be hacked, and the concrete wastes from the hacking works are reused to make good of the access road

Table 3: 3R initiatives at AZRB and Site Offices

On 7 September 2018, we initiated 'Waste To Wealth Campaign' at Menara AZRB, with the objective to encourage AZRB's employees to take initiative in preserving the environment and uphold the concept of 3Rs. Through this initiative, we collected old or used materials from our employees to be exchanged for cash with a third-party collector. A total number of 659.7 kg recyclable materials were collected during that campaign and we plan to continue this initiative in future as part of our effort in preserving the environment.

Waste To Wealth Campaign conducted at Menara AZRB

Material Waste Management Plan

Generally, material waste generated at AZRB consists of construction waste (i.e. cement bags, timber, crates) and domestic waste (i.e. paper, boxes, food waste, and plastics). We have segregated the material waste according to its type and it was disposed of by appointed licensed contractors. Each project site team develops its own material waste management plan as follows:

- The main contractor shall appoint a material waste management coordinator who is responsible for implementation, monitoring and reporting of the material waste management activities
- The main contractor shall identify the anticipated construction waste – type of waste by weight and volume
- Of the anticipated waste, the coordinator shall identify specific waste material to be salvaged, resale, reused and recycled

Plantation Division (PTIGP)

At Plantation Division, we are committed to continuously implementing the concept of waste to wealth in managing solid waste generated from our operations. The palm oil fibres produced during harvesting are used as fertilisers cum soil enhancers within our estates, whereas a portion of the palm oil fibres, empty fruit bunch ("EFB") and palm kernel shells are used as bio-fuel to run the mill's boilers and turbines.

On the other hand, our liquid waste palm oil mill effluent ("POME"), is being used as organic fertiliser in our estates to replace the use of non-organic fertilisers and chemical fertilisers. Both solid and liquid wastes produced by our mills are managed in accordance with the requirements specified under Indonesian Sustainable Palm Oil ("ISPO"). We aim to further improve our waste management practices by exploring new innovative technologies to best utilise our waste generated and to significantly reduce environmental impacts from our operations.

ENERGY CONSERVATION

The use of significant amount of energy can create negative environmental impact in the form of greenhouse gases ("GHGs") emissions, whether directly or indirectly, which contributes to global warming. For this reporting period, our total electricity consumption at Menara AZRB was 1,041,413 kWh as compared to year 2017, which was 1,082,312 kWh, a reduction of 3.8%.

Energy Savings Features

Incorporating energy saving features into our projects allow us to minimise our energy consumption and enable us to deliver greater benefits to our clients and investors. The energy saving features that we have installed at Menara AZRB and Project Site are shown in Table 4.

Location/Project Site	Energy Saving Features
Menara AZRB	• Energy saving reminder to encourage employees to conserve electricity • Air-conditioning is automatically switched off during lunch hour and after 6pm at Menara AZRB
PNB	• Installation of solar panel at the rear podium roof top for the additional source of electric power supply • Building energy saving sensor, which is equipped with lux sensitive sensor and motion sensor switches for lighting usage control • Application of KNX system to control the lighting system at common area, façade and office area • Usage of Low-E Glass to improve energy efficiency and reduces a significant amount of energy loss through windows • Usage of AAC Block at designated area to improve comfort level and saves heating and cooling costs • Installation of rockwool insulation at the Hotel Ball Room roof covering to ensure sustainable building and improves building energy efficiency
UDA	• Adherence to the GBI Energy Saving, our provisions of energy saving features are: - LED lighting in the design - Installation of solar panel at the roof top - Usage of Facade Glass with Low-E - Common area is equipped with the energy saving sensor, lux sensitive sensor and motion sensor • Usage of multi split unit air-conditioning from single outdoor unit for residential units • Air well at the residential tower as natural cooling and ventilation system for the building
PJHZ	• Adherence to the GBI energy saving criteria, our provisions of energy saving features are: - LED Strip Lighting for landscape - HELIT - LED for downlight corridor - PCO - LED for Plaza - FLMI - LED for Façade Lighting - NEXUS
EKVE	• Solar powered traffic signages are being used extensively at our construction sites such as arrow flashing, blinker, amber light, robotic, Portable Variable Message Signs (PVMS) and chevron lights

Table 4: Energy saving features at Menara AZRB and Project Site

Plantation Division (PTIGP)

At Plantation Division, we recognise our energy consumption from non-renewable sources, and therefore wherever possible we are looking into ways to reduce our GHGs emission from our daily operations by utilising solid waste (renewable energy) which are palm fibres and palm kernel shells to generate electricity.

In addition, we have installed solar panels at selected remote security posts in the estate for electricity and water heating.

WATER MANAGEMENT

In our efforts of conserving water, we have incorporated the GBI water saving criteria into all our projects. Our initiatives include the installation of rain water harvesting for landscape irrigation system and for public toilet flushing, installation of dual flush mode water closet to reduce water consumption at toilet, and water detention at on-site detention tank for water supply reservation.

At our PJHZ project, we have adopted the digital water flow meter (Toshiba) and Basin Tap (Sorento). We are committed to continuously monitoring the water discharge by conducting monthly quality monitoring. This is to ensure that we are in compliance with the National Water Quality Standard.

Flood Management

AZRB believes that stewardship of the flood management is crucial as it involves the safety of people and can lead to the loss of lives. For this year, the flood impact from the EKVE project that caused public inconvenience has become less compared to the previous year with the completion of major drainage system and continuous maintenance of existing drainage. We are constantly monitoring the high flood risk areas as the flooding usually occurs in lower gradient areas. For the MRTV202 project, the Environmental Emergency Response Team ("EERT") is put on 24-hour standby in case of flood caused by continuous rainfall. Whereas, the retention ponds, sand bags and silt fence have been constructed along the alignment.

In terms of water quality, the higher turbidity level of water during heavy downpour had caused frequent Ampang water intake shutdown in 2017. Therefore, the project team has mitigated the impact by constructing 3 mini dams, together with effective Erosion and Sediment Control Program ("ESCP"), proper site work management, and working closely with authorities.

Plantation Division (PTIGP)

At Plantation Division, our palm oil mill operations generate POME from various processes such as sterilisation, crude oil clarification and cracked mixture separation. POME produces huge amount of methane gas as a result of its anaerobic process, and methane gas is 21 times more harmful compared to carbon dioxide. The total POME generation and its Biochemical Oxygen Demand ("BOD") levels are presented in Table 5.

Indicators	2018	2017
POME Generation (m^3)	92.64	99.55
POME BOD Levels (mg/l)	316.24	156.58

Table 5: Total POME generation and its BOD level at PTIGP

Note:
1. *BOD is determined on monthly basis by an accredited laboratory and submitted to the local environmental authorities on a quarterly basis*
2. *Indonesian operations BOD Limit is <5000 mg/l*

Thus, in minimising the impact of POME to the environment, we undertake POME management initiatives in which POME is being used for land application as organic fertiliser in our estates to replace the non-organic fertilisers or chemical fertilisers (agro-chemical).

On the other hand, we recognise our water consumption for business operations and thus we are continuously implementing water management initiatives in our daily operations. As part of our water optimisation initiatives, our nurseries are using water drip irrigation system, which uses less water than conventional watering methods.

AIR QUALITY

AZRB monitors the air quality at various stations surrounding its project sites. This is to ensure that we are in compliance with the Malaysian Ambient Air Quality Standards (2013). We have adhered to the mitigation measures recommended in the Detailed Environmental Impact Assessment ("DEIA") prepared for the project and we are proud to have satisfactorily met the standards.

Pollution Control

Construction sites make a significant contribution to environmental degradation and AZRB is committed in minimising its environmental impact. Listed below are the initiatives taken to combat pollution in our projects:

- Installing temporary protection for slopes and stockpiles to control soil erosion and any turbid surface runoff in rainy season
- Constructing silt fences and silt ponds to avoid sediments being discharged into natural water bodies
- Undertaking air, water quality and noise monitoring regularly
- Installing noise barriers at identified locations to lower construction noise
- Scheduling dust suppression using water browser to reduce airborne dust at construction site
- Washing trucks' wheels at the exit to prevent mud, dust and dirt from being spread on public roads
- EERT are put on 24-hour standby in case of flood caused by continuous rainfall

Plantation Division (PTIGP)

For our Plantation Division, one of the challenges that PTIGP faced is the open burning that is carried out by the smallholders in the pockets of individually-owned land within our estates. These smallholders clear the land via open burning activities to cultivate paddy, corn and rubber without our permission. In response to this, we have established a monitoring tower to detect and control open burning within our estate. PTIGP has a team of firefighters to combat any open burning within our estates. We also report such incidences to the local police.

REGULATORY COMPLIANCE

In all our operations, we adhere to all the applicable regulations to ensure sustainability and meeting our stakeholders' expectations. Non-compliance to laws and regulations would result in the Group being reprimanded or penalised. Therefore, we try at the best possible in meeting the standards and to always be vigilant of any changes or updates in the regulations that are applicable to AZRB as listed in Table 6.

In 2018, the Group was fined due to the breeding of Aedes mosquito at one of our project sites. Therefore, we have worked with Ministry of Health ("MOH") in implementing Communication for Behavioural Impact ("COMBI") program.

Name of the Laws and Standards
ISO 9001:2015 - Quality Management Systems
ISO 14001:2015 - Environmental Management System
OHSAS 18001:2007 - Occupational Health and Safety Management Systems
Biodiversity • Akta Perhutanan Negara 1984
Effluent and Waste • Environmental Quality (Sewerage) Regulation 2009 • Environmental Quality (Scheduled Waste) Regulations 2005
Water Quality • Local Government Act 1976 (Act 171) and Subsidiary Legislation (Part VII – Pollution of Streams) • Street Drainage and Building Act 1974 (Act 133) • Environmental Quality (Industrial Effluents) Regulations 2009
Air Quality • Environmental Quality (Clean Air) Regulations 2014 • Environmental Quality Act 1974 (Act 127)

Table 6: List of applicable laws and standards to AZRB business operations

The COMBI program objectives are:

- To move the various sectors of community to address the issue of dengue in the community
- To create a shared responsibility with the community
- To influence and strengthen decision or behaviour or social norms in the community

On-site inspection of the premise has been carried out together with MOH's officer. We are aware of the graveness of these cases, thus measures such as fogging and larvaciding, areas up keeping with the public, monitoring of surrounding drainage and internal and external ponds have been conducted regularly.

Plantation Division (PTIGP)

At our Plantation Division, PTIGP is currently in the process of obtaining the ISPO Certification. PTIGP has completed the ISPO certification process by completing the 2 stages (Stage1: Documentation Audit and Stage 2: Field Audit) and currently awaiting the Official Certification from the ISPO Commission of Indonesia.

PROTECTING BIODIVERSITY

The Group is committed to protecting biodiversity in the areas of which it operates. Listed below are initiatives taken in protecting biodiversity for our EKVE project:

- Ensure the wildlife is protected by working with the Department of Wildlife and National Parks (PERHILITAN) in surveying the area and relocating the animals away from the EKVE construction site
- Installed a total of 21 box culverts and 8 wide beam bridges to allow unhindered movement and safe crossing of animals
- Constructed physical barriers at critical stretches of the expressway to prevent animals from crossing over it
- Protecting Native Flora by strictly adhering to the Guidelines for Reduced Impact Logging ("RIL") for Peninsular Malaysia. The ecological, environmental and socio-economic factors are taking into account in the timber harvesting process
- Maintaining the integrity of Ampang Forest Reserve. A total of 120 hectares of land between Ulu Langat and Ampang Forest Reserve were acquired as the replacement land to ensure that there is no net loss of forest reserve area

Tree Planting Programme

On 15 December 2018, AZRB "Care for You and Me", in collaboration with Dewan Bandaraya Kuala Lumpur ("DBKL") organised a Tree Planting Event at Taman Tasik Ampang Hilir. We planted 25 Tecoma Trees (height of 6 to 8 feet) with the objectives to promote AZRB branding towards the community and position itself in the construction industry as a responsible organisation. This programme received good participation whereby employees joined forces to make Kuala Lumpur a greener and liveable city.

Tree Planting Programme conducted at Taman Tasik Ampang Hilir

Plantation Division (PTIGP)

For our Plantation Division, our estate contains several areas that are classified as Forest Reserves by the Indonesian Government. We have identified the High Conservation Value areas (based on our HCV reports) and reported to the Natural Resources Conservation Agency (BKSDA) of the West Kalimantan Provincial Government. We have a total conservation area of ± 859.5 Ha (5.19%) of the Izin Usaha Perkebunan ("IUP") area (13,963 Ha) and ± 18.8 Ha (0.28%) of the Hak Guna Usaha ("HGU") Area (6,763.89 Ha). There are numerous numbers of wildlife at PTIGP and part of them are protected in accordance with the Government Regulation No.07 of 1999. The list of protected wildlife in PTIGP is presented in Table 7.

Category	Number of available species at PTIGP	Number of available species at PTIGP and Protected under Government Regulation
Mammals	23	15
Birds	44	14
Reptile	6	1
TOTAL	**73**	**30**

Table 7: List of protected wildlife at PTIGP

In ensuring highest protection to these HCV areas, we have placed conservation area signage to identify protected plants, rivers, springs and prohibited sites. We strictly prohibit open burning in all areas within our plantation and impose the rules and regulations to the community.

CULTIVATING A HEALTHY AND SAFE WORKPLACE

At AZRB, we pay great attention to the welfare of our employees and local communities. We aim to develop, train and retain our employees while continually and actively nurture our local communities. In line with UNSDG that target to end all forms of discrimination against women, protect labour rights, secure working environment for employees and to provide affordable and sustainable development, we strive to achieve these targets for our stakeholders.

OCCUPATIONAL HEALTH AND SAFETY

Our Health, Safety and Environment ("HSE") management system acts as a fundamental basis towards a healthier and safer working environment for all our employees. We continuously improve our occupational health and safety by ensuring that each of our project site establish an HSE committee. Figure 7 below illustrates the foundation of our HSE organisation chart.

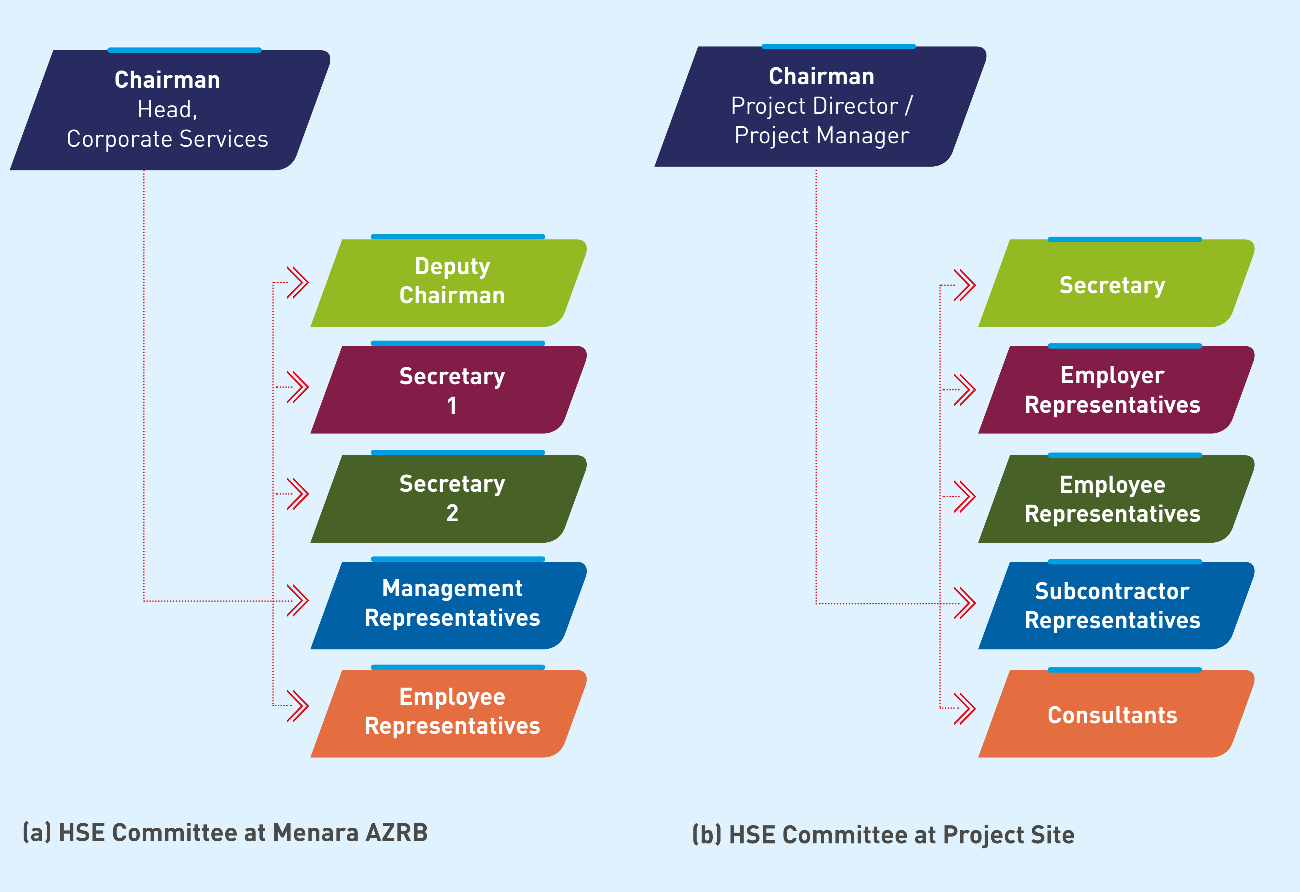


Figure 7: HSE Committee at (a) Menara AZRB and (b) Project Site

We embrace improvement in our safety and health management system, whereby we have adopted the Safety Health Assessment System in Construction ("SHASSIC") method. We are proud to present our AZRB Internal Safety and Health Environment Assessment ("AiSHEA") as an independent method to assess and evaluate the safety and health performance in construction sites.

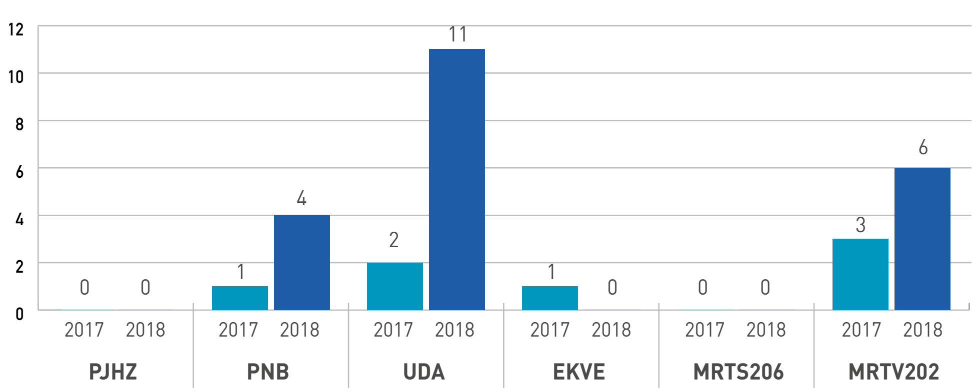
At our project sites, prior to the HSE committee meeting which are conducted twice a month, the committee conducts a walkabout or site inspection to spot any unsafe activities or work condition at the site. We have implemented the following safety control and measures to prevent an incident from happening, as summarised in Table 8.

Division	Safety Measures
E&C	• Safe work instruction • Safety training programme • Internal audit • Accident reporting • Toolbox briefing • Site housekeeping • Safety workplace inspection • Safety campaign • HSE coordination meeting • Safety induction • Workplace and machinery inspection • Proper Traffic Management Plan • Establishment of hotline numbers to give and/or receive information or complaint from public • Establishment of liaison team to communicate with public, organisations or agencies • Implementation of safe work practices as approved Project Safety Plan to ensure no incident occurred at project site involving employees or public or workers
Plantation	• Occupational health and safety awareness programmes • Assess areas that are in need of safety warnings and signage installation • Employees are provided with Personal Protective Equipment ("PPE")

Table 8: Safety measures at E&C and Plantation Divisions

It is our duty to ensure that any incidents that occurred is reported to the Department of Occupational Safety and Health Malaysia as required under the Occupational Safety and Health Act 1994. In 2018, there were zero fatality cases at our project sites. However, there were 4 near missed cases at our PNB project. Moving to UDA project, a total of 11 cases recorded which comprised 1 minor injury case, 7 first-aid cases and 3 near-miss cases. Meanwhile, 6 near-miss cases are recorded for MRTV202 project.

Figure 8: Number of Incidents at Project Sites



Plantation Division (PTIGP)

At PTIGP, we record all of our work-related injuries for both the mill and the estate. If an incident happens, our Berita Acara or internal inquiry/report will be used, and the case will be reported to the HSE Department.

As at December 2018, there is 1 work-related injury at our palm oil mill. However, 63 cases were recorded in the estate. None of the injuries recorded were serious and the workers were sent to the in-house polyclinic and outpatient treatment.

We strive to secure a safe working environment at our project sites. Thus, in order to prevent any unwanted incidents from recurring, safety induction training is conducted to ensure the unsafe conditions or behaviour are managed.

DIVERSITY AND INCLUSIVITY

AZRB is committed to creating a workplace environment that appreciates diversity and inclusivity. We promote honesty, trust, mutual respect and care for our employees. Our employee breakdown is divided into E&C Division and Corporate Office, and Plantation Division.

Employee Distribution at E&C Division and Corporate Office

We believe the future of our industry is in the hands of the next generation, and we are committed to grooming our employees to become the leaders of tomorrow. As shown in Figure 9(a), our employee distribution across different age groups show that the majority of our employees are within the 30 – 50 age bracket. We seek to attract the best talents for our Group. Whilst we retain the experienced hires, we also seek to nurture young talents in preparing for the next generation of leaders.

At AZRB, we open opportunities for all regardless of their gender. Our current standing is at 29% female and 71% male, as shown in Figure 9(b). Given the nature of E&C industry, it is a norm for male to dominate this sector. We focus to retain more female in the workforce to address the relatively low percentage of female workforce in the industry. The Group's employment breakdown by gender and designation is as illustrated in Figure 9(c), with a representation of both genders in all designations.

Figure 9(a): Employee Breakdown by Age

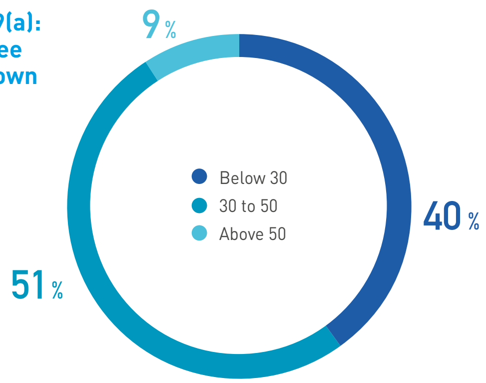


Figure 9(b): Employee Breakdown by Gender

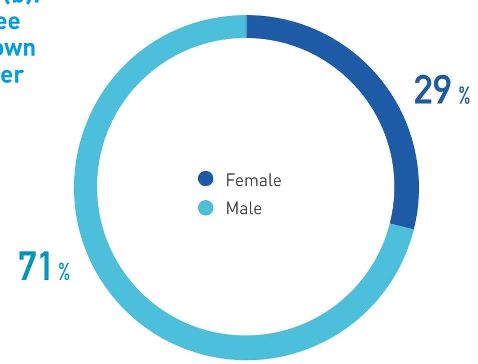
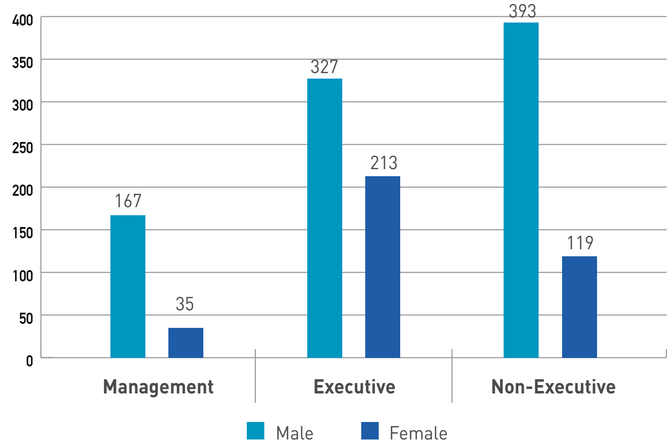


Figure 9(c): Employee Breakdown by Gender and Designation



Employee Distribution at Plantation Division (PTIGP)

At PTIGP, our employee breakdown by age is represented in Figure 10(a). As shown in the figure, the majority of our employees are within 30-50 age bracket (51%), followed by below 30 years age bracket (49%) and none are from above 50 years age group.

The harvesting and milling activities are often labour intensive and require long hours. Consequently, this results in a male-dominated working environment with 88%, compared to female (12%), as shown in Figure 10(b).

PTIGP's employee distribution as shown in Figure 10(c) reflects the breakdown based on respective designations.

