AHMAD ZAKI RESOURCES BERHAD (432768-X)
No. 88, Jalan Gombak, Setapak,
53000 Kuala Lumpur, Malaysia.
Tel : +603-4024 1000
Fax : +603-4024 2000
Email : azrb@azrb.com

www.azrb.com

AHMAD ZAKI RESOURCES BERHAD (432768-X) I Annual Report 2010

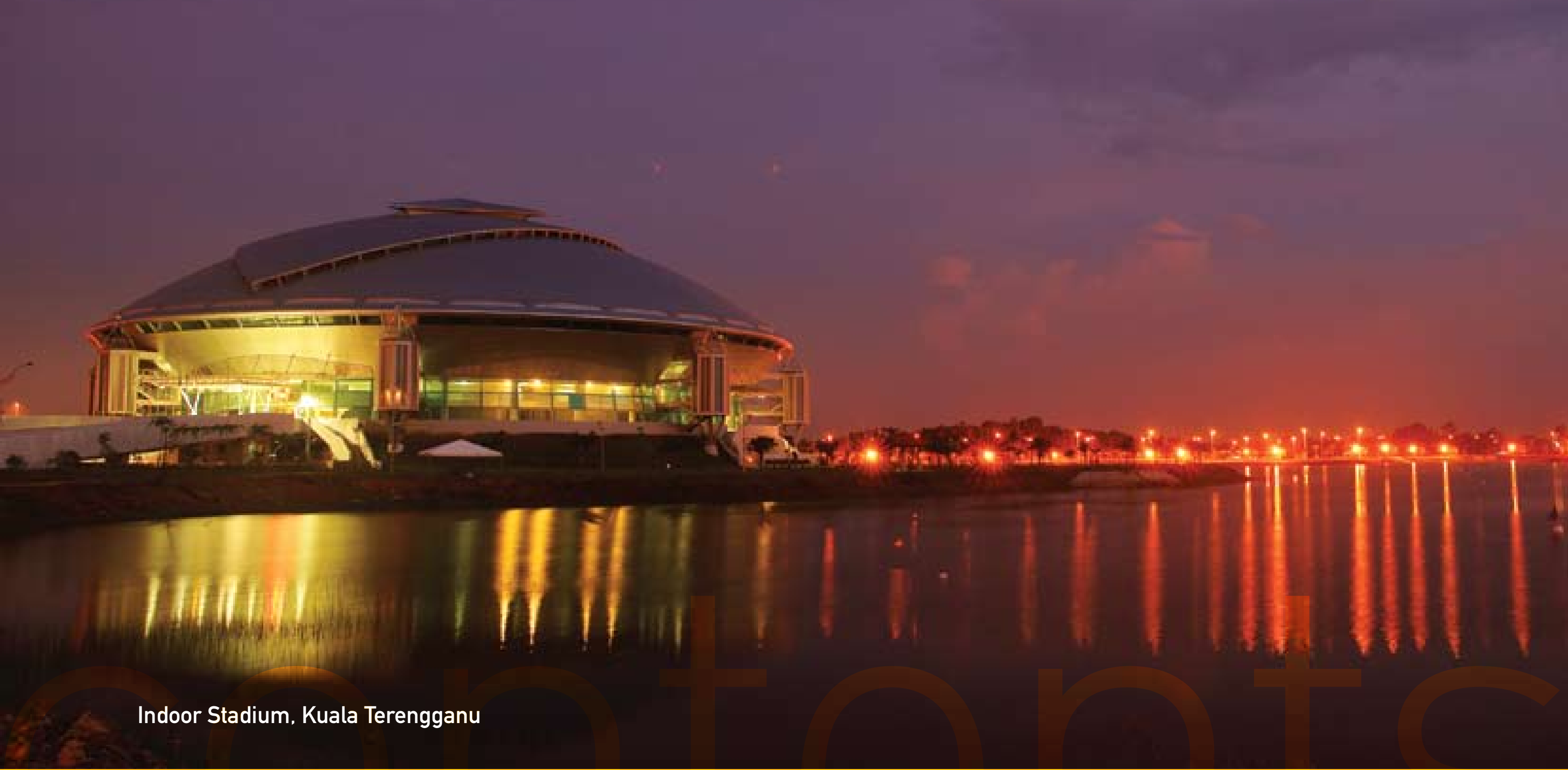
AZRB
AHMAD ZAKI RESOURCES BERHAD
(432768-X)