Figure 10(a): Employee Breakdown by Age

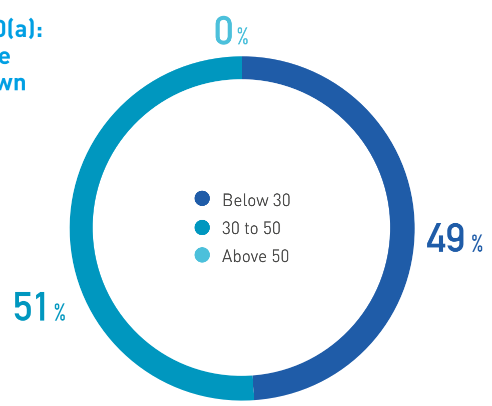


Figure 10(b): Employee Breakdown by Gender

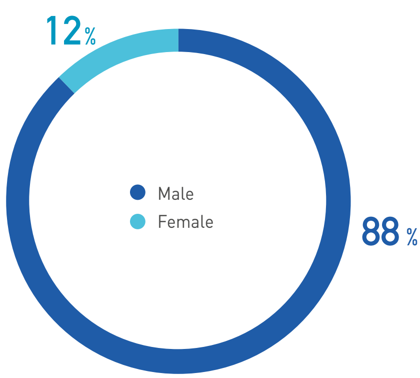
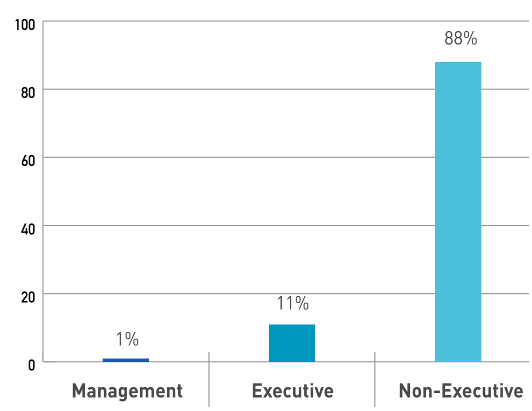


Figure 10(c): Employee Designation



Employee Retention at E&C Division and Corporate Office

At AZRB, we value our employees and emphasise employee retention. For this year, we assessed our employee turnover by age and gender as illustrated in Figure 11(a) and Figure 11(b), respectively.

Figure 11(a): Employee Turnover by Age

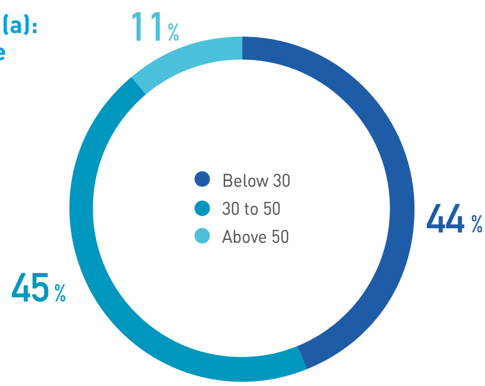
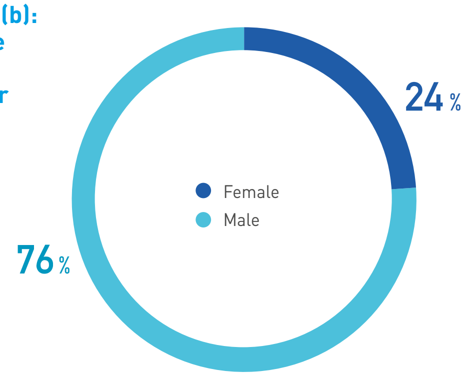


Figure 11(b): Employee Turnover by Gender

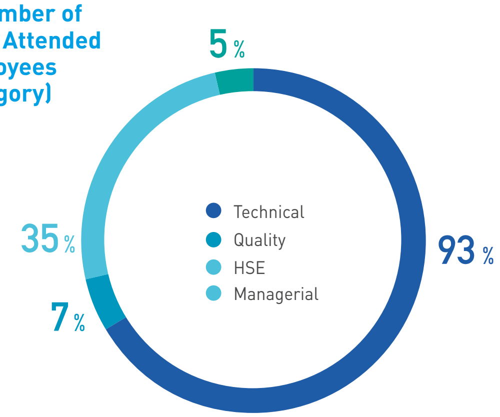


TRAINING AND CAREER DEVELOPMENT

We believe that our success in business depends on the quality of our employees. Training is imperative to enhance the skills and development of our employees. Thus, we have made it our mission to enrich our employees with training programmes throughout the year. For 2018, a total amount of RM456,103 was invested on employee training and skill development programmes.

AZRB encourages our employees to develop their skills, knowledge and to enhance their career growth. For 2018, a total of 140 training programmes were attended by our employees, as shown in Figure 12.

Figure 12: Total Number of Training Attended by Employees (by Category)



Career Development

Continuous learning and development are fundamental in creating an efficient workforce. At AZRB, we provide the necessary resources to ensure our employees have the right skillsets and talent to execute their responsibilities as they progress in their career with us. Figure 13 summarise the programs conducted throughout 2018 to boost the employees' career development and growth.

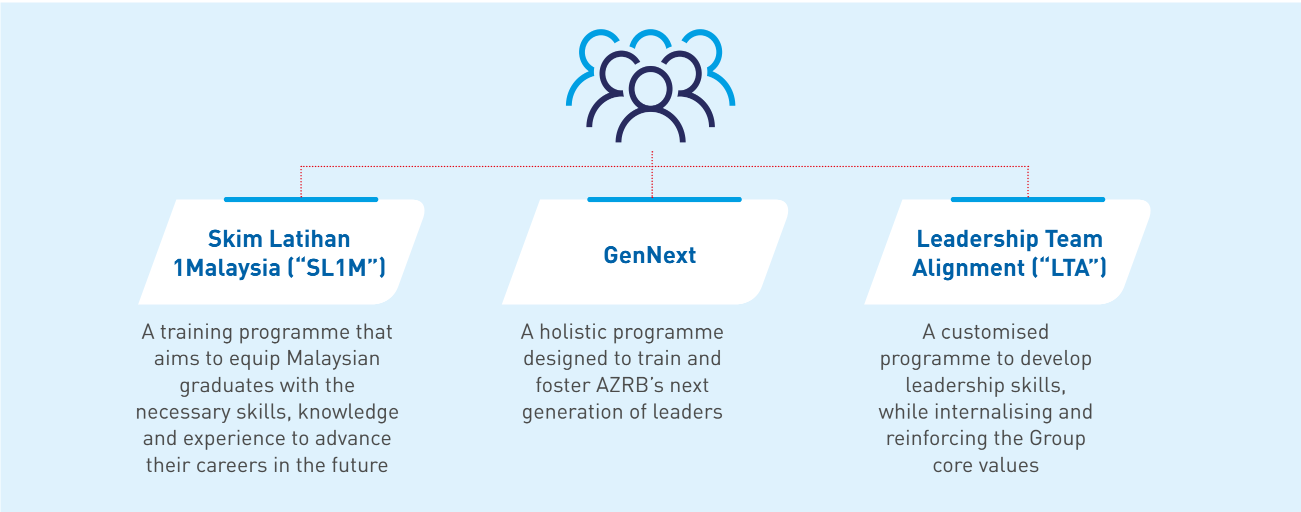


Figure 13: Career development programs at AZRB

Training at Plantation Division (PTIGP)

Training is indispensable when working in the plantation sector. In 2018, our employees attended a series of training programmes that can be divided into technical and safety as listed in the Table 9.

Technical Training	Safety Training
• Security Guard Technology Guidance Training	• Forest and Land Fire Management Training
• Basic Security Guard Training	• Emergency / P3K (First Aid) Handling Training
• Boiler Operator Certification Training	• OSHA Training
• Water Management Training	• Hazard Identification & Risk Assessment Design Control and Job Safety Analysis ("JSA") Training
• ISPO Training	• Safe and Effective Pesticide Application Technique Training
• Wage Structure and Salary Scale Training	• Basic Safety Training

Table 9: List of trainings at PTIGP

Moving forward, training hours conducted at PTIGP will be recorded. This will be part of our continuous improvement for employees' capacity building.

EMPLOYEE BENEFITS

Our employees are our most valued assets. As such, we continue to invest in them and safeguard their interests. We are dedicated to offering a competitive package that helps reward and retain our capable talents. We ensure our employees are developed by:

- Providing a conducive and safe work environment for employees to deliver their work
- Motivating employees to perform through performance-based rewards
- Providing employees with comprehensive benefits and competitive remuneration
- Engaging employees to improve morale and wellbeing
- Promoting inclusivity and diversity to ensure fairness
- Encouraging employees to upskill themselves through internal and external training programmes
- Developing employees by providing avenues for professional and personal growth

PROTECTING LABOUR RIGHTS

At AZRB, we adhere to Malaysian and Indonesian laws and regulations and have always been extra cautious on these matters. The initiatives we have taken to safeguard the human rights of individuals are as listed below:

- Pay at least the minimum wage
- Prohibit discrimination in hiring and employment practices including gender, race, religion, age and nationalities
- Prohibit physical abuse and harassment
- Prompt action on matters related to grievance and whistleblowing procedures
- Do not employ forced or involuntary labour

The Group ensures that foreign labours working at project sites hold the necessary legal permits to work in Malaysia. This is to ensure that there is no immigration law nor human rights law are breached. We admit that we face challenges in ensuring all our foreign workers hold legal work permits and CIDB card. The project site management however has taken the necessary action by working on obtaining legitimate foreign workers for all project sites. At the same time, the site management team is advised to always coordinate with the security team regarding the foreign workers' entry at the main gate.

Human Right Assessment

At PTIGP, both our estate and mill comply with the requirements of the Indonesian Labour Law 2003 which take into consideration the requirements of the International Labour Organisation. Employment of workers below the age of 18 years, or any forced labour is prohibited. In 2018, there was no incidents involving child or forced labour in our plantation. We are strictly guided by ISPO in terms of protecting human rights. To date, we do not have any cases or grievances reported.

ENRICHING LOCAL COMMUNITY

PRODUCT QUALITY

AZRB is committed to delivering excellence and will continue to further improve our services. Our ISO 9001: 2015 - Quality Management System has challenged us to continually improve our processes and approaches in order to satisfy the clients' and other stakeholders' needs and expectations.

Thrusts by our vision of being a "Trusted Industry Leader in Delivering Commitment with Excellence and Value", our Quality Policy is to foster long-term relationship with the clients and other stakeholders. In order to ensure a premium quality of our project deliverables, we have taken the approach of implementing Integrated Management System ("IMS") of Quality and Health, Safety & Environment throughout our projects.

AZRB Internal Quality Assessment ("AIQA")

AIQA assessment aims to evaluate the quality of workmanship, records as well as the non-conformance during construction. The existing AIQA was developed based on the Construction Industry Standard issued by CIDB, CIS 19:2011 (QLASSIC for Road Works), CIS 7:2014 (QLASSIC for Building Construction Works) and IMS. The AIQA measures the project quality performance at every stage of construction. The assessment, which is conducted quaterly, is based on:

- The QLASSIC requirements for measuring the quality of workmanship
- ISO 9001 standards to measure the effectiveness of inspections and tests and document/record management practices

Objectives of AIQA

- Measure project quality performance systematically
- Standardise good practices across all projects
- Raise greater awareness of product quality as per QLASSIC requirements to all of AZRB's relevant employees
- Achieve a minimum QLASSIC score of 75% for all projects

CUSTOMER SATISFACTION

We consider our customer satisfaction as a top priority and we are committed to delivering the highest project quality to our customers. AZRB Client Satisfaction Survey is conducted at the beginning of each year to gauge our customers' satisfaction towards our services for the preceding year.

The survey focuses on 6 key areas:

- Contract Management and Procurement
- Project Management and Operation
- Technical and Design Quality
- Quality Management
- Safety and Health Management
- Environmental Management

COMMUNITY ENGAGEMENT

We continue to build a resilient community by enriching our local community with various programmes at all of our project sites. Table 10 illustrates our journey in enriching our community in 2018.

Programme	Programme Description
Public engagement	• PNB conducted engagement session with local authority in every 6 months
Management meeting	• PNB conducted fortnightly meeting with the management of St. Mary Residences/ Menara Dion/Holiday Inn, starting from October 2018
Gotong-royong	• Gotong-royong with local community conducted on 29 September 2018
Collaboration with local universities	• Engagement session with students from Universiti Malaya and Universiti Teknologi Petronas focusing on career talk, internship program, GenNext program and Civil, Mechanical and Electrical (M&E) graduates talent pool • GenNext program aims to develop future talents for leadership roles within the Group
Leadership program for future leaders	• Leadership Team Alignment program is a customised program to develop leadership skills, while internalising and reinforcing AZRB core values
SL1M Trainee	• 8 SL1M trainees enrolled for 2018
Majlis Sambutan Aidilfitri	• Employees, clients and children from Rumah Kanak-Kanak Tunku Budriah, Cheras (an orphanage house) gathered together for Hari Raya celebration. A total of 40 children attended the event and received 'duit raya' as a symbol of giving and receiving culture in Malaysia
Majlis Ibadah Qurban	• Celebration of Majlis Ibadah Qurban with the residents of Pangsamurni Titiwangsa and Perumahan Awam Seri Perlis 2 on 22 August 2018 • 7 cows were donated and approximately 800 people received the Qurban distribution • T-shirt was distributed to Masjid Khalid Al-Walid committee

Programme	Programme Description
Gotong-royong with residents of PKNS Flat	• UDA project conducted activities as below: - Clearing of the residential area adjacent to construction sites as a preventive measure to diminish mosquito breeding areas - Annual Residents Meeting - Engagement session to update the residents on the project site activities that might affect them - Discussion on electrical supply rewiring of PKNS Flat Surau and Rumah Tahfiz - Rectification of the adjoining residents house that are affected by the construction activities
Semarak Ramadhan	• Donation of RM2,000 for 'Gotong-royong Memasak Bubur Lambuk & Mengacau Dodol' with Persatuan Penduduk Perumahan Awam Seri Perlis 2

Table 10: Community engagement programme at AZRB

Community Engagement at Plantation Division (PTIGP)

Whilst at PTIGP, we conducted various community engagement events and social activities throughout the year as listed in Table 11.

Programme
Building of Kota Baru Village Football/Soccer Field
Sponsoring a Football/Soccer Tournament at Dusun Bangsal
Sponsoring local cultural event, "Upacara Adat Naik Dango" or the Harvest Festival
Sponsoring the celebration of 73rd Republic of Indonesia Independence Day at PTIGP in the housing complex and within nearby Dusun Nahaya and Dusun Pagung
Providing Child Care Centre and Nursery for all employees
Providing sports facilities in our own sports complex for employees and nearby communities
Providing health awareness and services via our own polyclinic to all communities

Table 11: Community engagement programme at PTIGP

CONCLUSION

Moving forward, we strive to continuously improve our sustainability measures into our business operations by taking into accounts the EES impacts. We are cognisant that each year, different risks will arise and therefore by comprehending and incorporating sustainability into our business, we have tackled the EES risks. We are committed to consistently improving our sustainability initiatives within our business operations.

Menara AZRB

FINANCIAL STATEMENTS

• Financial Report

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, providing management services and as contractor of civil and structural works.

The information on the name, principal activities, country of incorporation and proportion of ownership interest and voting power held by the Company in each subsidiary is disclosed in Note 18 to the financial statements.

RESULTS OF OPERATIONS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	14,232	18,782
Non-controlling interests	(5,644)	-
	8,588	18,782

DIVIDENDS

Since the end of the previous financial year, the Company paid a single tier interim dividend of 1 sen per ordinary share, totalling RM5,301,647 in respect of the financial year ended 31 December 2018 on 26 October 2018.

The Directors do not recommend any final dividend to be paid for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased by RM57,688 from RM197,478,058 to RM197,535,746 by way of issuance of 94,571 ordinary shares pursuant to the exercise of options under the Employees' Share Scheme at an exercise price of RM0.61 per ordinary share for cash.

On 30 August 2018, the Company proposed to undertake a bonus issue of up to 79,840,322 ordinary shares to be credited as fully paid-up on the basis of 1 new ordinary share for every 8 existing ordinary shares of the Company ("Bonus Issue"). The Bonus Issue has been completed following the listing of 66,454,852 new ordinary shares (including 184,762 treasury shares) pursuant to the Bonus Issue.

There were no debentures issued during the financial year.

WARRANTS

The warrants are constituted by a Deed Poll dated 18 March 2014. Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 14 May 2014 until 13 May 2024 at an exercise price of RM0.70 per share for every warrant held in accordance with the provisions in the Deed Poll. Any warrants not exercised at the date of maturity will lapse and cease to be valid for any purpose.

During the financial year, 12,910,919 new warrants were issued arising from the adjustment as a result of the Bonus Issue. Subsequently, each warrant entitles its registered holder to subscribe for 1 new ordinary share at the adjusted exercise price of RM0.63. As at 31 December 2018, the total numbers of warrants that remain unexercised were 116,201,952.

EMPLOYEES' SHARE SCHEME

At an extraordinary general meeting ("EGM") held on 17 March 2014, the Company's shareholders approved the establishment of an Employees' Share Scheme ("ESS") of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Directors of the Company and its subsidiaries which are not dormant at any point in time. The ESS was implemented on 18 August 2014 ("Effective Date") and shall be in force for a period of 5 years and expires on 17 August 2019. The ESS may be extended by the Board of Directors at its absolute discretion for up to another 5 years immediately from the expiry of the ESS.

The salient features of the ESS are, inter alia, as follows:

(i) Eligible employees are those full time employees whose employment with the Group have been confirmed while eligible Directors are those Directors including non-executive and/or independent Directors of the Group. The maximum allocation of ESS Shares Award and ESS Options ("Awards") to the Directors has been approved by the shareholders of the Company at the EGM.

(ii) The aggregate maximum new number of shares to be issued under the ESS shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESS.

The ESS shall be valid for a period of 5 years and may be further extended for a maximum period of 5 years and such extension shall not in aggregate exceed the duration of 10 years from the Effective Date.

(iii) The exercise price of each share comprised in the ESS Options shall be the higher of the following:

(a) At a discount (as determined by the ESS Committee) of not more than 10% to the 5 market days volume weighted average market price of the underlying shares preceding the award date of the ESS Options; or

(b) The par value of the Company's shares.

(iv) The allocation of ESS Options to any individual eligible employee or Director who either singly or collectively through persons connected with them, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares), shall not exceed ten percent (10%) of the new shares of the Company to be issued pursuant to the ESS.

(v) The actual number of shares which may be awarded under the ESS Shares Award shall be at the discretion of the ESS Committee. The ESS Committee may stipulate any terms and conditions it deems appropriate in an ESS Shares Award and the terms and conditions may differ.

EMPLOYEES' SHARE SCHEME (CONT'D)

(vi) If the ESS Shares Award is not accepted in the manner as set out in the By-law, the ESS Shares Award shall automatically lapse upon the expiry and be null and void.

(vii) The ESS Committee shall, as and when it deems practicable and necessary, reviews and determines at its own discretion the vesting conditions in respect of an ESS Shares Award which includes, amongst others, the following:

(a) the grantee must remain an employee as at the vesting date;

(b) the performance conditions are fully and duly satisfied; and/or

(c) any other conditions which are determined by the ESS Committee.

(viii) The new shares to be allotted and issued under the ESS shall rank pari passu in all respects with the then existing shares of the Company except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of the allotment of the new shares.

The movements in ESS Options and ESS Shares Award are disclosed in Note 38 to the financial statements.

TREASURY SHARES

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

During the financial year, the Company held additional treasury shares of 184,762 pursuant to the Bonus Issue.

As at 31 December 2018, the Company held a total of 1,662,862 ordinary shares as treasury shares out of its issued and paid-up share capital of 598,097,678 ordinary shares. Such treasury shares are held at carrying amount of RM1,025,787 and further relevant details are disclosed in Note 30 to the financial statements.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts needs to be written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

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

(i) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

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

In the opinion of the Directors, other than as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda
Dato' Sri Wan Zakariah bin Haji Wan Muda
Dato' W Zulkifli bin Haji W Muda
Dato' Haji Roslan bin Tan Sri Jaffar
Dato' Haji Mustaffa bin Mohamad
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Datuk (Prof.) A. Rahman @ Omar bin Abdullah
Dato' Sr. Abdull Manaf bin Hj Hashim

DIRECTORS (CONT'D)

The names of the directors of the Company's subsidiaries in office since during the financial year to the date and up to the date of this report (not including those directors listed above) are:

K.D.Y.M.M. Sultan Abdullah Ibni Sultan Haji Ahmad Shah
Y.A.M. Tengku Baderul Zaman Ibni Sultan Mahmud
Y.B.M. Tengku Tan Sri Dato' Haji Mohamad Rizam bin Tengku Abdul Aziz
Y.A.M. Tengku Norhana binti Sultan Mahmud
Y.B.M. Dato' Tengku Rozanna Petri binti Tengku Mohamed Nasrun
Tan Sri Dato' Ir Zaini bin Omar
Dato' Sri DiRaja Haji Adnan bin Haji Yaakob
Dato' Sri Haji Adnan bin Wan Mamat
Dato' Haji Ismail bin Sulong
Dato' Haji Muhammad Pehimi bin Yusof
Dato' Ir Dr Ashaari bin Mohamad
Dato' Ir Jamaludin bin Osman
Dato' Haji Bahari bin Johari
Dato' Haji Basir bin Ismail
Dato' Haji Wan Zakaria bin Abd Rahman
Dato' Haji Zakaria bin Awang
Dato' Roszali bin Othman
Dr Hjh Wan Maimun binti Wan Abdullah
Dato' Azman bin Marzuki
Abdul Halim bin Ashari
Mohammad Fauzi bin Haji Ahmad
Mohd Zaki bin Mohd Noor
Wan Shariman bin Wan Mohamed
Radzillah binti Mahmood
Mohammad Ashraf bin Md Radzi
Abd Kadir bin Sahlan
Wan Azwan Shah bin Tan Sri Dato' Sri Haji Wan Zaki
Wan Ramzi bin Haji Wan Muda
Hamkamarul Bahrin bin Mohamad
Shankar Ray Shi-Wan
Zawawi bin Wahab
Azmi bin Mat Ali (alternate Director to Dato' Haji Basir bin Ismail)
Mohd Zulkifli bin Yusof
Anuwar bin Mohd
Erwannyzam bin Abdull Rahman (appointed on 12 December 2018)
Hj Md Suhaimi bin Husain (appointed on 31 October 2018)
Wan Razali bin W Zulkifli (appointed on 13 September 2018)
Wan Fakhrul Anwar bin Wan Zakaria (resigned on 16 July 2018)

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares, warrants and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Ordinary Shares				
	At 01.01.2018	**Allotted[1]**	**Bought/ Transfer**	**Sold/ Transfer**	**At 31.12.2018**
Direct interest in the Company					
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**3,821,975**	527,496	398,000	-	**4,747,471**
Dato' Sri Wan Zakariah bin Haji Wan Muda	**4,114,418**	551,802	300,000	-	**4,966,220**
Dato' W Zulkifli bin Haji W Muda	**7,143,368**	1,000,421	930,000	(70,000)	**9,003,789**
Dato' Haji Roslan bin Tan Sri Jaffar	**592,500**	99,062	200,000	-	**891,562**
Dato' Haji Mustaffa bin Mohamad	**2,500,009**	312,501	-	-	**2,812,510**
Datuk (Prof). A. Rahman @ Omar bin Abdullah	**2,100,000**	334,583	576,666	-	**3,011,249**
Dato' Sr. Abdull Manaf bin Hj Hashim	**35,000**	17,500	105,000	-	**157,500**
Indirect interest in the Company					
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	**285,958,188**	35,769,771	200,000	-	**321,927,959**
Dato' W Zulkifli bin Haji W Muda*	**-**	28,125	235,000	-	**263,125**
Dato' Haji Roslan bin Tan Sri Jaffar*	**437,500**	54,687	-	-	**492,187**
Dato' Haji Mustaffa bin Mohamad*	**1,332,900**	166,612	-	-	**1,499,512**

DIRECTORS' INTERESTS (CONT'D)

	Warrants 2014/2024				
	At 01.01.2018	**Allotted[2]**	**Bought**	**Sold**	**At 31.12.2018**
Direct interest in the Company					
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**876,157**	109,519	-	-	**985,676**
Dato' Sri Wan Zakariah bin Haji Wan Muda	**381,661**	47,707	-	-	**429,368**
Dato' W Zulkifli bin Haji W Muda	**136**	25,017	200,000	-	**225,153**
Dato' Haji Roslan bin Tan Sri Jaffar	**123,750**	15,468	-	-	**139,218**
Indirect interest in the Company					
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	**56,552,926**	7,069,112	-	-	**63,622,038**
Dato' Haji Roslan bin Tan Sri Jaffar*	**93,750**	11,718	-	-	**105,468**
Dato' Haji Mustaffa bin Mohamad*	**50**	6	-	-	**56**

	Number of Options over Ordinary Shares			
	At 01.01.2018	**Granted**	**Exercised**	**At 31.12.2018**
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	**230,000**	-	-	**230,000**
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**247,500**	-	-	**247,500**
Dato' Sri Wan Zakariah bin Haji Wan Muda	**180,000**	-	-	**180,000**
Dato' W Zulkifli bin Haji W Muda	**180,000**	-	-	**180,000**
Dato' Haji Roslan bin Tan Sri Jaffar	**180,000**	-	-	**180,000**
Dato' Haji Mustaffa bin Mohamad	**180,000**	-	-	**180,000**
Datuk (Prof). A. Rahman @ Omar bin Abdullah	**230,000**	-	(76,666)	**153,334**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	**230,000**	-	-	**230,000**

DIRECTORS' INTERESTS (CONT'D)

	Ordinary Shares			
	At 01.01.2018	Bought	Sold	At 31.12.2018
Direct interest in the ultimate holding company				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**900,001**	2,100,000	-	**3,000,001**
Dato' Sri Wan Zakariah bin Haji Wan Muda	**375,000**	875,000	-	**1,250,000**
Dato' W Zulkifli bin Haji W Muda	**375,000**	875,000	-	**1,250,000**
Indirect interest in the ultimate holding company				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	**750,001**	1,750,000	-	**2,500,001**

[1] Allotment of new ordinary shares pursuant to the bonus issue in the Company ("Bonus Shares") on the basis of 1 new ordinary share for every 8 existing ordinary shares held in the Company ("Bonus Issue").
[2] Allotment of warrants pursuant to the Bonus Issue.
* Deemed interest in securities held through persons connected with the Director.

By virtue of the Directors' interests in the shares of the ultimate holding company, the above mentioned Directors are also deemed interested in the shares of the Company and of its subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2018 had any interest in the ordinary shares, warrants and options of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 9 to the financial statements of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 42 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the ESS Options and ESS Shares Award granted to certain directors pursuant to the Company's ESS as disclosed above.

SIGNIFICANT EVENT DURING THE YEAR

Significant event during the year is disclosed in Note 43 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year amounted to RM52,010.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company in accordance with Section 289 of the Companies Act, 2016.

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, Deloitte PLT, have indicated their willingness to accept re-appointment.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 8 to the financial statements.

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

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA

Kuala Lumpur,
26 April 2019

Independent Auditors' Report
to the Members of Ahmad Zaki Resources Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AHMAD ZAKI RESOURCES BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 114 to 242.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key Audit Matters	***Our audit performed and responses thereon***
1) Revenue Recognition on Construction Contracts	
For the financial year ended 31 December 2018, the Group recognised revenue on construction contracts of RM1,029,599,000, which contributed to 84% of the Group's total revenue. Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The revenue recognition on construction contracts is considered to be a key audit matter as significant judgement is exercised in determining the estimated total contract revenue and budgeted costs, the extent of the construction costs incurred, variation of scope of work, percentage of completion, as well as the profitability of the construction contracts in estimating foreseeable losses. The construction contract revenue and construction contract cost recognised in profit or loss are disclosed in Notes 4 and 5 to the Financial Statements, respectively.	We have performed, among others, the following procedures: • Tested the relevant key internal controls over revenue and cost and budgeting process for construction contracts. • Traced total contract sums to contract and variation orders entered into by the Group and its customers. • Assessed the reasonableness of management prepared budgets for construction contracts and ensured that budgets are appropriate and reflect cost incurred and cost to complete, and computation of profit recognition. • Selected a sample of actual costs incurred to test the appropriateness of actual costs incurred and ensured that they are recorded in the correct accounting period. • Recomputed the revenue and cost recognised based on the percentage of completion. • Performed site visit to assess the status of the construction projects.

Key Audit Matters (Cont'd)

Key Audit Matters	***Our audit performed and responses thereon***
2) Impairment assessment of goodwill and intangible assets	
As at 31 December 2018, the Group has goodwill and intangible assets of RM35,623,000 and RM20,851,000 respectively, relating to the Malaysian supply base operation which arose as a result of acquisition of Matrix Reservoir Sdn. Bhd. and its subsidiaries on 30 December 2016. Determining whether the goodwill and intangible assets are impaired requires management estimation of the recoverable amount, which is determined based on an estimation of the present value of future cash flows expected to be generated. The key assumptions used in the estimation of the recoverable amount involves a significant degree of management judgement. Refer to key assumptions used as disclosed in Note 17.	We have performed, among others, the following procedures: • Performed retrospective review by comparing historical forecast against historical performance to assess the reliability of management's forecast process. • Challenged the reasonableness of the key assumptions used in cash flows projection. • Involvement of our internal valuation specialist in reviewing the appropriateness of the valuation methodology and discount rate adopted by management in the determination of recoverable amount. • Evaluated the work of our internal valuation specialist including the relevance and reasonableness of that specialist's findings or conclusions. • Performed sensitivity analysis on management's key assumptions to assess if any reasonably possible downside changes in these assumptions can lead to impairment loss. • Assessed for impairment by comparing the recoverable amount determined from an estimation of the present value of future cash flows expected to be generated from the Malaysian supply base operation of the Group to its carrying amount. • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
3) Recoverability of Other Receivables	
As at 31 December 2018, included in the financial statements of the Group and of the Company are other receivables amounting to RM119,087,000 and RM49,295,000 respectively. These amounts arose from an arbitration award which management is in the process of recovering from a particular contract customer in respect of the development of a university campus in Saudi Arabia in previous years. Refer to details in Note 23(a)(f) to the financial statements in relation to the recoverability of these amounts and its expected timing of recovery.	We have performed, among others, the following procedures: • Discussed and evaluated management's assessment of the recovery of these amounts and its eventual expected timing of recovery. • Discussed with the external legal counsel and obtained written confirmation from the external legal counsel on the status of the enforcement of the arbitration award. • Assessed the competency, independence and objectivity of the external legal counsel that represents the Group and the Company in the legal recovery of the said amount. • Evaluated the appropriateness of the classification of the said other receivables based on its expected timing of recovery.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and of the Company.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

Other Matters

(a) As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the year then ended.

(b) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN
Partner - 02903/11/2019 J
Chartered Accountant

26 April 2019

Statements of Profit or Loss
and Other Comprehensive Income
For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group Restated 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	4	**1,228,590**	960,620	**103,350**	116,493
Cost of sales	5	**(1,075,269)**	(785,992)	**(44,988)**	(53,203)
Gross profit		**153,321**	174,628	**58,362**	63,290
Other operating income		**1,818**	4,164	**2,525**	1,220
Administrative expenses		**(101,784)**	(112,881)	**(29,544)**	(33,972)
Other operating expenses		**(25,249)**	(12,794)	**(264)**	(274)
Profit from operating activities		**28,106**	53,117	**31,079**	30,264
Finance income	6	**62,761**	64,080	**3,094**	2,658
Finance costs	7	**(66,050)**	(55,281)	**(13,913)**	(8,805)
Net finance (costs)/income		**(3,289)**	8,799	**(10,819)**	(6,147)
Share of profit of joint ventures, net of tax	20	**-**	-	**-**	-
Profit before tax	8	**24,817**	61,916	**20,260**	24,117
Income tax (expense)/credit	10	**(16,229)**	(34,930)	**(1,478)**	3,212
Profit for the year		**8,588**	26,986	**18,782**	27,329

Statements of Profit or Loss
and Other Comprehensive Income
For the financial year ended 31 December 2018

		Group		Company	
			Restated		
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**5,622**	7,478	**484**	2,378
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain from employee benefits	32	**66**	-	**-**	-
Total other comprehensive income for the year		**5,688**	7,478	**484**	2,378
Total comprehensive income for the year		**14,276**	34,464	**19,266**	29,707
Profit/(Loss) attributable to:					
Owners of the Company		**14,232**	29,423	**18,782**	27,329
Non-controlling interests		**(5,644)**	(2,437)	**-**	-
Profit for the year		**8,588**	26,986	**18,782**	27,329
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**19,687**	40,954	**19,266**	29,707
Non-controlling interests		**(5,411)**	(6,490)	**-**	-
Total comprehensive income for the year		**14,276**	34,464	**19,266**	29,707
Basic earnings per ordinary share (sen)	11	**2.39**	5.05		
Diluted earnings per ordinary share (sen)	11	**-**	4.66		

The accompanying Notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2018

			Group	
			Restated	Restated
	Note	31.12.2018	31.12.2017	01.01.2017
		RM'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	12	**570,113**	504,989	457,313
Prepaid lease payments	13	**22,577**	23,869	20,860
Land held for development	14	**56,995**	36,130	38,630
Intangible assets	15	**20,955**	22,620	41,060
Concession service assets	16	**1,238,196**	829,873	398,071
Goodwill	17	**41,781**	41,781	36,490
Investments in associates	19	**2,805**	165	165
Interests in joint ventures	20	**34**	34	34
Investments in financial assets	21	**116**	116	116
Deferred tax assets	22	**35,474**	27,294	22,712
Trade and other receivables	23(a)	**607,015**	625,536	704,236
Total Non-Current Assets		**2,596,061**	2,112,407	1,719,687
Current Assets				
Biological assets	24	**77**	202	238
Inventories	25	**19,393**	19,240	12,222
Property development costs	26	**17,480**	17,511	19,366
Current tax assets		**11,339**	10,898	11,782
Construction contract assets	23(b)	**367,713**	251,052	475,022
Accrued billings from property development		**402**	-	-
Trade and other receivables	23(a)	**640,992**	547,485	311,495
Other investments	27	**164,338**	699,510	823,856
Cash and deposits	28	**622,896**	281,338	190,052
Total Current Assets		**1,844,630**	1,827,236	1,844,033
Total Assets		**4,440,691**	3,939,643	3,563,720

Statements of Financial Position

As at 31 December 2018

		Group		
			Restated	Restated
	Note	31.12.2018	31.12.2017	01.01.2017
		RM'000	RM'000	RM'000
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	29	**197,536**	197,478	120,885
Reserves	30	**263,945**	248,220	243,775
Equity attributable to owners of the Company		**461,481**	445,698	364,660
Non-controlling interests		**11,521**	16,941	23,431
Total Equity		**473,002**	462,639	388,091
Non-Current and Deferred Liabilities				
Loans and borrowings	31	**2,308,904**	2,171,467	2,000,353
Employee benefits	32	**3,373**	3,029	2,836
Deferred tax liabilities	22	**82,488**	77,114	74,785
Trade and other payables	33	**138,339**	116,217	57,800
Total Non-Current and Deferred Liabilities		**2,533,104**	2,367,827	2,135,774
Current Liabilities				
Loans and borrowings	31	**317,491**	257,260	187,424
Trade and other payables	33	**1,098,072**	831,187	852,127
Advance billings from property development		**-**	1,668	-
Current tax liabilities		**19,022**	19,062	304
Total Current Liabilities		**1,434,585**	1,109,177	1,039,855
Total Liabilities		**3,967,689**	3,477,004	3,175,629
Total Equity and Liabilities		**4,440,691**	3,939,643	3,563,720

Statements of
Financial Position
As at 31 December 2018

	Note	31.12.2018 RM'000	Company 31.12.2017 RM'000	01.01.2017 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	12	**3,065**	1,580	2,301
Investments in subsidiaries	18	**521,245**	423,132	263,808
Investments in associates	19	**2,640**	-	-
Interests in joint ventures	20	**34**	34	34
Investments in financial assets	21	**68**	68	68
Deferred tax assets	22	**235**	1,652	-
Trade and other receivables	23(a)	**2,262**	2,419	47,592
Total Non-Current Assets		**529,549**	428,885	313,803
Current Assets				
Current tax assets		**2,965**	9,612	4,533
Construction contract assets	23(b)	**5,621**	5,308	1,924
Trade and other receivables	23(a)	**152,987**	219,121	242,797
Cash and deposits	28	**14,936**	10,085	5,232
Total Current Assets		**176,509**	244,126	254,486
Total Assets		**706,058**	673,011	568,289
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	29	**197,536**	197,478	120,885
Reserves	30	**42,075**	26,780	33,582
Total Equity		**239,611**	224,258	154,467
Non-Current and Deferred Liabilities				
Loans and borrowings	31	**175,609**	131,962	64,701
Deferred tax liabilities	22	**-**	-	26
Trade and other payables	33	**2,253**	2,409	-
Total Non-Current and Deferred Liabilities		**177,862**	134,371	64,727

Statements of
Financial Position
As at 31 December 2018

			Company	
	Note	31.12.2018	31.12.2017	01.01.2017
		RM'000	RM'000	RM'000
Current Liabilities				
Loans and borrowings	31	**25,414**	25,435	25,571
Trade and other payables	33	**263,171**	288,947	323,524
Total Current Liabilities		**288,585**	314,382	349,095
Total Liabilities		**466,447**	448,753	413,822
Total Equity and Liabilities		**706,058**	673,011	568,289

The accompanying Notes form an integral part of the Financial Statements.

Statements of
Changes in Equity
For the financial year ended 31 December 2018

Group	Share capital RM'000	Other reserve RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Attributable to owners of the Company →									
	← Non-distributable →						Distributable			
At 1 January 2018 (Restated)	**197,478**	**-**	**27,889**	**11,531**	**1,000**	**(1,026)**	**208,826**	**445,698**	**16,941**	**462,639**
Foreign currency translation differences for foreign operations	-	-	-	5,395	-	-	-	5,395	227	5,622
Reclassification	-	803	-	(803)	-	-	-	-	-	-
Actuarial gain/(loss) from employee benefits	-	69	-	-	-	-	-	69	(3)	66
Total other comprehensive income for the year	-	872	-	4,592	-	-	-	5,464	224	5,688
Profit/(Loss) for the year	-	-	-	-	-	-	14,232	14,232	(5,644)	8,588
Total comprehensive income/(loss) for the year	-	872	-	4,592	-	-	14,232	19,696	(5,420)	14,276

Statements of
Changes in Equity
For the financial year ended 31 December 2018

Group	Share capital RM'000	Other reserve RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Attributable to owners of the Company →									
	← Non-distributable					→	Distributable			
Dividends to owners of the Company (Note 34)	-	-	-	-	-	-	(5,302)	(5,302)	-	(5,302)
Adjustment of share options granted under Employees' Share Scheme ("ESS") in previous financial year	-	-	-	-	1,331	-	-	1,331	-	1,331
Issuance of ordinary shares (Note 29)	58	-	-	-	-	-	-	58	-	58
Total distribution to owners of the Company	**58**	**-**	**-**	**-**	**1,331**	**-**	**(5,302)**	**(3,913)**	**-**	**(3,913)**
At 31 December 2018	**197,536**	**872**	**27,889**	**16,123**	**2,331**	**(1,026)**	**217,756**	**461,481**	**11,521**	**473,002**

Statements of
Changes in Equity
For the financial year ended 31 December 2018

Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Attributable to owners of the Company →										
	← Non-distributable →							Distributable			
At 1 January 2017	120,885	21,889	7,667	27,891	8,753	-	(1,026)	178,857	364,916	23,431	388,347
Effect of adoption of MFRS	-	-	-	-	(8,753)	-	-	8,497	(256)	-	(256)
At 1 January 2017 (Restated)	120,885	21,889	7,667	27,891	-	-	(1,026)	187,354	364,660	23,431	388,091
Transfer arising from no-par value regime (Note 29)	29,556	(21,889)	(7,667)	-	-	-	-	-	-	-	-
	150,441	-	-	27,891	-	-	(1,026)	187,354	364,660	23,431	388,091
Foreign currency translation differences for foreign operations	-	-	-	-	11,531	-	-	-	11,531	(4,053)	7,478
Total other comprehensive income/(loss) for the year	-	-	-	-	11,531	-	-	-	11,531	(4,053)	7,478
Profit/(Loss) for the year											
As previously stated	-	-	-	-	-	-	-	29,199	29,199	(2,437)	26,762
Effect of adoption of MFRS	-	-	-	-	-	-	-	224	224	-	224
As restated	-	-	-	-	-	-	-	29,423	29,423	(2,437)	26,986
Total comprehensive income/(loss) for the year	-	-	-	-	11,531	-	-	29,423	40,954	(6,490)	34,464

Statements of
Changes in Equity

For the financial year ended 31 December 2018

	← Attributable to owners of the Company								→		
	← Non-distributable						→	Distributable			
Group	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Warrant reserve RM'000**	**Foreign exchange translation reserve RM'000**	**Employees' Share Scheme RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Dividends to owners of the Company (Note 34)	-	-	-	-	-	-	-	(7,951)	(7,951)	-	(7,951)
Share options granted under Employees' Share Scheme ("ESS")	-	-	-	-	-	1,000	-	-	1,000	-	1,000
Issuance of ordinary shares (Note 29)	47,037	-	-	(2)	-	-	-	-	47,035	-	47,035
Total distribution to owners of the Company	47,037	-	-	(2)	-	1,000	-	(7,951)	40,084	-	40,084
At 31 December 2017 (Restated)	197,478	-	-	27,889	11,531	1,000	(1,026)	208,826	445,698	16,941	462,639

Statements of Changes in Equity

For the financial year ended 31 December 2018

Company	Share capital RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated Losses) RM'000	Total RM'000
	← Attributable to owners of the Company →						
	← Non-distributable →					Distributable	
At 1 January 2018	**197,478**	**27,889**	**2,378**	**1,000**	**(1,026)**	**(3,461)**	**224,258**
Foreign currency translation differences for foreign operations	-	-	484	-	-	-	484
Total other comprehensive income for year	-	-	484	-	-	-	484
Profit for the year	-	-	-	-	-	18,782	18,782
Total comprehensive income for the year	-	-	484	-	-	18,782	19,266
Dividends to owners of the Company (Note 34)	-	-	-	-	-	(5,302)	(5,302)
Adjustment of share options granted under Employees' Share Scheme ("ESS") in previous financial year	-	-	-	1,331	-	-	1,331
Issuance of ordinary shares (Note 29)	58	-	-	-	-	-	58
Total distribution to owners of the Company	58	-	-	1,331	-	(5,302)	(3,913)
At 31 December 2018	**197,536**	**27,889**	**2,862**	**2,331**	**(1,026)**	**10,019**	**239,611**

Statements of
Changes in Equity
For the financial year ended 31 December 2018

	Attributable to owners of the Company								
		Non-distributable						Distributable	
Company	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' share scheme RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2017									
As previously stated	120,885	21,889	7,667	27,891	(1,132)	-	(1,026)	(21,707)	154,467
Effect of adoption of MFRS	-	-	-	-	1,132	-	-	(1,132)	-
As restated	120,885	21,889	7,667	27,891	-	-	(1,026)	(22,839)	154,467
Transfer arising from no-par value regime (Note 29)	29,556	(21,889)	(7,667)	-	-	-	-	-	-
	150,441	-	-	27,891	-	-	(1,026)	(22,839)	154,467
Foreign currency translation differences for foreign operations	-	-	-	-	2,378	-	-	-	2,378
Total other comprehensive income for year	-	-	-	-	2,378	-	-	-	2,378
Profit for the year	-	-	-	-	-	-	-	27,329	27,329
Total comprehensive income for the year	-	-	-	-	2,378	-	-	27,329	29,707
Dividends to owners of the Company (Note 34)	-	-	-	-	-	-	-	(7,951)	(7,951)
Share options granted under Employees' Share Scheme ("ESS")	-	-	-	-	-	1,000	-	-	1,000
Issuance of ordinary shares (Note 29)	47,037	-	-	(2)	-	-	-	-	47,035
Total distribution to owners of the Company	47,037	-	-	(2)	-	1,000	-	(7,951)	40,084
At 31 December 2017	197,478	-	-	27,889	2,378	1,000	(1,026)	(3,461)	224,258

The accompanying Notes form an integral part of the financial statements.

Statements of
Cash Flows
For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group Restated 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		**24,817**	61,916	**20,260**	24,117
Adjustments for:					
Depreciation of property, plant and equipment	12	**27,521**	23,805	**549**	721
Amortisation of prepaid lease payments	13	**1,024**	987	**-**	-
Amortisation of transaction costs		**1,495**	1,495	**-**	-
Amortisation of intangible assets	15	**1,690**	1,690	**-**	-
Bad debts written off		**-**	25	**-**	-
Interest expense	7	**60,425**	52,099	**12,758**	7,197
ESS expenses		**1,331**	1,000	**1,331**	1,000
Employee retirement benefits provision	32	**963**	716	**-**	-
Loss/(Gain) on foreign exchange -unrealised		**18,700**	7,399	**(1,048)**	4,643
Accretion of fair value on non-current receivables	6	**(59,892)**	(60,391)	**(2,721)**	(2,577)
Interest income	6	**(2,869)**	(3,689)	**(373)**	(81)
Gain on disposal of property, plant and equipment - net		**(354)**	(3,950)	**(69)**	-
Fair value loss arising from biological assets		**125**	36	**-**	-
Adjustment arising from finalisation of PPA report		**-**	21,120	**-**	-
Operating profit before working capital changes		**74,976**	104,258	**30,687**	35,020
Changes in working capital:					
Decrease/(Increase) in inventories		**5,701**	(7,018)	**-**	-
(Increase)/Decrease in construction contract assets		**(116,661)**	166,376	**(313)**	(3,384)

Statements of Cash Flows

For the financial year ended 31 December 2018

		Group		Company	
			Restated		
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in property development costs		**(4,338)**	1,855	**-**	-
Increase in concession service assets	16	**(408,323)**	(431,802)	**-**	-
Increase in accrued billings from property development		**(402)**	-	**-**	-
(Increase)/Decrease in trade and other receivables		**(31,026)**	(6,534)	**77,580**	66,783
Increase/(Decrease) in trade and other payables		**289,007**	37,477	**(25,448)**	(29,790)
(Decrease)/Increase in advance billings from property development		**(1,668)**	1,668	**-**	-
Cash (Used In)/Generated From Operations		**(192,734)**	(133,720)	**82,506**	68,629
Interest paid		**(60,425)**	(52,099)	**(12,758)**	(7,197)
Interest received		**2,869**	3,689	**373**	81
Retirement benefits paid		**(153)**	(109)	**-**	-
Income tax paid - net		**(19,835)**	(14,466)	**(934)**	(3,545)
Net Cash (Used In)/From Operating Activities		**(270,278)**	(196,705)	**69,187**	57,968
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Addition of land held for development	14	**(8,719)**	-	**-**	-
Purchase of leasehold land	13	**(401)**	(5,912)	**-**	-
Increase in investments in subsidiaries	18	**-**	-	**(98,113)**	(159,324)
Increase in investments in associates	19	**(2,640)**	-	**(2,640)**	-
Withdrawal of other investments		**535,172**	124,346	**-**	-
Proceeds from disposal of property, plant and equipment		**410**	6,206	**86**	-
Acquisition of property, plant and equipment	(i)	**(90,201)**	(96,001)	**(2,051)**	-
Net Cash From/(Used In) Investing Activities		**433,621**	28,639	**(102,718)**	(159,324)

Statements of
Cash Flows

For the financial year ended 31 December 2018

	Note	Group		Company	
			Restated		
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Increase in pledged cash and deposits		**(11,641)**	(19,872)	**(5,160)**	(1,861)
Dividend paid	34	**(5,302)**	(7,951)	**(5,302)**	(7,951)
(Repayments)/Additions of finance lease liabilities		**(389)**	17,581	**(274)**	(575)
Proceeds from drawdown of loans and borrowings		**531,555**	469,930	**44,080**	67,700
Repayments of loans and borrowings		**(351,230)**	(271,411)	**(180)**	-
Increase in share capital, net of issuance cost		**58**	47,035	**58**	47,035
Proceeds from issuance of Sukuk		**-**	427	**-**	-
Net Cash From Financing Activities		**163,051**	235,739	**33,222**	104,348
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**326,394**	67,673	**(309)**	2,992
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**171,444**	103,771	**5,085**	2,093
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(ii)	**497,838**	171,444	**4,776**	5,085

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate costs of RM102,915,000 (2017: RM117,688,000) and RM2,051,000 (2017: RM Nil) respectively, which were satisfied as follows:

	Group		Company	
		Restated		
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Finance lease liabilities	**12,714**	21,687	**-**	-
Cash payments	**90,201**	96,001	**2,051**	-
	102,915	117,688	**2,051**	-

(ii) Cash and cash equivalents

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

Cash and cash equivalents

		Group		Company	
			Restated		
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks		**63,791**	56,682	**13,468**	8,220
Cash and bank balances		**559,105**	224,656	**1,468**	1,865
	28	**622,896**	281,338	**14,936**	10,085
Less:					
Bank overdrafts	31	**(32,092)**	(28,569)	**-**	-
Pledged deposits	28	**(92,966)**	(81,325)	**(10,160)**	(5,000)
		497,838	171,444	**4,776**	5,085

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of loan and borrowings in the statements of cash flows is as follows:

	Group			
	At 1 January	Net changes from financing cash flows	Effect of movements in foreign exchange	At 31 December
	RM'000	RM'000	RM'000	RM'000
2018				
Finance lease liabilities	**35,369**	**(389)**	**-**	**34,980**
Loan and borrowings	**2,393,358**	**180,325**	**17,732**	**2,591,415**
Total liabilities from financing activities	**2,428,727**	**179,936**	**17,732**	**2,626,395**
2017				
Finance lease liabilities	17,788	17,581	-	35,369
Loan and borrowings	2,169,989	242,519	(19,150)	2,393,358
Total liabilities from financing activities	2,187,777	260,100	(19,150)	2,428,727

	Company			
	At 1 January	Net changes from financing cash flows	Effect of movements in foreign exchange	At 31 December
	RM'000	RM'000	RM'000	RM'000
2018				
Finance lease liabilities	**1,297**	**(274)**	**-**	**1,023**
Loan and borrowings	**156,100**	**43,900**	**-**	**200,000**
Total liabilities from financing activities	**157,397**	**43,626**	**-**	**201,023**
2017				
Finance lease liabilities	1,872	(675)	100	1,297
Loan and borrowings	88,400	67,700	-	156,100
Total liabilities from financing activities	90,272	67,025	100	157,397

The accompanying Notes form an integral part of the financial statements.

1. GENERAL INFORMATION

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding, providing management services and as contractor of civil and structural works.

The information on the name, principal activities, country of incorporation and proportion of ownership interest and voting power held by the Company in each subsidiary is disclosed in Note 18.

The Company's registered office and principal place of business is located at Menara AZRB, No. 71, Persiaran Gurney, 54000 Kuala Lumpur.

These financial statements were authorised for issue by the Board of Directors on [ ] 2019.

2. BASIS OF PREPARATION

2.1 Basis of Preparation of the Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities should apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and ventures were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework shall adopt the MFRS Framework latest by 1 January 2017. On 8 September 2015, MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018 and the effective date for Transitioning Entities to apply the MFRS Framework will be deferred to the same date.

2. BASIS OF PREPARATION (CONT'D)

2.2 Malaysian Financial Reporting Standards (Cont'd)

In the previous financial years, the Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and the financial statements of the Group was prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia.

The Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ended 31 December 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all the financial years presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to these changes and the financial impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are as disclosed in Note 44.

2.3 New and Revised Standards, Amendments and Issues Committee Interpretations in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised MFRSs, Amendments to MFRSs and Issues Committee Interpretations ("IC Interpretations") which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[3]
Amendments to:	
MFRS 3	Definition of a Business[2]
MFRS 9	Prepayment Features with Negative Compensation[1]
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
MFRS 101 and MFRS 108	Definition of Material[2]
MFRS 128	Long-term Interests in Associates and Joint Ventures[1]
MFRS 119	Plan Amendment, Curtailment or Settlement[1]
IC Interpretation 23	Uncertainty over Income Tax Treatments[1]
Annual Improvements to MFRSs 2015 - 2017 Cycle[1]	
Amendments to References to the Conceptual Framework in MFRS Standards[2]	

1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
4 Effective date deferred to a date to be determined and announced, with earlier application still permitted.

2. BASIS OF PREPARATION (CONT'D)

2.3 New and Revised Standards, Amendments and Issues Committee Interpretations in Issue But Not Yet Effective (Cont'd)

The Directors anticipate that the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs, Amendments to MFRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as disclosed below:

MFRS 16 Leases

MFRS 16 Leases supersedes MFRS 117 Leases and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying assets and lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases, and account for them differently.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The Directors anticipate that the application of MFRS 16 is not expected to have a material impact on the amounts reported and disclosures made in the financial statements of the Group. It is not practical to provide a reasonable estimate of the financial effect of MFRS 16 until the Group completes a detailed review.

2.4 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2. BASIS OF PREPARATION (CONT'D)

2.4 Basis of measurement (Cont'd)

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.5 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is defined as follows:

- Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- Potential voting rights are considered when assessing control only when such rights are substantive.

- The Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus of deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Associates

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

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

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(v) Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

(i) Foreign currency transactions

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

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

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the FETR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FETR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objectives is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(b) Fair value through other comprehensive income ("FVTOCI")

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

(c) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminate or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised at FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

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

(a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not held for trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(b) Financial liabilities measured subsequently at amortised cost (Cont'd)

The Group's and the Company's significant financial liabilities include trade and other payables, and loans and borrowings which are initially measured at fair value and subsequently measured at amortised cost.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs. Ordinary shares and warrants are equity instruments.

(a) Ordinary Shares

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period which they are declared.

(b) Warrants

Warrants are classified as equity instruments. The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for a consideration equivalent to the exercise price of the warrants.

(iii) Derecognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (Cont'd)

Freehold land is not depreciated.

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting such as seedling and planting costs, capitalisation of interest expense on loans and advances utilised to finance on-going planting costs. All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs and interests are expensed and depreciation commences. Upon maturity, these expenditures are depreciated based on estimated annual yield over 25 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

• Buildings	2%
• Renovation	20%
• Machinery and equipment	10% - 33.3%
• Motor vehicles	20% - 33.3%
• Furniture, fittings and equipment	6.7% - 20%

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

(e) Leased assets

(i) Finance lease

As lessee

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (Cont'd)

(i) Finance lease (Cont'd)

As lessor

The Group shall recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Group, and thus the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

Initial direct costs are often incurred by the Group and include amounts such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease. These costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

(ii) Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Land held for development

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Land held for development (Cont'd)

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

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(g) Biological assets

The biological assets of the Group comprised produce growing on bearer plants, which are fresh fruit bunches ("FFB") prior to harvest. Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flow are estimated using expected output method and the estimated market price of the produce growing on bearer plants. Costs to sell consists of harvesting costs at the point of harvest.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date.

(h) Intangible assets

(i) Concession asset

Concession asset comprising highway concession is stated at cost less any accumulated amortisation and any impairment losses.

Highway concession cost include expenditure that is directly incurred in the design and construction of the East Klang Valley Expressway. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance are charged to profit or loss during the financial year in which they are incurred.

The highway concession cost will be amortised when the highway is ready for its intended use or when toll collection starts whichever is earlier.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, the carrying amount of the highway concession is assessed and written down immediately to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets (Cont'd)

(i) Concession asset (Cont'd)

In accordance with IC Interpretation 12 Service Concession Arrangements, revenue associated with construction works under the Concession Agreement shall be recognised and measured in accordance with MFRS 15 Revenue from Contracts with Customers when or as a performance obligation in the contract is satisfied. Revenue generated by construction work rendered by the Group is measured at fair value of the consideration received or receivable.

In order to determine the construction revenue to be recognised, the Directors have estimated and recognised a construction margin in the construction of the infrastructure asset. The estimated margin is based on relative comparison with general industry trend although actual margins may differ.

(ii) Other Intangible Assets

<u>Intangible assets acquired in a business combination</u>

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

<u>Intangible assets acquired separately</u>

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

<u>Derecognition of intangible assets</u>

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, the carrying amount of intangible assets is assessed and written down immediately to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets (Cont'd)

(iii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in the subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(i) Inventories

(i) Marine fuels and lubricants

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

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

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

(ii) Completed properties held for sale

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Contract assets/(Contract liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if progress billings issued for particular milestone exceed the revenue recognised to date under the cost-to-cost method.

(k) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Accrued billings as current assets represent the excess of revenue recognised in the profit or loss over billings to purchasers. Progress billings as current liabilities represent the excess of billings to purchasers over revenue recognised in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment

(i) Financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on all trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

At each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment and at least annually, and whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

(n) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

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

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Employee benefits

(i) Short-term employee benefits

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (Cont'd)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plan of an overseas subsidiary's is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments, if any.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (Cont'd)

(v) Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 38.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(p) Provisions

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

(i) Performance guarantees and bonds

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

(ii) Onerous contracts

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group and the Company has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and the Company and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

(ii) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

(iii) Sales of completed properties

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

(iv) Goods sold and services rendered

Revenue from sales of goods in the course of ordinary activities is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of sales and goods and service taxes and discounts.

Revenue from services is recognised when services are rendered. The Group recognises revenue from logistic management services and vessel related services over time, using an input method to measure the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(v) Other income

Revenue from other sources are recognised as follows:

(a) interest income is recognised on an accrual basis using the effective interest method;

(b) dividend income is recognised when the right to receive payment is established;

(c) management fee income is recognised on an accrual basis, by reference to the agreements entered into; and

(d) rental income is recognised on a straight-line basis over the tenure of the lease.

(r) Borrowing costs

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

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

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

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

(s) Income tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income tax (Cont'd)

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

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

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

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

(u) Operating segments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Contingent liabilities

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

(w) Critical accounting judgements and key sources of estimation uncertainty

(i) Critical judgements in applying the Group's and Company's accounting policies

The management is of the opinion that there are no instances of application of critical judgement in applying the Group's and the Company's accounting policies which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as discussed below:

1) Revenue from service concession arrangement

The Group recognises revenue and costs in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs. Judgements are required in determining the construction margin in the construction of the infrastructure asset. The estimated margin is based on relative comparison with general industry trend although actual margins may differ.

2) Revenue recognition on construction contracts

As revenue from on-going construction contracts are recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the construction project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

3) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4) Recognition of deferred tax assets

Deferred tax assets are recognised for the tax effects of deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5) Impairment for expected credit losses ("ECLs") of trade receivables and contract assets

Significant estimate is required in determining the impairment of trade receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

6) Defined benefit plans

The Group's net obligation in respect of defined benefit plan of an overseas subsidiary's is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

7) Fair value of biological assets

As per MFRS 141 Agriculture, a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The Group determines the fair value of unharvested FFB based on the present value of the expected sale to be generated from the FFB which requires estimation on the quantity. The value of biological assets was estimated to be the estimated market price of the produce growing on bearer plants.

4. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Dividend income	**-**	-	**36,000**	45,000
Attributable contract revenue	**1,019,869**	758,486	**47,358**	56,003
Sale of fresh fruit bunches, crude palm oil and kernel	**106,507**	93,974	**-**	-
Sale of goods/Rendering of services	**88,006**	93,200	**-**	-
Income from hotel operation, and food and beverages	**5,147**	6,011	**-**	-
Property development revenue	**4,290**	4,744	**-**	-
Sale of completed properties	**4,771**	4,205	**-**	-
Management fees	**-**	-	**19,992**	15,490
	1,228,590	960,620	**103,350**	116,493

The Group and the Company recognised its revenue from the following reportable segments:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Engineering and construction	**1,029,599**	769,546	**47,358**	56,003
Concession	**36,003**	32,606	**-**	-
Oil and gas	**46,561**	54,277	**-**	-
Plantation	**106,507**	93,974	**-**	-
Property	**9,920**	10,217	**-**	-
Other operations:				
Dividend income	**-**	-	**36,000**	45,000
Management fees	**-**	-	**19,992**	15,490
	1,228,590	960,620	**103,350**	116,493
Timing of revenue recognition:				
At a point in time	**189,071**	180,857	**55,992**	60,490
Over time	**1,039,519**	779,763	**47,358**	56,003
	1,228,590	960,620	**103,350**	116,493

4. REVENUE (CONT'D)

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period. As permitted under the transitional provisions in MFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as at 31 December 2017 is not disclosed.

	2018	
	Group	**Company**
	RM'000	**RM'000**
Revenue from:		
Engineering and construction	**1,937,701**	**48,123**
Property	**34,169**	**-**
	1,971,870	**48,123**

The Group and the Company expects revenue from unsatisfied performance obligations to be recognised in the following years as follows:

	2018	
	Group	**Company**
	RM'000	**RM'000**
Financial years ending 31 December:		
2019	**922,093**	**48,123**
2020	**994,074**	**-**
2021	**55,703**	**-**
	1,971,870	**48,123**

5. COST OF SALES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Attributable contract costs	**946,003**	646,396	**44,988**	53,203
Direct operating costs of plantation	**89,683**	83,030	**-**	-
Cost of goods sold/services	**34,558**	51,550	**-**	-
Costs of developed properties	**3,589**	3,164	**-**	-
Cost of operating hotel, and food and beverages	**1,436**	1,852	**-**	-
	1,075,269	785,992	**44,988**	53,203

6. FINANCE INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Accretion of fair value on non-current receivables	**59,892**	60,391	**2,721**	2,577
Interest income	**2,869**	3,689	**373**	81
	62,761	64,080	**3,094**	2,658

7. FINANCE COSTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk	**59,229**	59,940	**-**	-
- Term loans	**51,328**	57,251	**11,328**	5,801
- Bank overdrafts	**2,431**	1,810	**-**	-
- Finance lease	**685**	1,054	**40**	76
- Revolving credits and bankers' acceptance	**9,359**	6,253	**1,390**	1,320
	123,032	126,308	**12,758**	7,197
Less:				
Capitalisation of interest				
- Term loans	**(3,378)**	(14,269)	**-**	-
- Sukuk (Note 16)	**(59,229)**	(59,940)	**-**	-
	(62,607)	(74,209)	**-**	-
	60,425	52,099	**12,758**	7,197
Other finance costs	**5,625**	3,182	**1,155**	1,608
	66,050	55,281	**13,913**	8,805

8. PROFIT BEFORE TAX

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

	Note	Group		Company	
			Restated		
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:					
Audit fees:					
- Auditors of the Company		**564**	564	**165**	165
- Other auditors		**34**	23	**-**	-
Non-audit fees:					
- Auditors of the Company		**12**	12	**12**	5
Interest income	6	**(2,869)**	(3,689)	**(373)**	(81)
Interest expense	7	**60,425**	52,099	**12,758**	7,197
Depreciation of property, plant and equipment	12	**27,521**	23,805	**549**	721
Amortisation of prepaid lease payments	13	**1,024**	987	**-**	-
Amortisation of intangible assets	15	**1,690**	1,690	**-**	-
Amortisation of transaction cost		**1,495**	1,495	**-**	-
Bad debts written off		**-**	25	**-**	-
Loss/(Gain) on foreign exchange:					
Realised		**300**	(311)	**12**	-
Unrealised		**18,700**	7,399	**(1,048)**	4,643
Rental of motor vehicles		**94**	84	**1**	3
Rental of land and premises		**4,948**	5,673	**3,648**	3,414
Rental of machinery and equipment		**75**	70	**5**	10
Employee benefits expense		**58,504**	58,618	**20,518**	18,854
Fair value loss arising from biological assets		**125**	36	**-**	-
Bad debts recovered		**-**	(6)	**-**	-
Accretion of fair value on non-current receivables	6	**(59,892)**	(60,391)	**(2,721)**	(2,577)
Gain on disposal of property, plant and equipment - net		**(354)**	(3,950)	**(69)**	-

8. PROFIT BEFORE TAX (CONT'D)

Included in employee benefits expense is:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Contributions to defined contribution plan	**6,713**	4,740	**2,443**	2,203
Employees' share scheme expense	**1,331**	1,000	**1,331**	1,000
Retirement benefits (Note 32)	**963**	716	**-**	-
	9,007	6,456	**3,774**	3,203

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM7,794,979 (2017: RM8,835,418) and RM4,934,471 (2017: RM5,408,585) respectively as further disclosed in Note 9.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- fees	**85**	260	**-**	-
- emoluments	**7,710**	8,575	**4,934**	5,409
Total remuneration (excluding benefit-in-kind)	**7,795**	8,835	**4,934**	5,409
Estimated monetary value of benefit-in-kind	**465**	552	**220**	333
	8,260	9,387	**5,154**	5,742
Non-Executive Directors				
- fees	**900**	675	**630**	615
- emoluments	**354**	122	**109**	102
Total remuneration (excluding benefit-in-kind)	**1,254**	797	**739**	717
Estimated monetary value of benefit-in-kind	**182**	92	**98**	86
	1,436	889	**837**	803
Total remuneration (executive and non-executive)	**9,696**	10,276	**5,991**	6,545

10. INCOME TAX EXPENSE/(CREDIT)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Estimated tax payable:					
- current year		**19,913**	25,183	**61**	-
- (over)/underprovision in prior years		**(559)**	8,925	**-**	(1,534)
		19,354	34,108	**61**	(1,534)
Deferred tax:					
- origination and reversal of temporary differences	22	**(3,797)**	(10,458)	**379**	(1,676)
- under/(over)provision in prior years	22	**672**	11,280	**1,038**	(2)
		(3,125)	822	**1,417**	(1,678)
Total income tax expense/(credit)		**16,229**	34,930	**1,478**	(3,212)

A reconciliation of income tax expense/(credit) applicable to profit before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company are as follows:

	Group 2018 RM'000	Group Restated 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit before tax	**24,817**	61,916	**20,260**	24,117
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	**5,956**	14,860	**4,862**	5,788
Tax effects of:				
Non-deductible expenses	**95,952**	94,528	**4,871**	3,954
Non-taxable income	**(86,082)**	(95,255)	**(9,293)**	(11,418)
(Over)/underprovision of tax payable in prior years	**(559)**	8,925	**-**	(1,534)
Under/(Over)provision of deferred tax in prior years	**672**	11,280	**1,038**	(2)
Deferred tax assets not recognised	**290**	592	**-**	-
Total income tax expense/(credit)	**16,229**	34,930	**1,478**	(3,212)

11. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the year.

	Group	
	2018	**Restated 2017**
Basic earnings per ordinary share		
Net profit attributable to owners of the Company (RM'000)	**14,232**	29,423
Number of shares in issue as at beginning of the financial year ('000)	**530,070**	482,062
Effect of issuance of shares ('000)	**74**	33,797
Effect of Bonus Issue ('000)#	**66,270**	66,259
Effect of conversion of warrants to shares ('000)	**-**	2
Weighted average number of ordinary shares in issue ('000)	**596,414**	582,120
Basic earnings per ordinary share (sen)	**2.39**	5.05
Diluted earnings per ordinary share		
Net profit attributable to owners of the Company (RM'000)	**14,232**	29,423
Weighted average number of ordinary shares in issue ('000)	**596,414**	582,120
Effects of warrants ('000)	**-***	42,750
Effects of dilution of ESS ('000)	**-***	6,368
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	**596,414**	631,238
Diluted earnings per ordinary share (sen)	**-***	4.66

* The effect of potential ordinary shares ongoing from the exercise of warrants was anti-dilutive and accordingly was excluded from the diluted earnings per share computation above.

\# The restated basic and diluted earnings per share for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS 133 *Earnings Per Share* arising from the Company's Bonus Issue which was completed during the financial year.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Bearer plants RM'000	Buildings and renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Building under construction RM'000	Total RM'000
Cost								
At 1 January 2017								
As previously stated	25,944	-	134,138	54,816	43,100	9,515	101,673	369,186
Effects of adoption of MFRS	-	208,737	(1,300)	-	-	-	-	207,437
As restated	25,944	208,737	132,838	54,816	43,100	9,515	101,673	576,623
Reclassifications	-	-	27,311	47,845	-	181	(75,337)	-
Additions	-	53,545	3,725	17,956	6,489	1,073	34,900	117,688
Disposals	(942)	-	(648)	(650)	(2,477)	(2,139)	-	(6,856)
Adjustment arising from finalisation of Purchase Price Assessment ("PPA") report	(2,000)	-	(1,490)	(159)	-	(415)	(9,603)	(13,667)
Effects of movements in exchange rates	-	(25,203)	(2,453)	(3,466)	(366)	(140)	(2,694)	(34,322)
At 31 December 2017/ 1 January 2018 (Restated)	23,002	237,079	159,283	116,342	46,746	8,075	48,939	639,466
Reclassifications	-	-	723	-	-	-	(723)	-
Additions	1,961	45,721	1,048	7,335	3,590	5,969	37,291	102,915
Disposals	-	-	-	(340)	(2,550)	-	-	(2,890)
Writen off	-	-	-	-	(77)	-	-	(77)
Effects of movements in exchange rates	-	(8,523)	(1,134)	(1,729)	(226)	(51)	-	(11,663)
At 31 December 2018	24,963	274,277	159,920	121,608	47,483	13,993	85,507	727,751

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

Group	Freehold land RM'000	Bearer plants RM'000	Buildings and renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Building under construction RM'000	Total RM'000
Accumulated Depreciation								
At 1 January 2017								
As previously stated	-	-	9,802	42,853	25,444	6,023	-	84,122
Effects of adoption of MFRS	-	35,682	(494)	-	-	-	-	35,188
As restated	-	35,682	9,308	42,853	25,444	6,023	-	119,310
Depreciation for the year	-	5,671	4,106	8,517	4,864	647	-	23,805
Disposals	-	-	(158)	(650)	(2,195)	(1,597)	-	(4,600)
Effects of movements in exchange rates	-	(2,939)	(412)	(423)	(167)	(97)	-	(4,038)
At 31 December 2017/ 1 January 2018 (Restated)	-	38,414	12,844	50,297	27,946	4,976	-	134,477
Depreciation for the year	-	5,641	5,643	8,789	6,139	1,309	-	27,521
Disposals	-	-	-	(340)	(2,494)	-	-	(2,834)
Written off	-	-	-	-	(77)	-	-	(77)
Effects of movements in exchange rates	-	(986)	(144)	(152)	(134)	(33)	-	(1,449)
At 31 December 2018	-	43,069	18,343	58,594	31,380	6,252	-	157,638
Carrying Amounts								
At 1 January 2017 (Restated)	25,944	173,055	123,530	11,963	17,656	3,492	101,673	457,313
At 31 December 2017 (Restated)	23,002	198,665	146,439	66,045	18,800	3,099	48,939	504,989
At 31 December 2018	24,963	231,208	141,577	63,014	16,103	7,741	85,507	570,113

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

Company	Freehold land RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost					
At 1 January 2017/ 31 December 2017	-	53	4,903	367	5,323
Additions	1,750	-	301	-	2,051
Disposals	-	-	(396)	-	(396)
Effects of movements in exchange rates	-	(5)	-	(4)	(9)
At 31 December 2018	1,750	48	4,808	363	6,969
Accumulated Depreciation					
At 1 January 2017	-	52	2,603	367	3,022
Depreciation for the year	-	-	721	-	721
At 31 December 2017/ 1 January 2018	-	52	3,324	367	3,743
Depreciation for the year	-	1	548	-	549
Disposals	-	-	(378)	-	(378)
Effects of movements in exchange rates	-	(6)	-	(4)	(10)
At 31 December 2018	-	47	3,494	363	3,904
Carrying Amounts					
At 31 December 2017	-	1	1,579	-	1,580
At 31 December 2018	1,750	1	1,314	-	3,065

In the current financial year, the Group and the Company entered into a sales and purchase agreement with its ultimate holding company for an acquisition of a piece of freehold land with cost of RM1,750,000. The acquisition is disclosed as a related party transaction in Note 42. As at 31 December 2018, the land title of this freehold land has yet to be transferred to the Group and the Company.

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

Included in property, plant and equipment are:

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

Group	Machinery and equipment RM'000	Motor vehicles RM'000	Total RM'000
31 December 2018			
Cost	45,370	29,064	74,434
Carrying amounts	18,722	11,738	30,460
31 December 2017			
Cost	3,566	38,125	41,691
Carrying amounts	2,208	17,769	19,977
1 January 2017			
Cost	3,102	35,152	38,254
Carrying amounts	1,921	16,383	18,304
Company			
31 December 2018			
Cost	48	4,808	4,856
Carrying amounts	1	1,314	1,315
31 December 2017			
Cost	53	4,903	4,956
Carrying amounts	1	1,579	1,580

(ii) freehold land and buildings of the Group with total net carrying amounts of RM51,171,055 (2017: RM52,785,209) are charged to financial institutions as securities for banking facilities granted to its subsidiaries as disclosed in Note 31(a)(vii) and Note 31(d).

13. PREPAID LEASE PAYMENTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Cost		
At 1 January	**30,532**	25,808
Additions	**401**	5,912
Effect of movements in exchange rates	**(751)**	(1,188)
At 31 December	**30,182**	30,532
Accumulated Amortisation		
At 1 January	**6,663**	4,948
Amortisation during the year (Note 8)	**1,024**	987
Effect of movements in exchange rates	**(82)**	728
At 31 December	**7,605**	6,663
Carrying Amount		
At 1 January	**23,869**	20,860
At 31 December	**22,577**	23,869

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

14. LAND HELD FOR DEVELOPMENT

	Group 2018 RM'000	Group 2017 RM'000
Cost		
At 1 January	**36,130**	38,630
Additions	**8,719**	-
Transfer from property development costs (Note 26)	**14,867**	-
Transfer to property development costs (Note 26)	**(3,221)**	(2,500)
Transfer from deposits paid	**500**	-
At 31 December	**56,995**	36,130
Freehold land	**56,995**	28,630
Leasehold land	**-**	7,500
	56,995	36,130

The land held for development represents land that are earmarked for future commercial development. Freehold land with carrying amount of RM8,958,539 (2017: RM8,958,539) is pledged to a bank for the term loan facility granted to the Group as disclosed in Note 31(a)(v).

15. INTANGIBLE ASSETS

Group	Contractual customer relationship RM'000	Lease agreement RM'000	Software RM'000	Total RM'000
Costs				
At 1 January 2017	13,913	27,147	-	41,060
Additions	-	-	79	79
Adjustment arising from finalisation of PPA report	(5,704)	(11,125)	-	(16,829)
At 31 December 2017/1 January 2018	8,209	16,022	79	24,310
Additions	-	-	27	27
Effects of movements in exchange rates	-	-	(2)	(2)
At 31 December 2018	8,209	16,022	104	24,335

15. INTANGIBLE ASSETS (CONT'D)

Group	Contractual customer relationship RM'000	Lease agreement RM'000	Software RM'000	Total RM'000
Accumulated Amortisation				
At 1 January 2017	-	-	-	-
Amortisation for the year	1,173	517	-	1,690
At 31 December 2017/1 January 2018	1,173	517	-	1,690
Amortisation for the year	1,173	517	-	1,690
At 31 December 2018	2,346	1,034	-	3,380
Carrying Amounts				
31 December 2017	7,036	15,505	79	22,620
31 December 2018	5,863	14,988	104	20,955

16. CONCESSION SERVICE ASSETS

	Group	
	2018 RM'000	2017 RM'000
Highway Concession:		
At 1 January	**829,873**	398,071
Additions	**408,323**	431,802
At 31 December	**1,238,196**	829,873

Concession service assets represent the project costs incurred on the construction of a highway undertaken by the Group pursuant to a concession agreement with the Government of Malaysia signed on 13 February 2013. The concession agreement gives right to the Group for collection of toll over a concession period of 50 years from the Government of Malaysia in exchange for services to be rendered in connection with the design, construction, completion, operation, management and maintenance of the East Klang Valley Expressway ("EKVE").

Net interest cost capitalised in concession service assets is RM59,229,000 (2017: RM59,940,000) (Note 7).

17. GOODWILL

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	**41,781**	36,490
Adjustment arising from finalisation of Purchase Price Assessment ("PPA") report	**-**	5,291
At 31 December	**41,781**	41,781

On 30 December 2016, the Company had completed its acquisition of 51% equity stake in Matrix Reservoir Sdn. Bhd. ("MRSB") and its subsidiaries. Thereon, the MRSB's result was consolidated in accordance with MFRS 3 Business Combination.

At the acquisition date, the Group had estimated the provisional goodwill at RM30,332,000. As allowed under MFRS 3 Business Combination, the Group has 12 months from the date of acquisition to complete the Purchase Price Allocation ("PPA") exercise.

In the previous financial year, based on the PPA exercise, the Group has adjusted the fair values of certain identifiable assets and liabilities. Correspondingly, the provisional goodwill on consolidation was revised from RM30,332,000 to RM35,623,000.

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

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

	Note	Group 2018 RM'000	Group 2017 RM'000
Malaysian supply base operation	(i)	**35,623**	35,623
Malaysian quarry business unit	(ii)	**2,894**	2,894
Malaysian hotel operator unit	(iii)	**2,410**	2,410
Multiple business units without significant goodwill		**854**	854
		41,781	41,781

17. GOODWILL (CONT'D)

(i) Malaysian supply base operation

The recoverable amount is determined based on value-in-use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a 5 year period with terminal value computation with a pre-tax discount rate of 10.5% (2017: 10.5%) per annum. The key assumptions for the value-in-use calculation include management's expectation on the growth in the number of vessels berthed per day.

(ii) Malaysian quarry business unit

The recoverable amount is determined based on value-in-use calculation which uses cash flow projections based on financial budgets approved by the Directors over the useful life of the quarry with a pre-tax discount rate of 7% (2017: 7%) per annum. The key assumptions for the value-in-use calculation include management's expectation of the production and extraction rate.

(iii) Malaysian hotel operator unit

The recoverable amount is determined based on value-in-use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a 5 year period with terminal value computation with a pre-tax discount rate of 7% (2017: 7%) per annum. The key assumptions for the value-in-use calculation include management's expectation of the rooms' occupancy.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares, at cost		
At 1 January	**435,167**	275,843
Additions of equity in subsidiaries	**98,113**	159,324
At 31 December, at cost	**533,280**	435,167
Less: Allowance for impairment loss		
At 1 January/31 December	**(12,035)**	(12,035)
Net	**521,245**	423,132

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The additions of equity in subsidiaries are as follows:

	Company 2018 RM'000	Company 2017 RM'000
Ordinary shares in:		
EKVE Sdn. Bhd.	**98,113**	73,764
Ahmad Zaki Sdn. Bhd.	**-**	33,500
Sambungan LebuhrayaTimur Sdn. Bhd.	**-**	60
Preference shares in EKVE Sdn. Bhd.	**-**	52,000
	98,113	159,324

The Directors have reviewed the Company's investments in subsidiaries for indications of impairment and concluded that the allowance for impairment loss amounting to RM12,035,000 (2017: RM12,035,000) as of the end of the reporting period is deemed adequate in respect of investments in subsidiaries.

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group 2018 %	2017 %
Ahmad Zaki Sdn. Bhd.	Contractors of civil and structural construction works	Malaysia	**100**	100
Inter-Century Sdn. Bhd.	Dealer of marine fuels	Malaysia	**100**	100
Tadok Granite Manufacturing Sdn. Bhd.	Dormant	Malaysia	**100**	100
AZRB International Ventures Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Trend Vista Development Sdn. Bhd.	Property development	Malaysia	**100**	100
P.T. Ichtiar Gusti Pudi*	Oil palm cultivation	Republic of Indonesia	**95**	95

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group 2018 %	2017 %
Ahmad Zaki Saudi Arabia Co. Ltd.*@	Contractors of civil and structural works	Kingdom of Saudi Arabia	**95**	95
Peninsular Medical Sdn. Bhd.	Undertake design, development and the construction of a teaching hospital as well as to carry out the related maintenance services subsequent to the completion of teaching hospital	Malaysia	**100**	100
AZ Land & Properties Sdn. Bhd.	Property development	Malaysia	**100**	100
EKVE Sdn. Bhd.	Engaged in the business of construction, establishment, operation, maintenance and management of highway	Malaysia	**100**	100
Unggul Energy & Construction Sdn. Bhd.	Dormant	Malaysia	**100**	100
Temala Development Sdn. Bhd.	Property development	Malaysia	**70**	70
Betanaz Properties Sdn. Bhd.	Property development	Malaysia	**51**	51
Peninsular Prokonsult Sdn. Bhd.	Project management services	Malaysia	**100**	100
Residence Inn & Motels Sdn. Bhd.	Hotel operators and hotel project consultants	Malaysia	**100**	100
Betanaz Mills Sdn. Bhd.	Operation of palm oil mill	Malaysia	**67**	67
Sambungan Lebuhraya Timur Sdn. Bhd.*	Dormant	Malaysia	**60**	60
Matrix Reservoir Sdn. Bhd.	Investment holding	Malaysia	**51**	51
Held through Betanaz Mills Sdn. Bhd.				
Peak Crops Sdn. Bhd.	Dormant	Malaysia	**40**	40

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group 2018 %	2017 %
Held through Ahmad Zaki Sdn. Bhd.				
Peninsular Precast Sdn. Bhd.	Fabricating and marketing of Industrial Building Products and System ("IBS")	Malaysia	**100**	100
AZSB Machineries Sdn. Bhd.	Rental of machineries	Malaysia	**100**	100
Kemaman Technology & Industrial Park Sdn. Bhd.	Property development	Malaysia	**60**	60
Held through AZRB International Ventures Sdn. Bhd.				
Ahmad Zaki Saudi Arabia Co. Ltd.*@	Contractors of civil and structural works	Kingdom of Saudi Arabia	**5**	5
Held through Matrix Reservoir Sdn. Bhd.				
TB Realty Sdn. Bhd.	Leasing of land and building	Malaysia	**51**	51
TB Supply Base Sdn. Bhd.	Logistic management services and vessel related services	Malaysia	**51**	51
TB Terminals Sdn. Bhd.	Dormant	Malaysia	**51**	51
Astral Far East Sdn. Bhd.	Dealer of lubricants, petroleum-based products and marine fuels	Malaysia	**51**	51

* *Audited by other firm of auditors*
@ *Wholly-owned subsidiary of the Group*

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Material non-controlling interests

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI"):

Name of subsidiaries	NCI percentage of ownership interest and voting power %	(Loss)/Profit allocated to non-controlling interests RM'000	Accumulated non-controlling interests RM'000
2018			
Matrix Reservoir Sdn. Bhd. and its subsidiaries ("MRSB Group")	49	**(3,408)**	**13,706**
Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP")	40	**53**	**8,533**
P.T. Ichtiar Gusti Pudi ("PTIGP")	5	**(1,184)**	**(8,208)**
Other individually immaterial subsidiaries		**(881)**	**(2,510)**
		(5,420)	**11,521**
2017			
MRSB Group	49	(1,506)	17,114
KTIP	40	123	8,480
PTIGP	5	(711)	(7,024)
Other individually immaterial subsidiaries		(343)	(1,629)
		(2,437)	16,941

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2018		2017	
	MRSB Group	KTIP	MRSB Group	KTIP
	RM'000	RM'000	RM'000	RM'000
Non-current assets	**166,187**	**72**	128,470	93
Current assets	**15,848**	**30,500**	10,541	28,425
Total assets	**182,035**	**30,572**	139,011	28,518
Non-current liabilities	**92,232**	**10**	10,960	12
Current liabilities	**81,112**	**12,601**	112,405	10,677
Total liabilities	**173,344**	**12,611**	123,365	10,689
Total equity	**8,691**	**17,961**	15,646	17,829

19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost:				
At 1 January	**110**	110	**-**	-
Acquisition of shares	**2,640**	-	**2,640**	-
At 31 December	**2,750**	110	**2,640**	-
Share of post-acquisition reserves				
At 1 January/31 December	**55**	55	**-**	-
Total	**2,805**	165	**2,640**	-

As disclosed in Note 43, the Company entered into a Share Sale Agreement on 21 December 2018 to acquire 50% equity interest in PalmaCorp Sdn. Bhd. from its ultimate holding company and a director of the Company for a total purchase consideration of RM2,640,000. Following the acquisition, PalmaCorp Sdn. Bhd. became an associate of the Company.

19. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Goodwill on acquisition	**8**	8

The details of the associate, which is incorporated in Malaysia, are as follows:

		Proportion of ownership interest and voting power held by the Group	
		2018	**2017**
Name of associate	**Principal activities**	**%**	**%**
PalmaCorp Sdn. Bhd.*	Dormant	**50**	-
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.*	Dormant	**50**	50

* *Audited by other firm of auditors*

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

	Effective ownership interest	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2018					
PalmaCorp Sdn. Bhd.	**50%**	**-**	**-**	**1,473**	**(294)**
Fasatimur Sdn. Bhd.	**50%**	**-**	**-**	**589**	**(296)**
2017					
Fasatimur Sdn. Bhd.	50%	-	-	589	(296)

20. INTERESTS IN JOINT VENTURES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Investment cost:				
At 1 January/31 December	**64**	64	**34**	34
Share of post-acquisition results in joint ventures:				
At 1 January/31 December	**(30)**	(30)	**-**	-
	34	34	**34**	34

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

	Name	Project or Principal activities	Proportion of ownership interest and voting power held by the Group 2018 %	2017 %
(i)	BumiHiway - Ahmad Zaki Joint Venture*	Realignment of the route from Putrajaya to Cyberjaya, Selangor	**50**	50
ii)	Ahmad Zaki - Jasa Bakti Joint Venture*	Design and building of "Sekolah Menengah Sains Hulu Terengganu" in Terengganu	**70**	70
iii)	Peninsular IFM Sdn. Bhd.	Integrated facilities management services	**34**	34

* *Audited by other firm of auditors*

21. INVESTMENTS IN FINANCIAL ASSETS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 January/31 December:				
Unquoted shares in Malaysia	**48**	48	**-**	-
Club membership	**68**	68	**68**	68
Total	**116**	116	**68**	68

The club membership is in respect of a transferable golf club corporate membership. Included in the fair value through profit or loss investments of the Group is the investment in Salcon MMCB AZSB JV Sdn. Bhd. with equity interest of 30%.

There are no measurement impacts to the carrying amount of these financial assets upon the adoption of MFRS 9 at the date of initial application as the Directors are of the opinion that the carrying amounts approximate its fair value.

22. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		
		Restated	Restated
	31.12.2018	31.12.2017	01.01.2017
	RM'000	RM'000	RM'000
Deferred tax liabilities	**82,488**	77,114	74,785
Deferred tax assets	**(35,474)**	(27,294)	(22,712)
	47,014	49,820	52,073

	Company		
	31.12.2018	31.12.2017	01.01.2017
	RM'000	RM'000	RM'000
Deferred tax liabilities	**-**	-	26
Deferred tax assets	**(235)**	(1,652)	-
	(235)	(1,652)	26

22. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

Movement on the deferred tax is as follows:

	Group 2018 RM'000	Group Restated 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
At 1 January	**49,820**	52,073	**(1,652)**	26
Recognised in profit or loss (Note 10):				
Origination and reversal of temporary differences	**(3,797)**	(10,458)	**379**	(1,676)
Under/(Over) provision in prior years	**672**	11,280	**1,038**	(2)
	(3,125)	822	**1,417**	(1,678)
Adjustment from finalisation of PPA Report	**-**	(4,085)	**-**	-
Effect of movements in exchange rates	**319**	1,010	**-**	-
At 31 December	**47,014**	49,820	**(235)**	(1,652)

Recognised deferred tax liabilities/(assets)

Group	Assets 31.12.2018 RM'000	Assets 31.12.2017 RM'000	Assets 01.01.2017 RM'000	Liabilities 31.12.2018 RM'000	Liabilities Restated 31.12.2017 RM'000	Liabilities Restated 01.01.2017 RM'000	Net 31.12.2018 RM'000	Net Restated 31.12.2017 RM'000	Net Restated 01.01.2017 RM'000
Unused tax losses	**(17,030)**	(15,533)	(21,918)	**-**	-	-	**(17,030)**	(15,533)	(21,918)
Taxable temporary differences	**-**	-	-	**90,475**	84,526	75,084	**90,475**	84,526	75,084
Property, plant and equipment	**(27,847)**	(28,545)	(14,890)	**3,338**	4,781	4,945	**(24,509)**	(23,764)	(9,945)
Employee benefits	**-**	(1,070)	(709)	**843**	-	-	**843**	(1,070)	(709)
Fair value adjustment in respect of acquisition of subsidiary	**-**	-	-	**-**	2,611	2,611	**-**	2,611	2,611
Intangible assets	**-**	-	-	**-**	5,815	9,900	**-**	5,815	9,900
Other items	**(2,765)**	(2,765)	(2,950)	**-**	-	-	**(2,765)**	(2,765)	(2,950)
Deferred tax (assets)/liabilities	**(47,642)**	(47,913)	(40,467)	**94,656**	97,733	92,540	**47,014**	49,820	52,073
Set off of deferred tax	**12,168**	20,619	17,755	**(12,168)**	(20,619)	(17,755)	**-**	-	-
Net deferred tax (assets)/liabilities	**(35,474)**	(27,294)	(22,712)	**82,488**	77,114	74,785	**47,014**	49,820	52,073

22. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

Recognised deferred tax liabilities/(assets) (Cont'd)

	Assets			Liabilities			Net		
	31.12.2018	31.12.2017	01.01.2017	31.12.2018	31.12.2017	01.01.2017	31.12.2018	31.12.2017	01.01.2017
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	**-**	-	-	**28**	6	26	**28**	6	26
Unused tax losses	**(263)**	(1,658)	-	**-**	-	-	**(263)**	(1,658)	-
Deferred tax (assets)/liabilities	**(263)**	(1,658)	-	**28**	6	26	**(235)**	(1,652)	26
Set off of deferred tax	**28**	6	-	**(28)**	(6)	-	**-**	-	-
Net deferred tax (assets)/liabilities	**(235)**	(1,652)	-	**-**	-	26	**(235)**	(1,652)	26

Unrecognised deferred tax assets

Deferred tax assets were not recognised in respect of the following items:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	RM'000	RM'000	RM'000
Unused tax losses	**5,269**	4,709	3,050
Unutilised capital allowances	**3,007**	2,359	1,550
	8,276	7,068	4,600

Deferred tax assets were not recognised in respect of those items because it was not probable that sufficient future taxable profit would be available against which certain subsidiaries could utilise the benefits there from.

The availability of unused tax losses and unutilised capital allowances will expire in year 2025 or when there is substantial change in shareholders (of 50% or more), whichever earlier, under current tax legislation. The unutilised capital allowances do not expire under the current tax legislation. If there is substantial change in shareholders, unused tax losses and unutilised capital allowances as stated above will not be available to the Group.

23(a). TRADE AND OTHER RECEIVABLES

	Note	Group 31.12.2018 RM'000	 31.12.2017 RM'000	 01.01.2017 RM'000
Non-current				
Other receivables		**9,040**	16,399	92,758
Concession service receivable	b	**597,975**	609,137	611,478
		607,015	625,536	704,236

	Company 31.12.2018 RM'000	 31.12.2017 RM'000	 01.01.2017 RM'000
Non-current			
Other receivables	**2,262**	2,419	47,592

	Note	Group 31.12.2018 RM'000	Restated 31.12.2017 RM'000	Restated 01.01.2017 RM'000
Current				
Trade				
External parties	a	**362,538**	290,556	153,067
Concession service receivable	b	**68,333**	65,000	69,885
Amount due from a joint venture	c	**47**	133	65
		430,918	355,689	223,017
Non-trade				
Amount due from:				
Ultimate holding company	d	**1,376**	932	792
Associate	d	**20**	20	20
Affiliates	e	**-**	98	620
		1,396	1,050	1,432
Other receivables	f	**180,115**	162,163	69,450
Deposits		**9,953**	8,470	7,573
Prepayments		**18,610**	20,113	10,023
		210,074	191,796	88,478
		640,992	547,485	311,495

23(a). TRADE AND OTHER RECEIVABLES (CONT'D)

		Company		
			Restated	Restated
	Note	31.12.2018	31.12.2017	01.01.2017
		RM'000	RM'000	RM'000
Current				
Trade				
External parties	a	-	4,066	3,458
Amount due from a joint venture	c	-	87	13
		-	4,153	3,471
Non-trade				
Amount due from:				
Ultimate holding company	d	**295**	3	3
Subsidiaries	d	**79,391**	152,052	210,804
Affiliates	e	**84**	392	369
		79,770	152,447	211,176
Other receivables	f	**55,817**	47,585	28,102
Deposits		**48**	48	48
Prepayments		**17,352**	14,888	-
		152,987	214,968	239,326
		152,987	219,121	242,797

Note a

The Group's and the Company's normal credit term granted to customers ranges from 60 to 90 days (2017: 60 to 90 days).

Included in trade receivables from external parties at 31 December 2018 are retention sums of the Group amounting to RM98,858,995 (31.12.2017: RM67,176,005; 01.01.2017: RM38,965,317) relating to construction work-in-progress.

23(a). TRADE AND OTHER RECEIVABLES (CONT'D)

Note a (Cont'd)

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

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
	RM'000	**RM'000**	**RM'000**
Within 1 year	**48,373**	190	110
1 - 2 years	**21,496**	10,925	6,337
2 - 3 years	**17,519**	44,016	25,531
3 - 4 years	**7,060**	6,972	4,044
More than 5 years	**4,411**	5,073	2,943
	98,859	67,176	38,965

Note b

Concession service receivable of the Group represents fair value of long term receivable from the Government of Malaysia over a concession period of 21.5 years upon completion of the International Islamic University Malaysia Medical Centre in 2016 under the Private Financing Initiative which granted the Group to undertake the design, build, lease and maintenance of the teaching hospital.

Note c

The amount is trade in nature, unsecured, interest-free and repayable on demand.

Note d

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

Note e

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

Note f

Included in other receivables of the Group and of the Company are an amount of RM119,087,000 (2017: RM115,097,000) and RM49,295,000 (2017: RM46,774,000) respectively, which are classified as current receivables, in view of these amounts are expected to be recovered within the next twelve months from the end of the reporting period.

23(a). TRADE AND OTHER RECEIVABLES (CONT'D)

Note f (Cont'd)

These amounts consist of the award issued by the sole arbitrator of the International Court of Arbitration under the International Chamber of Commerce in 2013 pertaining to the arbitration initiated by the Group in year 2011 against a particular contract customer in respect of the development of a university campus in Saudi Arabia. The Group and the Company, through its external legal counsels in Saudi Arabia, had filed the arbitrator award with the local Saudi court on 2 February 2014 in order to obtain an enforcement order. The external legal counsels on 5 September 2018 further confirmed that the 22nd Circuit of the Riyadh Enforcement Court already ordered the Saudi Arabian Monetary Agency, which acts as the central bank for the Kingdom of Saudi Arabia to transfer the amount corresponding to the aforesaid final judgment and award from the account of the King Faisal Foundation to the account of the 22nd Circuit of the Riyadh Enforcement Court. Upon consulting its appointed external legal counsels, the Directors are confident of a favourable outcome and that there are no recoverability concern as of the end of the reporting period.

23(b). CONSTRUCTION CONTRACT ASSETS

		Group	
	31.12.2018	**31.12.2017**	**01.01.2017**
	RM'000	**RM'000**	**RM'000**
Aggregate costs incurred to-date	**7,534,566**	6,588,563	7,013,872
Add: Attributable profits	**671,200**	597,334	693,559
	8,205,766	7,185,897	7,707,431
Less: Progress billings	**(7,838,053)**	(6,934,845)	(7,232,409)
	367,713	251,052	475,022
Represented by:			
Amount due from contract customers	**367,713**	251,052	475,022

		Company	
	31.12.2018	**31.12.2017**	**01.01.2017**
	RM'000	**RM'000**	**RM'000**
Aggregate costs incurred to-date	**582,814**	537,826	355,248
Add: Attributable profits	**48,611**	46,241	28,806
	631,425	584,067	384,054
Less: Progress billings	**(625,804)**	(578,759)	(382,130)
	5,621	5,308	1,924
Represented by:			
Amount due from contract customers	**5,621**	5,308	1,924

23(b). CONSTRUCTION CONTRACT ASSETS (CONT'D)

Amount relating to construction contracts are balances due from customers under construction contracts that arise when the Group and the Company receives payments from customers via progress billings. The Group or the Company will previously have recognised amount due from contract customers for any work performed. Any amount previously recognised as an amount due from contract customers is reclassified to trade receivables at the point at which it is invoiced to the customer.

The Group and the Company apply an ECL rate, which is computed based on the historical time value loss rate from the timing of repayment of trade receivables, adjusted by forward-looking information that is available without undue cost or effort, to calculate the loss allowances for amount due from contract customers. At each reporting date, the Group and the Company review the ECL rate and re-measure the loss allowance amount.

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

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest/finance costs capitalised	**59,229**	59,940	**-**	-
Staff costs	**47,286**	44,366	**16,649**	13,265
Rental of premises and land	**5,393**	2,257	**3,648**	3,414
Running cost of machinery	**912**	190	**-**	-
Rental of motor vehicles	**4**	84	**-**	3

24. BIOLOGICAL ASSETS

	Group	
		Restated
	2018	**2017**
	RM'000	**RM'000**
At 1 January	**202**	238
Loss from changes in fair value	**(125)**	(36)
At 31 December	**77**	202

As at 31 December 2018, the unharvested fresh fruit bunches ("FFB") used in estimating fair value were 2,459 MT (31.12.2017: 2,167 MT; 01.01.2017: 1,896 MT).

Management has considered FFB less than 15 days before harvesting in the valuation of fair value. FFB more than 15 days before harvesting are excluded from the valuation as their fair values are considered negligible. Costs to sell include harvesting costs at the point of harvest.

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. A reasonable change in the key assumptions would not result in a material impact to the financial statements.

25. INVENTORIES

	Group 2018 RM'000	2017 RM'000
At cost:		
Completed properties	**11,371**	6,165
Marine fuels and lubricants	**4,586**	3,841
Consumable goods	**3,436**	9,234
	19,393	19,240

In current financial year, inventories recognised as cost of sales in profit or loss are amounted to RM24,004,000 (2017: RM33,584,000).

26. PROPERTY DEVELOPMENT COSTS

	Group 2018 RM'000	Restated 2017 RM'000
At 1 January	**30,665**	21,690
Additions during the year	**7,391**	6,475
Cumulative costs recognised as an expense in profit or loss:		
Previous years	**(13,154)**	(11,350)
Current year	**(3,053)**	(1,804)
Closed out due to completion of projects	**13,109**	-
	(3,098)	(13,154)
Costs closed out during the year due to completion of projects	**(13,109)**	-
Transfer from land held for property development (Note 14)	**3,221**	2,500
Transfer to land held for property development (Note 14)	**(14,867)**	-
Transfer from other receivables	**13,131**	-
Transfer to inventories	**(5,854)**	-
At 31 December	**17,480**	17,511

27. OTHER INVESTMENTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Current		
Financial assets at fair value through profit or loss		
- Unquoted unit trusts in Malaysia	**164,338**	699,510

Unit trusts are funds invested mainly in money market and fixed income instruments and are managed by investment management companies.

28. CASH AND DEPOSITS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	**63,791**	56,682	**13,468**	8,220
Cash and bank balances	**559,105**	224,656	**1,468**	1,865
	622,896	281,338	**14,936**	10,085

Included in deposits placed with licensed banks of the Group are deposits of RM55,469,000 (2017: RM50,062,000) which have been pledged to financial institutions as security for bank guarantee and credit facilities granted to the Group as disclosed in Note 31 and deposits of RM37,497,000 (2017: RM31,263,000) which represent the sinking fund created pursuant to Concession Agreement for purposes of future assets replacement at the teaching hospital.

Also included in deposits placed with licensed banks of the Company are deposits of RM10,160,000 (2017: RM5,000,000) which have been pledged to financial institutions as securities for the overdraft facility granted to its subsidiary as disclosed in Note 31(d).

The deposits placed with licensed banks of the Group and of the Company bear interest at effective interest rates ranging from 2.55% to 4.15% (2017: 2.50% to 4.10%) and 2.55% to 3.20% (2017: 2.61% to 3.20%) per annum, respectively.

29. SHARE CAPITAL

	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Issued and fully paid up:				
Ordinary shares:				
At 1 January	**197,478**	531,548	**120,885**	483,540
Transfer from share premium and capital reserve	**-**	-	**29,556**	-
New ordinary shares, net of issuance costs	**58**	95	**47,037**	48,008
Effect of Bonus Issue	**-**	66,455	**-**	-
At 31 December	**197,536**	598,098	**197,478**	531,548

During the financial year, the issued and paid-up share capital of the Company was increased by RM57,688 from RM197,478,058 to RM197,535,746 by way of issuance of 94,571 ordinary shares pursuant to the exercise of options under the Employees' Share Scheme at an exercise price of RM0.61 per ordinary share for cash.

On 30 August 2018, the Company proposed to undertake a bonus issue of up to 79,840,322 ordinary shares to be credited as fully paid-up on the basis of 1 new ordinary shares for every 8 existing shares of the Company ("Bonus Issue"). The Bonus Issue has been completed following the listing of 66,454,852 new Bonus Shares (including 184,762 treasury shares) pursuant to the Bonus Issue.

30. RESERVES

		Group	
		Restated	Restated
	31.12.2018	31.12.2017	01.01.2017
	RM'000	RM'000	RM'000
Non-distributable:			
Share premium	**-**	-	21,889
Capital reserve	**-**	-	7,667
Warrant reserve	**27,889**	27,889	27,891
Foreign exchange translation reserve	**16,123**	11,531	-
Employees' Share Scheme ("ESS")	**2,331**	1,000	-
Other reserve	**872**	-	-
	47,215	40,420	57,447
Treasury shares	**(1,026)**	(1,026)	(1,026)
Distributable:			
Retained earnings	**217,756**	208,826	187,354
	263,945	248,220	243,775

30. RESERVES (CONT'D)

	Company		
	31.12.2018	**31.12.2017**	**01.01.2017**
	RM'000	**RM'000**	**RM'000**
Non-distributable:			
Share premium	**-**	-	21,889
Capital reserve	**-**	-	7,667
Warrant reserve	**27,889**	27,889	27,891
Foreign exchange translation reserve	**2,862**	2,378	-
Employees' Share Scheme ("ESS")	**2,331**	1,000	-
	33,082	31,267	57,447
Treasury shares	**(1,026)**	(1,026)	(1,026)
Distributable:			
Retained earnings/(Accumulated losses)	**10,019**	(3,461)	(22,839)
	42,075	26,780	33,582

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

Share premium/Capital reserve

In accordance with the transitional provisions of the Companies Act, 2016 ("the Act"), the amount standing to the credit of the Company's share premium account and capital redemption reserve has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

The Company has a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium account and capital redemption reserves in a manner as specified by the Act.

Warrant reserve

Warrant reserve relates to the fair value of warrants in relation to the right shares issued in 2014. In financial year 2014, the Company issued 103,299,033 new detachable warrants ("Warrant(s)") pursuant to the rights shares issued in 2014.

During the financial year, 12,910,919 new warrants were issued arising from the adjustment as a result of the Bonus Issue. Subsequently, each warrant entitles its registered holder to subscribe for 1 new ordinary share at the adjusted exercise price of RM0.63. As at 31 December 2018, the total numbers of warrants that remain unexercised were 116,201,952.

The fair value of the warrant has been determined based on its quoted price at the issuance date.

30. RESERVES (CONT'D)

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Employees' Share Scheme ("ESS")

The ESS reserve represents the equity settled share options granted to eligible directors and employees. This reserve is made up of the cumulative value of services received from eligible directors and employees recorded on the grant date of share options. Details of ESS granted to eligible directors and employees are disclosed in Note 38.

Other reserve

Other reserve mainly represents the statutory reserve in accordance with Saudi Arabian Companies Law & Company's Article of Association, which 10% of the annual net income is required to be transferred to statutory reserve until this reserve equals to 50% of the capital. This reserve is not available for dividend distribution.

Treasury shares

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

There was no repurchase of the Company's shares during the financial year.

During the financial year, the Company held additional treasury shares of 184,762 pursuant to the Bonus Issue.

Of the total 598,097,678 (2017: 531,548,255) issued and fully paid-up ordinary shares as at 31 December 2018, 1,662,862 (2017: 1,478,100) shares are held as treasury shares by the Company. As at 31 December 2018, the number of outstanding ordinary shares in issue after the set off is therefore 596,434,816 (2017: 530,070,155) ordinary shares.

31. LOANS AND BORROWINGS

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Term loans	a	**1,281,809**	1,144,136	**175,000**	131,100
Finance lease liabilities	b	**27,095**	27,331	**609**	862
Sukuk	c	**1,000,000**	1,000,000	**-**	-
		2,308,904	2,171,467	**175,609**	131,962

31. LOANS AND BORROWINGS (CONT'D)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Term loans	a	**78,556**	87,321	**-**	-
Finance lease liabilities	b	**7,885**	8,038	**414**	435
Sukuk	c	**17,053**	16,092	**-**	-
Bank overdrafts	d	**32,092**	28,569	**-**	-
Trust receipts	e	**7,050**	3,520	**-**	-
Revolving credit and Murabahah facilities	f	**138,078**	113,720	**25,000**	25,000
Bankers' acceptance	g	**36,777**	-	**-**	-
		317,491	257,260	**25,414**	25,435
		2,626,395	2,428,727	**201,023**	157,397

Note a

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Term loan - I	(i)	**341,321**	323,809	**-**	-
Term loan - II	(ii)	**15,206**	26,426	**-**	-
Term loan - III	(iii)	**326,493**	368,493	**-**	-
Term loan - IV	(iv)	**39,500**	30,000	**-**	-
Term loan - V	(v)	**8,900**	3,462	**-**	-
Term loan - VI	(vi)	**148**	15	**-**	-
Term loan - VII	(vii)	**50,354**	57,498	**-**	-
Term loan - VIII	(viii)	**291,172**	242,359	**-**	-
Term loan - IX	(ix)	**175,000**	131,100	**175,000**	131,100
Term loan - X	(x)	**8,499**	17,099	**-**	-
Term loan - XI	(xi)	**-**	23,000	**-**	-
Term loan - XII	(xii)	**7,686**	8,196	**-**	-
Term loan - XIII	(xiii)	**91,467**	-	**-**	-
Term loan - XIV	(xiv)	**4,619**	-	**-**	-
		1,360,365	1,231,457	**175,000**	131,100

31. LOANS AND BORROWINGS (CONT'D)

The term loans of the Group comprise the followings:

(i) **Term loan I** is denominated in IDR and USD and bears interest at 11.25% and 5.78% (2017: 11.25% and 5.78%) per annum respectively. The term loan is repayable within a period of 108 months upon full disbursement and is secured by a corporate guarantee from the Company.

(ii) **Term loan II** bears interest at rates ranging from 5.11% to 5.17% (2017: 5.11% to 5.17%) per annum. The term loan is repayable in equal quarterly instalments over 9 years which commenced from September 2011 and is secured and supported by:

(a) a corporate guarantee from the Company; and
(b) a memorandum of charge on the shares of a subsidiary.

(iii) **Term loan III** bears interest at rates ranging from 5.80% to 6.30% (2017: 5.25% to 6.25%) per annum and is repayable on quarterly basis by 44 instalments commencing on the 51st month from the first date of loan disbursement in July 2012.

(iv) **Term loan IV** bears interest at rates ranging from 5.77% to 6.06% (2017: 5.77% to 6.06%) per annum and is repayable on lump sum basis either on the 60th month from the first date of loan disbursement in July 2012 or upon receipt of reimbursable cost from a contract customer, whichever is earlier. The tenure for term loan Tranche 2 is 5 years.

Both Term loans III and IV are secured and supported by:

(a) fixed and floating charges over all present and future assets of a subsidiary;
(b) legal assignment over designated bank accounts and rights, titles, interests and benefits under applicable insurance policies; and
(c) corporate guarantee from the Company until the expiry of the defect liability period of the project.

(v) **Term loan V** bears interest at 5.54% (2017: 5.36%) per annum. The term loan is repayable on semi-annual basis by 16 instalments commencing from May 2016.

The above term loan is secured by way of:

(a) a first party legal charge over the land held for development as disclosed in Note 14;
(b) a legal assignment of rights in rental proceeds to be derived from the future commercial development on the land; and
(c) a corporate guarantee from the Company.

31. LOANS AND BORROWINGS (CONT'D)

(vi) **Term loan VI** is interest free and repayable by 60 monthly instalments commencing from July 2016.

The above term loan is secured by way of:

(a) a debenture on a subsidiary's current and future fixed and floating assets;
(b) deposit placed with a financial institution of a subsidiary; and
(c) personal guarantee from the directors of a subsidiary.

(vii) **Term loan VII** bears interest at rates ranging from 4.54% to 6.04% (2017: 4.74% to 5.68%) per annum. The term loan is secured and supported over freehold land and building as disclosed in Note 12 and corporate guarantee by the Company.

(viii) **Term loan VIII** is a Government Support Loan which bears fixed interest at 4% (2017: 4%) per annum. The term loan is repayable over 35 years commencing in 2020 and is secured and supported by a corporate guarantee by the Company.

(ix) **Term loan IX** bears interest at rates ranging from 6.41% to 6.66% (2017: 6.41% to 6.66%) per annum. The term loan is repayable over 6 years commencing April 2020 and secured by the shares held by the Company over its subsidiary.

(x) **Term loan X** bears interest at 5.79% (2017: 5.93%) per annum. The term loan is repayable over 7 years commencing January 2020 and is secured and supported by a corporate guarantee by the Company.

(xi) **Term loan XI** bears interest at rates ranging from 6.70% to 6.90% (2017: 6.70% to 6.90%) per annum. The term loan is repayable in instalments over 3 years commencing from June 2015. The term loan has been fully settled during the year.

(xii) **Term loan XII** bears interest at 5.14% (2017: 5.14%) per annum. The term loan is secured and supported by a corporate guarantee by the Company. The term loan is repayable over 8 years commencing January 2018.

(xiii) **Term loan XIII** bears interest at rates ranging from 2.25% to 6.35% per annum. The term loan is repayable in instalments over 7 years commencing from August 2018 and is secured by a corporate guarantee by the Company.

(xiv) **Term loan XIV** bears interest at rates ranging from 2.5% to 6.8% per annum. The term loan is repayable in instalments over 2.5 years commencing from March 2018 and is secured by a corporate guarantee by the Company.

31. LOANS AND BORROWINGS (CONT'D)

Note b

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Group						
Less than one year	**9,120**	**(1,235)**	**7,885**	9,515	(1,477)	8,038
Between one and five years	**29,126**	**(2,031)**	**27,095**	28,435	(1,104)	27,331
	38,246	**(3,266)**	**34,980**	37,950	(2,581)	35,369
Company						
Less than one year	**450**	**(36)**	**414**	486	(51)	435
Between one and five years	**631**	**(22)**	**609**	909	(47)	862
	1,081	**(58)**	**1,023**	1,395	(98)	1,297

Note c

The effective profit rate for Sukuk is 5.90% (2017: 5.90%) per annum. The facility is guaranteed by financial guarantors and supported by a corporate guarantee by the Company and is repayable over 11 years commencing year 2025. It is secured by proceeds of toll collection, income and other revenue arising from the Concession Agreement with the Government of Malaysia.

Note d

The bank overdraft facilities are repayable on demand and bear interest at rates ranging from 7.81% to 8.06% (2017: 7.50% to 8.50%) per annum. Bank overdraft facilities are secured by deposits placed with licensed banks of the Company for subsidiary; freehold land and building as disclosed in Note 12; and a corporate guarantee from the Company.

31. LOANS AND BORROWINGS (CONT'D)

Note e

The trust receipts are repayable within 120 to 180 days and bear interest at 7.71% to 9.07% (2017: 7.71% to 8.71%) per annum. These facilities are secured and supported by deposits placed with licensed banks of the Company and corporate guarantee from the Company.

Note f

The revolving credits and Murabahah facilities are repayable on demand and bear profit at rates ranging from 5.65% to 6.64% (2017: 5.41% to 6.07%) per annum. These facilities are secured by corporate guarantee from the Company and assignment of projects proceeds of a subsidiary.

Note g

Bankers' acceptance facilities are repayable within 120 days and bear interest at 5.36% per annum. These facilities are supported by corporate guarantee from the Company.

32. EMPLOYEE BENEFITS

Retirement benefits

	Group	
	2018	**2017**
	RM'000	**RM'000**
Net defined benefit liability	**3,373**	3,029

The Group's subsidiary in Indonesia makes provision for non-contributory defined benefit plan that provides pension benefits for employees upon retirement, death, disability and voluntary resignation as required under Labour Law No. 13/2003 of the Republic of Indonesia. The plan entitles an employee to receive payment according to the years of service.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk and interest rate risk.

32. EMPLOYEE BENEFITS (CONT'D)

Movement in net defined benefit obligations

	Group	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	**3,029**	2,836
Included in profit and loss (Note 8)		
Current service cost	**761**	503
Interest service cost	**202**	213
Included in other comprehensive income		
Remeasurement gain:		
Actuarial gain arising from experience adjustments	**(66)**	-
Effect of movements in exchange rate	**(400)**	(414)
Less: Benefit paid	**(153)**	(109)
At 31 December	**3,373**	3,029

Post-employee benefits obligations are calculated by Padma Radya Aktuaria, an independent actuary using the Projected Unit Credit method.

The key assumptions used are as follows:

	2018	**2017**
Discount rate	**8.25% per annum**	7.00% per annum
Future salary/wage increment	**5.00% per annum**	5.00% per annum
Mortality rate	**100% of TMI3**	100% of TMI3
Morbidity rate	**5% of TMI3**	5% of TMI3
Executive	**5% per year until age 34 then decrease linearly and become 0% at age 55**	5% per year until age 34 then decrease linearly and become 0% at age 55
Non Executive	**10% per year until age 34 then decrease linearly and become 0% at age 55**	10% per year until age 34 then decrease linearly and become 0% at age 55

	2018	**2017**
Proportion of early retirement take-up	**N/A**	N/A
Proportion of normal retirement take-up	**100%**	100%
Normal retirement age	**55 years**	55 years

33. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Deferred income	e	**136,086**	113,808	**-**	-
Advance payments received	b	**2,253**	2,409	**2,253**	2,409
		138,339	116,217	**2,253**	2,409
Current					
Trade					
External parties	a	**810,920**	587,917	**11,767**	133
Advance payments received	b	**23,436**	24,921	**16,331**	11,417
		834,356	612,838	**28,098**	11,550
Non-trade					
Amount due to:					
Director	c	**86**	420	**-**	-
Affiliates	c	**6,561**	-	**-**	-
Subsidiaries	c	**-**	-	**222,213**	256,776
		6,647	420	**222,213**	256,776
Deferred income	e	**37,497**	31,263	**-**	-
Accruals and other payables	d	**219,572**	186,666	**12,860**	20,621
		263,716	218,349	**235,073**	277,397
		1,098,072	831,187	**263,171**	288,947

33. TRADE AND OTHER PAYABLES (CONT'D)

Note a

The normal credit term granted by suppliers of the Group and of the Company ranges from 30 to 90 days (2017: 30 to 90 days).

Included in trade payables of the Group are:

i) retention sums of RM143,377,781 (2017: RM67,176,005).

ii) amount due to affiliates as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Amount due to subsidiaries of Chuan Huat Resources Berhad, a company in which Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda has a substantial financial interest and is also a director:		
- Chuan Huat Industrial Marketing Sdn. Bhd.	**7,643**	1,010
- Chuan Huat Steel Sdn. Bhd.	**332**	170

Affiliates are companies which have common directors and shareholders of the Company and its subsidiaries. The amount is unsecured, interest-free and subject to normal credit terms.

Note b

Advance payments received are in respect of the Group's and the Company's construction contracts. These advances are to be set off against the progress billings on the related contracts.

Note c

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

Note d

Included in accruals and other payables of the Group is interest on borrowings amounting to RM29,194,827 (2017: RM424,829).

Note e

The Group received a loan from the Malaysian Government as per Note 31(a)(viii) at an interest rate lower than the prevailing market rate. Using the prevailing market rate, the loan amount is adjusted to its fair value and the difference is treated as deferred income.

34. DIVIDENDS

Dividends recognised and paid by the Company during the financial year was:

	Sen per share	Amount RM'000	Date of Payment
2018			
Interim dividend	1.00	5,302	26 October 2018
2017			
Interim dividend	1.50	7,951	16 October 2017

No final dividend was paid during the financial year and the Directors do not recommend any final dividend to be paid for the financial year under review.

35. OPERATING SEGMENTS

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

(i) Engineering and Construction - civil and structural works.

(ii) Concession - concession and assets managements.

(iii) Oil and Gas - dealing in marine fuels, lubricants and petroleum based products.

(iv) Plantation - production of crude palm oil and kernel.

(v) Property - property development, hotel operation and facilities management.

Other non-reportable segments comprise investment holding and provision of management services.

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

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

35. OPERATING SEGMENTS (CONT'D)

Segment assets

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

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total liability is used to measure the gearing ratio of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid land lease, land held for development and intangible assets other than goodwill.

Geographical segments

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

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

35. OPERATING SEGMENTS (CONT'D)

	Note	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2018									
Revenue									
External revenue		1,029,599	36,003	46,561	106,507	9,920	-	-	1,228,590
Inter-segment revenue		1,104	-	3,140	-	-	55,992	(60,236)	-
Total revenue		1,030,703	36,003	49,701	106,507	9,920	55,992	(60,236)	1,228,590
Results									
Operating results		65,137	66,441	(3,597)	(21,176)	(826)	(23,606)	-	82,373
Interest income		2,219	197	23	22	35	373	-	2,869
Interest expense		(13,131)	(22,880)	(2,265)	(8,399)	(991)	(12,759)	-	(60,425)
Segment results		54,225	43,758	(5,839)	(29,553)	(1,782)	(36,117)	-	24,817
Income tax expense									(16,229)
Profit for the financial year									8,588
Other segment information									
Additions to non-current assets	(i)	15,024	-	38,443	47,618	8,925	2,052	-	112,062
Other non-cash income/ (expense)	(ii)	257	57,171	5	(20,297)	-	1,459	-	38,595
Depreciation and amortisation of non-current assets		12,710	4	3,909	10,821	545	2,246	-	30,235

35. OPERATING SEGMENTS (CONT'D)

	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2018								
Assets								
Segment assets	2,667,103	759,470	164,288	358,214	96,650	180,860	-	4,226,585
Investments	163,131	-	-	-	-	4,162	-	167,293
Deferred tax assets	11,795	-	6,653	16,323	469	234	-	35,474
Current tax assets	156	2,517	3,930	1,618	152	2,966	-	11,339
Total assets	2,842,185	761,987	174,871	376,155	97,271	188,222	-	4,440,691
Liabilities								
Segment liabilities	1,022,656	70,266	23,267	60,143	13,484	49,968	-	1,239,784
Loans and borrowings	1,571,935	365,925	123,390	342,900	21,221	201,024	-	2,626,395
Deferred tax liabilities	1,283	72,852	230	-	10	8,113	-	82,488
Current tax liabilities	17,995	187	-	-	-	840	-	19,022
Total liabilities	2,613,869	509,230	146,887	403,043	34,715	259,945	-	3,967,689

35. OPERATING SEGMENTS (CONT'D)

	Note	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2017 (Restated)									
Revenue									
External revenue		769,546	32,606	54,277	93,974	10,217	-	-	960,620
Inter-segment revenue		-	-	-	-	-	60,490	(60,490)	-
Total revenue		769,546	32,606	54,277	93,974	10,217	60,490	(60,490)	960,620
Results									
Operating results		72,745	77,801	4,292	(11,732)	256	(33,036)	-	110,326
Interest income		3,415	69	11	71	40	83	-	3,689
Interest expense		(10,496)	(24,483)	(4,439)	(6,464)	(433)	(5,784)	-	(52,099)
Segment results		65,664	53,387	(136)	(18,125)	(137)	(38,737)		61,916
Tax expense									(34,930)
Profit for the financial year									26,986
Other segment information									
Additions to non-current assets	(i)	25,606	-	21,198	76,735	80	60	-	123,679
Other non-cash income/ (expense)	(ii)	3,944	57,814	-	(4,281)	(25)	(3,066)	-	54,386
Depreciation and amortisation of non-current assets		12,089	6	3,313	8,127	497	2,450	-	26,482

35. OPERATING SEGMENTS (CONT'D)

	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2017 (Restated)								
Assets								
Segment assets	1,649,070	762,055	141,240	206,468	34,212	408,581	-	3,201,626
Investments	699,557	-	-	-	-	268	-	699,825
Deferred tax assets	9,526	-	4,469	11,178	-	2,121	-	27,294
Current tax assets	264	-	4,848	3,855	135	1,796	-	10,898
Total assets	2,358,417	762,055	150,557	221,501	34,347	412,766	-	3,939,643
Liabilities								
Segment liabilities	818,253	112,807	21,003	(37,742)	10,420	27,360	-	952,101
Loans and borrowings	1,467,511	398,493	68,191	325,447	8,225	160,860	-	2,428,727
Deferred tax liabilities	3,656	-	223	65,109	12	8,114	-	77,114
Current tax liabilities	16,326	1,706	-	1,030	-	-	-	19,062
Total liabilities	2,305,746	513,006	89,417	353,844	18,657	196,334	-	3,477,004

35. OPERATING SEGMENTS (CONT'D)

Major segment by geographical area

	Malaysia RM'000	Republic of Indonesia RM'000	India RM'000	Kingdom of Saudi Arabia RM'000	Eliminations RM'000	Consolidated RM'000
2018						
Total revenue from external customers	**1,122,083**	**106,507**	**-**	**-**	**-**	**1,228,590**
Total assets	**3,983,573**	**376,153**	**11,163**	**69,802**	**-**	**4,440,691**
Total liabilities	**3,539,061**	**401,774**	**15,885**	**10,969**	**-**	**3,967,689**
Net additions to non-current assets	**64,444**	**47,618**	**-**	**-**	**-**	**112,062**
2017 (Restated)						
Total revenue from external customers	866,645	93,975	-	-	-	960,620
Total assets	3,514,487	352,590	12,048	60,518	-	3,939,643
Total liabilities	3,103,046	353,834	17,217	2,907	-	3,477,004
Net additions to non-current assets	46,944	76,735	-	-	-	123,679

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

	Group 2018 RM'000	Restated 2017 RM'000
Property, plant and equipment	**102,915**	117,688
Prepaid lease payments	**401**	5,912
Land held for development	**8,719**	-
Intangible assets	**27**	79
	112,062	123,679

35. OPERATING SEGMENTS (CONT'D)

Major segment by geographical area (Cont'd)

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

	Group 2018 RM'000	Group 2017 RM'000
Fair value loss arising from biological assets	**125**	36
Employees' share scheme expenses	**1,331**	1,000
Amortisation of transaction costs	**1,495**	1,495
Loss on foreign exchange - unrealised	**18,700**	7,399
Bad debts written off	**-**	25
Accretion of fair value on non-current receivables	**(59,892)**	(60,391)
Gain on disposal of property, plant and equipment	**(354)**	(3,950)
	(38,595)	(54,386)

36. FINANCIAL INSTRUMENTS

36.1 Classes and categories of financial instruments

The table below provides an analysis of financial instruments as of end of the reporting period categorised as follows:

(a) Financial assets measured at amortised cost;
(b) Financial assets designated at fair value through profit or loss ("FVTPL");
(c) Financial assets designated at fair value through other comprehensive income ("FVTOCI"); and
(d) Other financial liabilities measured at amortised cost

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Classes and categories of financial instruments (Cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Financial assets at amortised cost:				
Trade and other receivables, excluding prepayments	**1,229,397**	1,152,908	**137,897**	206,652
Cash and deposits	**622,896**	281,338	**14,936**	10,085
Financial assets at FVTPL:				
Club membership and unquoted shares	**116**	116	**68**	68
Unquoted unit trusts	**164,338**	699,510	**-**	-
Financial liabilities				
Other financial liabilities at amortised cost:				
Loans and borrowings	**2,626,395**	2,428,727	**201,023**	157,397
Trade and other payables, excluding deferred income	**1,062,828**	802,333	**265,424**	291,356

36.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

36.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, bank balances and deposits placed with licensed banks, concession service receivable, amount due from joint venture and advances to ultimate holding company, associate and affiliates. The Company's exposure to credit risk arises principally from trade and other receivables, bank balances and deposits placed with licensed banks and advances to ultimate holding company, subsidiaries and affiliates.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 Credit risk (Cont'd)

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

Generally, trade and other receivables are written off if the Directors deem them uncollectable. As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk arising from trade and other receivables is represented by the carrying amounts in the statements of financial position.

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

Impairment losses

The Group and the Company apply a simplified approach in calculating loss allowances for trade receivables at an amount equal to lifetime ECL. The Group and the Company estimate the loss allowance on trade receivables by applying an ECL rate at each reporting date. The calculation of ECL rates were segmented according to potential exposures based on common credit risk characteristics such as nature of business, type of projects undertaking and selection of similar type of customers.

The Group and the Company assessed the ECL on trade receivables individually. The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

In addition, the Group and the Company has determined that, based on the assessments undertaken to date on the past default experience and reputation of the debtors, the Group and the Company regards the trade receivables to have low credit risk.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 Credit risk (Cont'd)

Receivables (Cont'd)

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables (current and non-current) as at the end of the reporting period was:

	Group Gross RM'000	Group Individual impairment RM'000	Group Net RM'000
31 December 2018			
Not past due	**331,732**	**-**	**331,732**
Past due 0 - 30 days	**10,508**	**-**	**10,508**
Past due 31 - 120 days	**5,964**	**-**	**5,964**
Past due more than 120 days	**14,334**	**-**	**14,334**
	362,538	**-**	**362,538**
31 December 2017			
Not past due	234,744	-	234,744
Past due 0 - 30 days	34,398	-	34,398
Past due 31 - 120 days	9,198	-	9,198
Past due more than 120 days	12,216	-	12,216
	290,556	-	290,556

Receivables that are individually determined to be credit impaired at the financial year relate to debtors who are in significant financial difficulties and had defaulted on payments. As at the end of the reporting period, there is no allowance made for impairment losses of trade receivables for the Group and the Company.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,425,372,000 (2017: RM2,271,330,000), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 Credit risk (Cont'd)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

Amounts due from ultimate holding company, associate and affiliates are classified as amortised cost in the Group's and the Company's financial statements because the Group's and the Company's business model is to hold and collect the contractual cash flows and those cash flows are 'solely payments of principal and interest' ("SPPI"). The Group and the Company conclude that no loss allowance is recognised on these receivables upon application of MFRS 9.

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as shown in Note 23.

Impairment losses

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

Other receivables, including concession service receivable

As of each reporting date, the Group measure ECLs through loss allowance at amount equal to 12 month-ECL if credit risk on a financial asset or a group of financial assets has not increased significantly since initial recognition. For all other financial assets, a loss allowance at an amount equal to lifetime ECL isrequired.

There are no measurement impacts to the carrying amount of other receivables upon the adoption of MFRS 9 at the date of initial application as the Directors are of the opinion that the ECL amount is immaterial.

36.4 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Liquidity risk (Cont'd)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2018							
Trade and other payables	**1,062,828**	**-**	**1,062,828**	**1,060,575**	**2,253**	**-**	**-**
Bank overdrafts	**32,092**	**7.81% - 8.06%**	**32,092**	**32,092**	**-**	**-**	**-**
Trust receipts and bankers' acceptance	**43,827**	**5.36% - 9.07%**	**43,827**	**43,827**	**-**	**-**	**-**
Finance lease liabilities	**34,980**	**1.52% - 10.38%**	**38,246**	**9,120**	**8,605**	**20,521**	**-**
Revolving credit and Murabahah facilities	**138,078**	**5.65% - 6.64%**	**138,078**	**138,078**	**-**	**-**	**-**
Term loans and Sukuk	**2,377,418**	**0% - 11.25%**	**6,105,737**	**174,664**	**241,946**	**888,424**	**4,800,703**
	3,689,223		**7,420,808**	**1,458,356**	**252,804**	**908,945**	**4,800,703**
2017							
Trade and other payables	802,333	-	802,333	799,924	2,409	-	-
Bank overdrafts	28,569	6.65% - 8.60%	28,569	28,569	-	-	-
Trust receipts	3,520	7.60%	3,520	3,520	-	-	-
Finance lease liabilities	35,369	1.88% - 7.62%	37,950	9,515	8,723	19,712	-
Revolving credit and Murabahah facilities	113,720	5.61% - 6.19%	113,720	113,720	-	-	-
Term loans and Sukuk	2,247,549	0% - 11.25%	5,912,652	222,327	254,083	1,206,894	4,229,348
	3,231,060		6,898,744	1,177,575	265,215	1,226,606	4,229,348

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2018							
Trade and other payables	**265,424**	**-**	**265,424**	**263,171**	**2,253**	**-**	**-**
Finance lease liabilities	**1,023**	**1.52% - 2.65%**	**1,081**	**450**	**435**	**196**	**-**
Term loan	**175,000**	**6.90%**	**223,720**	**12,075**	**40,346**	**108,944**	**62,355**
Revolving credit	**25,000**	**5.52%**	**25,000**	**25,000**	**-**	**-**	**-**
	466,447		**515,225**	**300,696**	**43,034**	**109,140**	**62,355**
2017							
Trade and other payables	291,356	-	291,356	288,947	2,409	-	-
Finance lease liabilities	1,297	2.29% - 2.65%	1,395	486	417	492	-
Term loan	131,100	6.41%	230,607	10,346	11,218	113,046	95,997
Revolving credit	25,000	6.00%	25,000	25,000	-	-	-
	448,753		548,358	324,779	14,044	113,538	95,997

36.5 Market risk

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

36.5.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk are primarily US Dollar ("USD") and Saudi Riyal ("SAR").

Risk management objectives, policies and processes for managing the risk

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 Market risk (Cont'd)

36.5.1 Currency risk (Cont'd)

Exposure to foreign currency risk

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Saudi Riyal - other receivables	**48,894**	47,945
US Dollar - loans and borrowings	**(322,147)**	(297,676)
Exposure in the statement of financial position	**(273,253)**	(249,731)

Currency risk sensitivity analysis

A 10% (2017: 10%) strengthening of RM against the following currency at the end of the reporting period would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group			
	2018		**2017**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
	RM'000	**RM'000**	**RM'000**	**RM'000**
SAR	**(4,889)**	**(4,889)**	(4,795)	(4,795)
USD	**32,215**	**32,215**	29,768	29,768

A 10% (2017: 10%) weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 Market risk (Cont'd)

36.5.2 Interest rate risk

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

The Group's excess cash is invested in fixed deposits and other investments with tenure of less than 12 months, hence exposure to risk of change in their fair values due to changes in interest rates is not significant.

Risk management objectives, policies and processes for managing the risk

The Company does not have a formal policy for managing interest rate risk. The exposure to interest rate risk is monitored closely by the management.

Exposure to interest rate risk

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	**63,791**	56,682	**13,468**	8,220
Financial liabilities	**(1,343,205)**	(1,293,820)	**(1,023)**	(1,297)
	(1,279,414)	(1,237,138)	**12,445**	6,923
Floating rate instruments				
Financial liabilities	**(1,283,190)**	(1,134,907)	**(200,000)**	(156,100)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 Market risk (Cont'd)

36.5.2 Interest rate risk (Cont'd)

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Group			
	Equity		Profit or loss	
	1% increase RM'000	1% decrease RM'000	1% increase RM'000	1% decrease RM'000
2018				
Floating rate instruments				
Term loans	**(10,742)**	**10,742**	**(10,742)**	**10,742**
Bank overdrafts	**(321)**	**321**	**(321)**	**321**
Trust receipts	**(71)**	**71**	**(71)**	**71**
Revolving credits and Murabahah facilities	**(1,331)**	**1,331**	**(1,331)**	**1,331**
Bankers' acceptance	**(368)**	**368**	**(368)**	**368**
Cash flow sensitivity (net)	**(12,833)**	**12,833**	**(12,833)**	**12,833**
2017				
Floating rate instruments				
Term loans	(9,891)	9,891	(9,891)	9,891
Bank overdrafts	(286)	286	(286)	286
Trust receipts	(35)	35	(35)	35
Revolving credits and Murabahah facilities	(1,137)	1,137	(1,137)	1,137
Cash flow sensitivity (net)	(11,349)	11,349	(11,349)	11,349

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 Market risk (Cont'd)

36.5.2 Interest rate risk (Cont'd)

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

	Company			
	Equity		Profit or loss	
	1% increase RM'000	1% decrease RM'000	1% increase RM'000	1% decrease RM'000
2018				
Floating rate instruments				
Term loans	**(1,750)**	**1,750**	**(1,750)**	**1,750**
Revolving credit and Murabahah facilities	**(250)**	**250**	**(250)**	**250**
Cash flow sensitivity (net)	**(2,000)**	**2,000**	**(2,000)**	**2,000**
2017				
Floating rate instruments				
Term loans	(1,311)	1,311	(1,311)	1,311
Revolving credit and Murabahah facilities	(250)	250	(250)	250
Cash flow sensitivity (net)	(1,561)	1,561	(1,561)	1,561

36.6 Fair value information

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

(i) Club membership and unquoted shares

It is not practical to determine the fair value of these unquoted shares and memberships due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(ii) Unquoted unit trusts

Fair value of the investments in unit trust are determined based on the net asset value of the unit trust at the end of the reporting period.

(iii) Cash and cash equivalents, trade and other receivables and payables

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.6 Fair value information (Cont'd)

(iv) Long-term receivables and payables

The fair values of long-term receivables and payables are estimated using discounted cash flow analysis based on the weighted average cost of capital of the Group.

(v) Loans and borrowings

The carrying amounts of bank overdrafts, trust receipts, revolving credit and Murabahah facilities, bankers' acceptance and short-term loans are approximate fair values due to the relatively short-term maturity of these financial liabilities.

The carrying amounts of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease and Sukuk are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

	Group			
	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Finance lease liabilities	**34,980**	**38,346**	35,369	37,950
Sukuk	**1,017,053**	**1,049,025**	1,016,092	1,048,995

36.7 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.7 Fair value hierarchy (Cont'd)

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2017: no transfer in either direction).

Level 3 fair value

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. CAPITAL MANAGEMENT

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

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

The Group monitors capital using a gearing ratio, which is computed by using total loans and borrowings net of cash and cash equivalents and other investments over shareholder's equity attributable to owners of the Company.

Net Gearing Ratio

The net gearing ratio at the end of the reporting period are as follows:

	Group		Company	
		Restated		Restated
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	**2,626,395**	2,428,727	**201,013**	157,397
Less: Cash and cash equivalents	**(497,838)**	(171,444)	**(4,776)**	(5,085)
Less: Other investments	**(164,338)**	(699,510)	**-**	-
Net debts	**1,964,219**	1,557,773	**196,237**	152,312
Total equity	**461,481**	445,698	**239,611**	224,258
Net debt-to-equity ratio (times)	**4.26**	3.50	**0.82**	0.68

38. SHARE-BASED PAYMENTS

The Company has an Employee Share Scheme ("ESS") intended to provide an opportunity for all eligible persons within the Group determined by the ESS Committee to participate in the equity of the Company. The ESS comprises of the following awards:

(i) options which entitle the eligible persons, upon exercise, to obtain the Company's shares at specified future date a pre-determined price ("ESS Options"); and

(ii) the right to have a number of the Company's shares vested at the future date as the ESS Committee may decide ("ESS Share Awards") provided that relevant performance conditions/targets of AZRB Group which has been pre-determined at the point of the offer of the ESS Share Awards are duly fulfilled.

In previous financial year, the Company made first offer of 4,597,453 options under the ESS Options and 5,614,943 shares under that ESS Shares Award to eligible employees and Directors of the Company and/or its eligible subsidiaries.

The movements in number of shares pursuant to the issuance of ESS during the financial year are as follows:

			Number of ordinary shares				
Grant date	Expiry date	Exercise price per share RM	Balance as at 01.01.2018	Granted	Exercised	Forfeited	Balance as at 31.12.2018
Share Awards							
31.03.2017	01.03.2020*	N/A	**4,819,003**	-	-	(324,085)	**4,494,918**
Share Options							
31.03.2017	17.08.2024**	0.61	**3,993,630**	-	(94,571)	(228,299)	**3,670,760**
			8,812,633	-	(94,571)	(552,384)	**8,165,678**

* The Share Awards are given for free to the Eligible Persons at the vesting date of 1 March 2020. Hence the date of expiry is deemed to be as at that date.

** The ESS was implemented on 18 August 2014 ("Effective Date") and shall be in force for a period of 5 years and expires on 17 August 2019. The ESS may be extended by the Board of Directors at its absolute discretion for up to another 5 years immediately from the expiry of the ESS. The expiry date has taken into consideration on the extension for another 5 years upon expiry on 17 August 2019.

38. SHARE-BASED PAYMENTS (CONT'D)

The fair value of ESS is determined based on the following assumptions:

		Share Awards	Share Options
Valuation model		Black-Scholes	Binomial Option Pricing
Offer date		01.03.2017	01.03.2017
Grant date		31.03.2017	31.03.2017
Fair value of share options at grant dates			
- At vesting date on 28.02.2018	(RM)	-	0.4472
- At vesting date on 28.02.2019	(RM)	-	0.4685
- At vesting date on 28.02.2020	(RM)	-	0.4823
- At vesting date on 01.03.2020	(RM)	0.943	-
Grant date share price	(RM)	1.00	1.00
Exercise price	(RM)	Nil	0.61
Expected volatility	(%)	34.28	35.28
Expected life	(years)	3	7
Risk free rate	(%)	3.65	4.07
Expected dividend yield	(%)	2.00	2.00

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features were incorporated into the measurement of fair value.

39. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Less than one year	**259**	255
Between one and five years	**446**	499
	705	754

This is in respect of lease rental payable for leasing of office equipment with lease tenure of 5 years.

40. CAPITAL COMMITMENTS

	Group 2018 RM'000	Group 2017 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**19,289**	15,801
Authorised but not contracted for	**44,811**	36,708

41. CONTINGENT LIABILITIES

(i) Corporate Guarantees

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

	Company 2018 RM'000	Company 2017 RM'000
Unsecured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	**116,046**	119,200
Secured		
Corporate guarantee given to financial institutions in respect of credit facilities granted to subsidiaries	**2,309,326**	2,152,130
	2,425,372	2,271,330

(ii) Tax Review

Ahmad Zaki Saudi Arabia Co. Ltd., a subsidiary of the Company is currently undergoing a tax review with the General Authority of Zakat & Tax of Saudi Arabia ("DZIT") for additional back taxes. Upon consulting its appointed solicitors, the Directors are of the view that there are strong grounds to disagree with the DZIT and have submitted the necessary supporting documents, and are confident of a favourable outcome.

42. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, joint ventures, affiliates, Directors and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 9), are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade				
Dividend income receivable from subsidiaries	**-**	-	**(36,000)**	(45,000)
Management fees receivable from subsidiaries	**-**	-	**(19,992)**	(15,490)
Corporate guarantee fees receivable from subsidiaries	**-**	-	**(1,420)**	(1,220)
Purchases from subsidiaries of Chuan Huat Resources Berhad, of which a director has substantial financial interests:				
- Chuan Huat Industrial Marketing Sdn. Bhd.	**43,010**	14,068	**-**	-
- Chuan Huat Hardware Sdn. Bhd.	**1,255**	873	**-**	-

42. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Purchases from following companies which a director has substantial financial interests, and is also a director:				
- QMC Sdn. Bhd.	**1,127**	451	**-**	-
- Kemaman Quary Sdn. Bhd.	**1**	2	**-**	-
- MIM Waste Services Sdn. Bhd.	**94**	-	**-**	-
Sales to the following companies of which a director has substantial financial interests, and is also a director				
- Kemaman Quary Sdn. Bhd.	**(129)**	(128)	**-**	-
- MIM Waste Services Sdn. Bhd.	**(395)**	-	**-**	-
Non-trade				
Rental of office payable to subsidiaries	**-**	-	**3,648**	3,414
Administrative service payable to ultimate holding company	**127**	129	**-**	-
Insurance premium paid or payable to ultimate holding company	**503**	1,029	**-**	-
Purchase of property, plant and equipment from ultimate holding company	**1,750**	-	**1,750**	-
Rental of land paid to a director of the Company	**478**	1,402	**-**	-
Rental payable to ultimate holding company	**120**	120	**-**	-
Security services charges paid to MIM Protection Sdn. Bhd., of which certain directors has substantial financial interests and are also the directors	**4,859**	3,516	**-**	-

The outstanding balances arising from the above transactions have been disclosed in Notes 23 and 33.

43. SIGNIFICANT EVENT DURING THE YEAR

On 21 December 2018, the Company has acquired 600,001 ordinary shares, representing 50% of issued and paid-up share capital of PalmaCorp Sdn. Bhd. from Tan Sri Dato' Sri Haji Wan Zaki Bin Haji Wan Muda and Zaki Holdings (M) Sdn. Bhd. for a total cash consideration of RM2,640,000. Following the acquisition, PalmaCorp Sdn. Bhd. became an associate to the Company.

Currently, PalmaCorp Sdn. Bhd is a dormant company and its intended principal activity is property development.

The acquisition does not have any material impact on the earnings and the net assets of the Company as at 31 December 2018.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Transition from Financial Reporting Standards ("FRS") to Malaysian Financial Reporting Standards ("MFRS") Framework

As disclosed in Note 2.2, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The date of transition to MFRS Framework is on 1 January 2017.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position as at 1 January 2017 (the Group's and the Company's date of transition to MFRSs).

The transition to MFRSs does not have a material financial impact to the separate financial statements of the Company, except for the effects as disclosed below.

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial performance, financial position, and cash flows is set out as follows:

Reconciliation of profit or loss and other comprehensive income for the year ended 31 December 2017

		Group		
	Note	FRSs	Effects of transition to MFRSs	MFRSs
		RM'000	RM'000	RM'000
Revenue		960,620	-	960,620
Cost of sales		(785,992)	-	(785,992)
Gross profit		174,628	-	174,628
Other operating income		4,164	-	4,164
Administrative expenses	a	(113,141)	260	(112,881)
Other operating expenses		(12,758)	(36)	(12,794)
Profit from operating activities		52,893	224	53,117
Finance income		64,080	-	64,080
Finance costs		(55,281)	-	(55,281)
Net finance income		8,799	-	8,799
Share of profit of joint ventures, net of tax		-	-	-
Profit before tax		61,692	224	61,916
Income tax expense		(34,930)	-	(34,930)
Profit for the year		26,762	224	26,986
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations		7,478	-	7,478
Total other comprehensive income for the year		7,478	-	7,478
Total comprehensive income for the year		34,240	224	34,464

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Reconciliation of financial position

	Note	Group 01.01.2017 FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	a	285,064	172,249	457,313
Prepaid lease payments		20,860	-	20,860
Land held for development		38,630	-	38,630
Biological assets	c	173,055	(173,055)	-
Intangible assets		41,060	-	41,060
Concession service assets		398,071	-	398,071
Goodwill		36,490	-	36,490
Investments in associates		165	-	165
Interests in joint ventures		34	-	34
Investments in financial assets		116	-	116
Deferred tax assets		22,712	-	22,712
Trade and other receivables		704,236	-	704,236
Total Non-Current Assets		1,720,493	(806)	1,719,687
Current Assets				
Biological assets	c	-	238	238
Inventories		12,222	-	12,222
Property development costs		19,366	-	19,366
Current tax assets		11,782	-	11,782
Construction contract assets		-	475,022	475,022
Trade and other receivables		786,517	(475,022)	311,495
Other investments		823,856	-	823,856
Cash and deposits		190,052	-	190,052
Total Current Assets		1,843,795	238	1,844,033
Total Assets		3,564,288	(568)	3,563,720

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Reconciliation of financial position (Cont'd)

	Note	Group 01.01.2017 FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital		120,885	-	120,885
Reserves	a,b,c	244,031	(256)	243,775
Equity attributable to owners of the Company		364,916	(256)	364,660
Non-controlling interests		23,431	-	23,431
Total Equity		388,347	(256)	388,091
Non-Current and Deferred Liabilities				
Loans and borrowings		2,000,353	-	2,000,353
Employee benefits		2,836	-	2,836
Deferred tax liabilities	a	75,097	(312)	74,785
Trade and other payables		57,800	-	57,800
Total Non-Current and Deferred Liabilities		2,136,086	(312)	2,135,774
Current Liabilities				
Loans and borrowings		187,424	-	187,424
Trade and other payables		852,127	-	852,127
Current tax liabilities		304	-	304
Total Current Liabilities		1,039,855	-	1,039,855
Total Liabilities		3,175,941	(312)	3,175,629
Total Equity and Liabilities		3,564,288	(568)	3,563,720

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Reconciliation of financial position (Cont'd)

	Note	FRSs RM'000	Group 31.12.2017 Effects of transition to MFRSs RM'000	MFRSs RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	a	306,870	198,119	504,989
Prepaid lease payments		23,869	-	23,869
Land held for development		36,130	-	36,130
Biological assets	c	198,665	(198,665)	-
Intangible assets		22,620	-	22,620
Concession service assets		829,873	-	829,873
Goodwill		41,781	-	41,781
Investments in associates		165	-	165
Interests in joint ventures		34	-	34
Investments in financial assets		116	-	116
Deferred tax assets		27,294	-	27,294
Trade and other receivables		625,536	-	625,536
Total Non-Current Assets		2,112,953	(546)	2,112,407
Current Assets				
Biological assets	c	-	202	202
Inventories		19,240	-	19,240
Property development costs		15,843	1,668	17,511
Current tax assets		10,898	-	10,898
Construction contract assets		-	251,052	251,052
Trade and other receivables		798,537	(251,052)	547,485
Other investments		699,510	-	699,510
Cash and deposits		281,338	-	281,338
Total Current Assets		1,825,366	1,870	1,827,236
Total Assets		3,938,319	1,324	3,939,643

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Reconciliation of financial position (Cont'd)

	Note	Group 31.12.2017 FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital		197,478	-	197,478
Reserves	a,b,c	248,252	(32)	248,220
Equity attributable to owners of the Company		445,730	(32)	445,698
Non-controlling interests		16,941	-	16,941
Total Equity		462,671	(32)	462,639
Non-Current and Deferred Liabilities				
Loans and borrowings		2,171,467	-	2,171,467
Employee benefits		3,029	-	3,029
Deferred tax liabilities	a	77,426	(312)	77,114
Trade and other payables		116,217	-	116,217
Total Non-Current and Deferred Liabilities		2,368,139	(312)	2,367,827
Current Liabilities				
Loans and borrowings		257,260	-	257,260
Trade and other payables		831,187	-	831,187
Advance billings from property development		-	1,668	1,668
Current tax liabilities		19,062	-	19,062
Total Current Liabilities		1,107,509	1,668	1,109,177
Total Liabilities		3,475,648	1,356	3,477,004
Total Equity and Liabilities		3,938,319	1,324	3,939,643

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Material adjustments to the statements of cash flows for 2017

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSs on the transition from FRS to MFRS framework.

Notes to reconciliation

Note a: Property, plant and equipment – Deemed cost exemption

Under FRSs, investment properties of a subsidiary of the Company are stated at fair value and the subsidiary elected to apply the optional exemption to measure its investment properties at fair value at the date of transition to MFRSs and use that fair value as deemed cost under MFRSs.

Investment properties of the subsidiary comprised a plot of freehold land and building which was used by another subsidiary within the Group. At consolidated level, the investment properties are classified as property, plant and equipment of the Group. The aggregate fair value of the freehold land and building at 1 January 2017 was considered as deemed cost and determined to be RM16,700,000 compared to the cost of property, plant and equipment previously recorded at consolidated level of RM18,000,000.

The impact arising from the change is summarised as follows:

	Group	
	01.01.2017	**31.12.2017**
	RM'000	**RM'000**
Consolidated statement of profit or loss and other comprehensive income		
Administrative expense – depreciation		260
Adjustment before tax		260
Consolidated statement of financial position		
Property, plant and equipment	(806)	(546)
Deferred tax liabilities	312	312
Adjustment to retained earnings	494	234

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Note b: Foreign currency translation differences

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group and the Company has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

	Group	
	01.01.2017	**31.12.2017**
	RM'000	**RM'000**
Consolidated statement of changes in equity		
Foreign currency translation reserve	(8,753)	(8,753)
Adjustments to retained earnings	8,753	8,753

	Company	
	01.01.2017	**31.12.2017**
	RM'000	**RM'000**
Consolidated statement of changes in equity		
Foreign currency translation reserve	1,132	1,132
Adjustments to retained earnings	(1,132)	(1,132)

There was no change on the Group's and the Company's statement of financial position as at 1 January 2017 and 31 December 2017 as these amounts are disclosed as reserves in equity.

Note c: Effects of Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture: Bearer Plants*

On 2 September 2014, the Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants introduce a new category of biological assets i.e. bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agriculture produce. Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Property, plant and equipment - Bearer plants

The Group's bearer plants consist of oil palm trees which the cost includes development expenditure and the plantation infrastructure from land clearing to the point of harvesting. Any replanting costs incurred are capitalised. Prior to the adoption of the Amendments, these costs are currently in biological assets accounts and are measured at cost less accumulated amortisation based on estimated productive years of the plantation of 25 years from the date of maturity. Upon adoption of the Amendments, the net carrying amount of the biological assets accounts was reclassified to bearer plants as part of the Group's property, plant and equipment and depreciated based on estimated yield over 25 years upon maturity.

Biological assets

Prior to the adoption of the Amendments, produce growing on bearer plants were not recognised. Produce growing on bearer plants of the Group comprise fresh fruit bunches ("FFB") prior to harvest.

Following the adoption of the Amendments, these biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets were recognised in profit or loss. The valuation adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value of FFB, the management has considered the quantity of the unripe FFB on bearer plant up to 15 days prior to harvest when there is significant formation of oil content and the quantity will be based on yield per harvest per metric tonne. Cost to sell includes the costs in producing the FFB which are the harvesting costs.

The effect transition to MFRS adjustments comprised:

- Reclassification of plantation development expenditure from biological assets to bearer plants in property, plant and equipment; and
- The recognition of fair value of biological assets of RM238,000 on 1 January 2017 and fair value loss of RM36,000 in year 2017.

The changes that affected the following assets and reserves in the Group's statement of financial position as at 1 January 2017 and 31 December 2017 are as follows:

	Group	
	01.01.2017	**31.12.2017**
	RM'000	**RM'000**
Statement of financial position		
Property, plant and equipment	173,055	198,665
Biological assets	(172,817)	(198,463)
Retained earnings	238	202

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Note d: Adoption of MFRS 15 *Revenue from Contracts with Customers*

The Group's revenue is derived mainly from the engineering and construction business and plantation business.

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 superseded the previous revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective. The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Depending on the substance of a contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

In applying MFRS 15 retrospectively in accordance with the transition provisions of MFRS 1 as a first time adopter, the Group applied the practical expedient on completed contracts, contracts that begin and end within the same annual reporting period were not restated.

The following areas have been identified during the assessment:

- Engineering and Construction segment – This segment mainly involves in building and infrastructures constructions under long-term contracts with customers. This has been identified as single performance obligation. In assessing the impact, the Group has specifically considered MFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to the customer and the timing of related payments. Based on the assessment, the revenue from these construction contracts is recognised over time as the customer controls the projects during the course of construction by the Group.

- Plantation segment – The sales of crude palm oil and kernel are recognised by the Group as the only performance obligation to be recognised at a point of time when control of the goods is transferred to the customer, which is generally upon its collection or delivery. The transaction price is based on a formula determined within the contract which is guided by the industry in the same purchase order.

All other segments' assessments are not material to the Group.

Other than reclassification of Amount due from contract customers which were previously categorised as Trade and other receivables to Construction contract assets in the statements of financial position, the adoption of MFRS 15 has no material impact to the financial statements of the Group.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Note e: Adoption of MFRS 9 *Financial Instruments*

In the current financial year, the Group has applied MFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other MFRS Standards that are effective for the annual period that begins on or after 1 January 2018. The transition provisions of MFRS 9 allow an entity not to restate comparatives.

MFRS 9 introduced new requirements for:

(i) The classification and measurement of financial assets and financial liabilities;

(ii) Impairment of financial assets; and

(iii) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has adopted the full retrospective method in accordance with the transition provisions set out in MFRS9.

(i) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of MFRS 9) is 1 January 2017. Accordingly, the Group has applied the requirements of MFRS 9 to instruments that continue to be recognised as at 1 January 2017 and has not applied the requirements to instruments that have already been de-recognised as at 1 January 2017. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of MFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at fair value through other comprehensive income ("FVTOCI");

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Note e: Adoption of MFRS 9 *Financial Instruments* (Cont'd)

(i) Classification and measurement of financial assets (Cont'd)

The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of MFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's trade and other receivables, deposits, cash and bank balances classified as loans and receivables under MFRS 139 Financial Instruments: Recognition and Measurement that were measured at amortised cost continue to be measured at amortised cost under MFRS 9 because they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding;

- the Group's other investments that were classified as financial assets designated at FVTPL under MFRS 139 continue to be classified as financial assets at FVTPL because they are held within a business model whose objective is both to collect cash flows and to sell the unit trust but it does not give rise to a contractual payments of principal and interest on the amount invested;

- the Group's unquoted investments and club memberships that were classified as available-for-sale investments carried at fair value at each reporting date under MFRS 139 are measured as fair value and designated at FVTPL which may arise in gain or loss to be recognised in profit or loss.

None of the reclassifications of financial assets have had any material impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(ii) Impairment of financial assets

In relation to the impairment of financial assets, MFRS 9 requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than an incurred credit loss model under FRS 139. The ECL model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Financial assets measured at amortised cost and contracts assets will be subject to the impairment provisions of MFRS 9.

MFRS 9 requires the Group to recognise a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts to which the impairment requirements of MFRS 9 apply.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Note e: Adoption of MFRS 9 *Financial Instruments* (Cont'd)

(ii) Impairment of financial assets (Cont'd)

In particular, MFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. MFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Group applies the simplified approach and recognises lifetime ECL for its trade receivables. The Group assessment on the calculation of ECL rates were segmented according to potential exposures based on common credit risk characteristics such as nature of business, type of projects undertaking and selection of similar type of customers.

For the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of transition to MFRSs (i.e. 1 January 2017), the Directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2017.

Refer to Note 36.3 for detailed disclosures relating to impairment of financial assets.

(iii) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

The application of the MFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Group for the current and/or prior years as the Group does not apply hedge accounting and has no intention of doing so at the moment.

45. COMPARATIVE FIGURES

The following comparative figures of the Group for the financial year ended 31 December 2017 have been reclassified to conform with the current year's presentation.

	As previously reported RM'000	Reclassifications RM'000	As reclassified RM'000
31 December 2017			
Statement of Cash Flows			
Net cash used in operating activities	(215,977)	19,272	(196,705)
Net cash from financing activities	271,019	(35,280)	235,739
Net increase in cash and cash equivalents	83,681	(16,008)	67,673
Effect of exchange rate fluctuations on cash held	3,736	(3,736)	-
Cash and cash equivalents at beginning of the year	115,289	(11,518)	103,771
Cash and cash equivalents at end of the year	202,706	(31,262)	171,444

Statement by Directors

The Directors of **AHMAD ZAKI RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

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

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA

Kuala Lumpur,
26 April 2019

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, **MOHAMMAD ASHRAF BIN MD RADZI**, the officer primarily responsible for the financial management of **AHMAD ZAKI RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

MOHAMMAD ASHRAF BIN MD RADZI

Subscribed and solemnly declared by the abovenamed **MOHAMMAD ASHRAF BIN MD RADZI** at **KUALA LUMPUR** this 26th day of April, 2019.

Before me,

COMMISSIONER FOR OATHS

Directors' Interests
in Shares and Warrants
As at 29 March 2019

Issued and Fully Paid-up Share Capital	:	598,097,678[#]
Class of Shares	:	Ordinary Share
Voting Rights	:	One vote per share

inclusive of 1,662,862 ordinary shares held as treasury shares as at 29 March 2019

	Number of Ordinary Shares			
	Direct Interest	**%**	**Deemed Interest**	**%**
The Company				
Ahmad Zaki Resources Berhad				
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	0	0	0	0
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4,747,471	0.79	321,927,959 *	53.82 *
Dato' Sri Wan Zakariah bin Haji Wan Muda	4,966,220	0.83	0	0
Dato' W Zulkifli bin Haji W Muda	9,003,789	1.51	263,125	0.04
Dato' Haji Roslan bin Tan Sri Jaffar	891,562	0.15	492,187 *	0.08 *
Dato' Haji Mustaffa bin Mohamad	2,812,510	0.47	1,500,512 *	0.25 *
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	0	0	0	0
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	3,011,249	0.50	0	0
Dato' Sr. Abdull Manaf bin Hj Hashim	160,000	0.03	0	0
Ultimate Holding Company				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	3,000,001	30.00	2,500,001	25.00
Dato' Sri Wan Zakariah bin Haji Wan Muda	1,250,000	12.50	0	0
Dato' W Zulkifli bin Haji W Muda	1,250,000	12.50	0	0

Directors' Interests
in Shares and Warrants
As at 29 March 2019

	Warrants 2014/2024					
	Direct Interest	%	Deemed Interest		%	
The Company						
Ahmad Zaki Resources Berhad						
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	0	0	0		0	
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	985,676	0.85	63,622,038	*	54.75	*
Dato' Sri Wan Zakariah bin Haji Wan Muda	429,368	0.37	0		0	
Dato' W Zulkifli bin Haji W Muda	225,153	0	0		0	
Dato' Haji Roslan bin Tan Sri Jaffar	139,218	0.12	105,468	*	0.09	*
Dato' Haji Mustaffa bin Mohamad	0	0	56	*	0	#*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	0	0	0		0	
Datuk (Prof.) A. Rahman @ Omar bin Abdullah	0	0	0		0	
Dato' Sr. Abdull Manaf bin Hj Hashim	0	0	0		0	

* securities held through person(s) connected with the Director

\# negligible

By virtue of Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda having an interest of more than 20% 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 at 29 March 2019.

Analysis
of Shareholdings
As at 29 March 2019

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders		No. of Shareholdings		% of Shareholdings	
Category	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
LESS THAN 100 SHARES	469	7	17,648	308	0.003	0.00
100 TO 1,000 SHARES	380	3	147,360	1,911	0.025	0.00
1,001 TO 10,000 SHARES	2,134	13	10,920,039	69,607	1.831	0.01
10,001 TO 100,000 SHARES	2,117	36	62,642,294	1,376,581	10.50	0.23
100,001 TO LESS THAN 5% OF ISSUED SHARES	314	11	196,079,450	5,619,782	32.88	0.94
5% AND ABOVE OF ISSUED SHARES	3	0	319,559,836	0	53.58	0.00
TOTAL	**5,417**	**70**	**589,366,627**	**7,068,189**	**98.82**	**1.18**

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

		No. of Ordinary Shares			
		Direct Interest	**%**	**Deemed Interest**	**%**
1.	ZAKI HOLDINGS (M) SDN BHD	250,147,336	41.82	0	0
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD	69,412,500	11.61	0	0
3.	TAN SRI DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	4,747,471	0.79	321,927,959 *	53.82 *

* Shares held through persons connected with the Director

Analysis
of Shareholdings
As at 29 March 2019

LIST OF 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Shareholder	Shares held	%
1	ZAKI HOLDINGS (M) SDN BHD	207,195,880	34.74
2	AMSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD	69,412,500	11.64
3	ZAKI HOLDINGS (M) SDN BHD	42,951,456	7.20
4	URUSHARTA JAMAAH SDN BHD	21,766,700	3.65
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG GOON KHING (E-SRK)	16,000,000	2.68
6	NEOH CHOO EE & COMPANY SDN BERHAD	9,687,375	1.62
7	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC SELECT TREASURES FUND	6,834,825	1.15
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR DATO' W ZULKIFLI BIN HAJI W MUDA	6,108,750	1.01
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	5,957,212	1.00
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA	4,909,970	0.82
11	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC SELECT TREASURES GROWTH FUND	4,437,562	0.74
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	4,258,867	0.71
13	CITIGROUP NOMINEES TEMPATAN SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWANG SM CF)	4,029,975	0.68
14	CITIGROUP NOMINEES (ASING) SDN BHD - EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	3,246,825	0.54
15	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC OPPORTUNITIES FUND	3,134,362	0.53

LIST OF 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

No.	Shareholder	Shares held	%
16	ROSNITA BINTI YUNUS	3,052,950	0.51
17	DATUK (PROF.) A. RAHMAN @ OMAR BIN ABDULLAH	3,011,249	0.50
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR DATO' W ZULKIFLI BIN HAJI W MUDA	2,868,750	0.48
19	DATO' SRI NG TECK LONG	2,839,000	0.48
20	LEMBAGA TABUNG HAJI	2,720,837	0.45
21	LIM BOON LIAT	2,624,850	0.44
22	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD - AIIMAN ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	2,546,212	0.43
23	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES FOR ACCOUNT FOR DATO' HAJI MUSTAFFA BIN MOHAMAD	2,362,500	0.40
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SU TIING UH	2,115,000	0.35
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MYBK AM SC E)	1,991,250	0.33
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (M02)	1,650,000	0.28
27	FUNG LEE YIN	1,558,350	0.26
28	NAIMAH BINTI HASHIM	1,500,512	0.25
29	CHAN WENG WAI	1,500,000	0.25
30	LAW HWEE YEE	1,350,000	0.23

The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 1,662,862 ordinary shares held as treasury shares as at 29 March 2019.

Analysis

of Warrantholdings

As at 29 March 2019

DISTRIBUTION OF WARRANTHOLDINGS

	No. of Warrantholders		No. of Warrantholdings		% of Warrantholdings	
Category	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
LESS THAN 100 WARRANTS	218	3	10,704	140	0.01	0.00
100 TO 1,000 WARRANTS	198	2	115,566	1,181	0.10	0.00
1,001 TO 10,000 WARRANTS	649	8	2,533,192	52,982	2.18	0.05
10,001 TO 100,000 WARRANTS	350	7	10,955,910	254,366	9.43	0.22
100,001 TO LESS THAN 5% OF ISSUED WARRANTS	68	5	21,833,802	2,844,293	18.79	2.44
5% AND ABOVE OF ISSUED WARRANTS	2	0	77,599,816	0	66.78	0.00
TOTAL	**1,485**	**25**	**113,048,990**	**3,152,962**	**97.29**	**2.71**

LIST OF 30 LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS

No.	Warrantholder	Warrants held	%
1	ZAKI HOLDINGS (M) SDN BHD	63,166,416	54.36
2	URUSHARTA JAMAAH SDN BHD	14,433,400	12.42
3	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR VINCENT WONG SOON CHOY	2,812,500	2.42
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TANG SING LING	2,417,862	2.08
5	CHAI HUEY YNG	2,250,000	1.94
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SI THO YOKE MENG (6000156)	11,518,750	1.31
7	LEONG PAI NYOK	991,312	0.85
8	TAN SRI DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	985,676	0.85

Analysis
of Warrantholdings
As at 29 March 2019

DISTRIBUTION OF WARRANTHOLDINGS (CONT'D)

No.	Warrantholder	Warrants held	%
9	DATO' SRI NG TECK LONG	562,556	0.48
10	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEN NGAU (REM 636)	520,050	0.45
11	LEE BOON HENG	484,087	0.42
12	DATO' SRI NG TECK LONG	455,900	0.39
13	CHONG TECK LIM	443,137	0.38
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SU TIING UH	440,550	0.38
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA	429,368	0.37
16	TAN SOO LEE	337,500	0.29
17	LOH PEK HAR	315,000	0.27
18	KAM SIONG CHEE	310,991	0.27
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TEH TEONG SENG (7003751)	309,375	0.27
20	YEO CHIN KIANG	289,675	0.25
21	ROWE INCORPORATED SDN BHD	281,250	0.24
22	KHAW KENG HONG	250,650	0.22
23	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TAN SENG HENG (033)	250,000	0.22
24	CHUNG FAH WOON	245,062	0.21
25	LIM BOON LIAT	243,675	0.21

Analysis
of Warrantholdings
As at 29 March 2019

DISTRIBUTION OF WARRANTHOLDINGS (CONT'D)

No.	Warrantholder	Warrants held	%
26	THIAN OWN CHIN	230,000	0.20
27	DATO' W ZULKIFLI BIN HAJI W MUDA	225,153	0.19
28	NG KO CHEE	225,000	0.19
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE TECK BUOY	225,000	0.19
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR YONG CHEE HON (E-SS2)	220,193	0.19

List
of Properties
As at 29 March 2019

No.	Title & Location of Property	Date of Acquisition	Description of Properties (existing use)	Tenure (Age of Building)	Total Land Area / (built up area)	NBV / Prepaid Lease Payment (RM'000)
1	EMR 873, Lot 826 Mukim Sungai Karang Kuantan, Pahang Darul Makmur	30.10.1993	Land and Hotel building	Freehold (23 years)	202,815 sq.ft/ (64,670 sq.ft.)	15,993
2	GM372 Lot 981 and GRN37357 Lot 985 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	20.01.1994 & 16.02.1994	Menara AZRB	Freehold (6 years)	55,017 sq. ft.	51,337
3	Lot PT2100, HSD 722 Mukim Kuala Telemong, Daerah Hulu Terengganu Terengganu Darul Iman	15.07.2003	Vacant land for quarry operation	Leasehold expiring in year 2025	20 ha	49
4	HGU No. 5, Desa Amboyo Selatan Kecamatan Ngabang Kabuputen Pontianak Kalimantan Barat Republik Indonesia	31.05.2005	Land for cultivation	Leasehold expiring in year 2033	6,763.89 ha	18,353
5	GM 1012 Lot 22050 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	03.08.2007	Menara AZRB car park	Freehold	12,066.34 sq. ft.	1,448
6	GM 1754 Lot 167 Mukim Sabai, Daerah Bentong Pahang Darul Makmur	08.10.2010	Vacant land	Freehold	4.578 ha	960
7	HS (D) 29915, Lot PT 91677 Mukim Kuala Kuantan, Daerah Kuantan Pahang Darul Makmur	18.07.2012	Land held for Development	Freehold	12.141 ha	8,959
8	GRN 11795, Lot 41184 Mukim Kuala Kuantan Daerah Kuantan, Pahang Darul Makmur	20.01.2015	Land held for Development	Freehold	2.529 ha	4,640

List
of Properties
As at 29 March 2019

No.	Title & Location of Property	Date of Acquisition	Description of Properties (existing use)	Tenure (Age of Building)	Total Land Area / (built up area)	NBV / Prepaid Lease Payment (RM'000)
9	GM 2413-GM2451 Lot 60011-Lot 60021, Lot 60023-Lot 60050 Mukim Kemasik, Tempat Kampung Semayor Daerah Kemaman, Terengganu Darul Iman	08.01.2015	Land held for Development	Freehold	18,152 sq. m.	3,129
10	Lot 8316, PT18854 - PT19458 Mukim Bukit Payung, Daerah Marang Terengganu Darul Iman	10.09.2015	Land held for Development	Leasehold expiring in year 2115	66.96 acres	7,500
11	Geran 25668, Lot 4806 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	642.4 sq. m.	2,078
12	Geran 25669, Lot 4807 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	463.1 sq. m.	1,499
13	Geran 25670, Lot 4808 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	701.9 sq. m.	2,270
14	Geran 34944, Lot 4809 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	698.1 sq. m.	2,258
15	Geran 26152, Lot 4812 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	772.7 sq. m.	2,903
16	GM 1011, Lot 22049 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	278.0 sq. m.	928

Notice of
Annual General Meeting

22nd Annual General Meeting

Venue:
Banquet Hall, 1st Level,
Main Lobby, TPC Kuala Lumpur,
10, Jalan 1/170D,
Off Jalan Bukit Kiara,
60000 Kuala Lumpur

Day/Date/Time:
Friday, 21 June 2019
at 10.00 a.m.

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting ("AGM") of the Company will be held at the Banquet Hall, 1st Level, Main Lobby, TPC Kuala Lumpur, 10, Jalan 1/170D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 21 June 2019 at 10.00 a.m. for the following purposes:

AGENDA

Ordinary Business

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.	**Please refer to Note A**
2.	To approve the payment of Directors' fees and benefits for the financial year ended 31 December 2018.	**Resolution 1**
3.	To approve the payment of Directors' fees and benefits of up to RM850,000 for the financial year ending 31 December 2019.	**Resolution 2**
4.	To re-elect the following Directors who retire pursuant to Clause 95 of the Company's Constitution:	
	(i) Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	**Resolution 3**
	(ii) Dato' Haji Mustaffa bin Mohamad	**Resolution 4**
	(iii) Dato' W Zulkifli bin Haji W Muda	**Resolution 5**
5.	To re-appoint Messrs Deloitte PLT as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Resolution 6**

Special Business

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

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

"THAT, subject to the Companies Act, 2016, the Constitution of the Company and the approval from the relevant authorities, where such approval is necessary, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016, to issue and allot shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued." **Resolution 7**

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities, 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 30 April 2019 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. **Resolution 8**
AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next AGM of the Company (being the 23rd 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 23rd AGM of the Company) is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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. **AUTHORITY TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

   (i) "THAT Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company." **Resolution 9**

   (ii) "THAT Datuk (Prof.) A. Rahman @ Omar bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company." **Resolution 10**

BY ORDER OF THE BOARD

DATO' HAJI BAHARI BIN JOHARI (LS 0008773)
SEUHAILEY BINTI SHAMSUDIN (MAICSA 7046575)
WONG MAW CHUAN (MIA 7413)
Company Secretaries

Kuala Lumpur
30 April 2019

Notes:

A. This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1) of the Companies Act, 2016 do not require a formal approval of the shareholders and hence, is not put forward for voting.

1. A member of the Company shall not be entitled to appoint more than 2 proxies to attend, participate, speak and vote at the same meeting and where the member appoints 2 proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.

2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. 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 shall be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur of the Company, or at such other place within Malaysia is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. If the appointer is a corporation, either under its Common Seal (if any) or under the hand of an officer or attorney duly authorised.

4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions as set out in this Notice will be put to vote by way of poll.

5. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 14 June 2019 shall be eligible to attend, participate, speak and vote at the 22nd AGM or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes on Special Business:

6. **Resolution 7**

   The Ordinary Resolution 7 is proposed to seek a renewal of general mandate for authority to issue shares pursuant to Sections 75 and 76 of the Act. If the resolution is passed, it will give the Directors of the Company from the date of the above meeting, authority to issue and allot 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 would consider in the best interest of the Company. The approval is sought to avoid any delay and cost involved in convening a general meeting for such issuance of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

Explanatory Notes on Special Business: (Cont'd)

6. **Resolution 7 (Cont'd)**

The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for the purpose of repayment of bank borrowings, funding future investment and working capital.

The Company had undertaken a Bonus Issue of up to 79,840,322 new ordinary shares in the Company ("Bonus Issue") to be credited as fully paid-up on the basis of 1 Bonus Share for every 8 existing shares of the Company ("Bonus Issue"). The Bonus Issue has been completed following the listing of and quotation for 66,454,852 new Bonus Share (including 184,762 treasury shares) pursuant to the Bonus Issue and 12,910,919 additional warrants arising from the adjustment as a result of the Bonus Issue on the Main Market of Bursa Securities on 17 December 2018.

7. **Resolution 8**

The Ordinary Resolution 8, if passed will enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities.

8. **Resolutions 9 and 10**

The Nomination Committee has assessed the independence of Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad and Datuk (Prof.) A. Rahman @ Omar bin Abdullah, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(i) They had fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Securities, and hence, they would be able to provide an element of objectivity, independent judgement and balance to the Board;

(ii) Their length of services on the Board of more than 9 years does not in any way interfere with their exercise of objective judgement or their ability to act in the best interests of the Company and Group. In fact, both of them, having been with the Company for more than 9 years, are familiar with the Group's business operations and have devoted sufficient time and commitment to their role and responsibilities as Independent Directors for informed and balance decision making; and

(iii) They have exercised due care during their tenures as Independent Directors of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the interest of the Company and its shareholders.

9. **Statement Accompanying the Notice of AGM**

Pursuant to paragraph 8.27(2) of the Main Marketing Listing Requirements of Bursa Securities, the Notice convening an AGM is to be accompanied by a statement furnishing details of individuals who are standing for election as directors. This requirement excludes directors who are standing for re-election.

No individual is standing for election as a Director at the 22nd AGM of the Company.

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Form of Proxy

Number of Shares Held	Shareholder's Contact No.

AZRB
AHMAD ZAKI RESOURCES BERHAD
(432768-X)

*I/We, ______________________________ NRIC/Company No. ______________
(Full name as per NRIC/Certificate of Incorporation)

of ____
(Full address)

being a member of **AHMAD ZAKI RESOURCES BERHAD,** hereby appoint:

______________________________ NRIC No. ______________

*and/or failing him/her ______________________________ NRIC No. ______________

or failing *him/her/both, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 22nd Annual General Meeting ("AGM") of the Company to be held at the Banquet Hall, 1st Level, Main Lobby, TPC Kuala Lumpur, 10, Jalan 1/170D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 21 June 2019 at 10.00 a.m. and at every adjournment thereof, on the following resolutions referred to in the Notice of AGM.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:
(The Table below should be completed only when 2 proxies are appointed)

	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
Total:		

*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		
10.	RESOLUTION 10		

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

Date: ______________

____
Signature(s)/Common Seal of Member
(if applicable)

* Delete where inapplicable.

Notes:

1. A member of the Company shall not be entitled to appoint more than 2 proxies to attend, participate, speak and vote at the same meeting and where the member appoints 2 proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. 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 shall be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur of the Company, or at such other place within Malaysia is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. If the appointer is a corporation, either under its Common Seal (if any) or under the hand of an officer or attorney duly authorised.
4. Pursuant to Paragraph 8.29A(1) of the Main Marketing Listing Requirements of Bursa Securities, all the resolutions as set out in this Notice will be put to vote by way of poll.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 14 June 2019 shall be eligible to attend, participate, speak and vote at the 22nd Annual General Meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

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STAMP

MEGA CORPORATE SERVICES SDN BHD
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Fold here

Menara AZRB
No. 71, Persiaran Gurney, 54000 Kuala Lumpur, Malaysia
Tel : +603-2698 7171 **Fax** : +603-2694 8181 **Email** : azrb@azrb.com

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