Annual Report 2010




2010

contents 2010



Indoor Stadium, Kuala Terengganu

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the Company will be held at Dillenia & Eugenia Room, Ground Floor, SIME Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 20 June 2011 at 10.00 am for the following purposes:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. (Please refer to Note A)

2. To approve the payment of Directors' fees for the year ended 31 December 2010. (Resolution 1)

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

   (i) Dato' Haji Mustaffa bin Mohamed *(Article 80)* (Resolution 2)

   (ii) Dato' W Zulkifli bin W Muda *(Article 80)* (Resolution 3)

   (iii) Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Article 87)* (Resolution 4)

4. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

   Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965, as set out in page 176 of the Annual Report, has been received by the Company for the nomination of Messrs KPMG for appointment as Auditors and of the intention to propose the following Ordinary Resolution:

   "**THAT**, Messrs KPMG, be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Moore Stephens AC, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

As Special Business:

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

5. **ORDINARY RESOLUTION** (Resolution 6)
   - AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES

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

6. **ORDINARY RESOLUTION** (Resolution 7)
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particularly of which are set out in the Circular to Shareholders dated 27 May 2011 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders and that such transactions are made on the arm's length basis and on normal commercial terms.

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

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company (being the 15th 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 15th AGM of the Company) is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earliest,

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

7. **SPECIAL RESOLUTION** (Resolution 8)
- PROPOSED AMENDMENTS TO ARTICLE 142 OF THE COMPANY'S ARTICLES OF ASSOCIATION

THAT the existing Article 142 of the Company's Articles of Association be deleted in its entirety and the following new Article 142 be inserted to replace the existing Article 142.

"Any dividend, interest or other money payable in cash in respect of shares may be paid by cheques or warrant sent through the post directed to the registered address of the Holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct or paid by direct credit or bank transfer via electronic transfer of remittance to the account provided by the holder or one of the joint holders who is named on the Register of Members and/or Record of Depositors (as the case may be). Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent or remitted, and the payment of any such cheque or warrant or electronic transfer of remittance shall operate as a good and full discharge to the Company in respect of the dividend, interest or other money payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or that there is discrepancy in the details of the bank account(s) given by the Members or persons entitled to the payment. Every such cheque and warrant or funds crediting shall be sent or credited at the risk of the Members or persons entitled to the money thereby represented."

By Order of the Board

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

Kuala Lumpur
27 May 2011

NOTES:

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

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

EXPLANATORY NOTES ON SPECIAL BUSINESS:

7. **Resolution 6**
   The proposed ordinary resolution No. 6, if passed, will give powers to the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors would consider in the best interest of the Company. The approval is sought to avoid any delay and cost involved in convening a general meeting for such issuance of shares. This authority, unless revoked or varied at a general meeting will expire at the next AGM of the Company.
8. **Resolution 7**
   Please refer to the Circular to Shareholders dated 27 May 2011 which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2010.
9. **Resolution 8**
   The proposed special resolution No. 8, if passed, will enable Company to implement the Electronic Dividend payment ("eDividend") to comply with the directive of Bursa Malaysia Securities Bhd and also for administrative purpose.

statement accompanying notice of annual general meeting

1. Board Meetings held in the financial year ended 31 December 2010

There were fourteen (14) Board Meetings held during the financial year ended 31 December 2010. Details of the attendance of the Directors are as follows:-

Executive Directors	Total Meeting Attended	% of Attendence
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	14/14	100%
Dato' Wan Zakariah bin Haji Wan Muda	13/14	93%
Dato' Haji Mustaffa bin Mohamad	14/14	100%
Dato' W Zulkifli bin Haji W Muda	11/14	79%
Non-Executive Directors		
Raja Dato' Seri Aman bin Raja Haji Ahmad	14/14	100%
Datuk (Prof) A Rahman @ Omar bin Abdullah	12/14	86%
Dato' Ismail @ Mansor bin Said	11/14	79%
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Appointed w.e.f 15 November 2010)*	1/1	100%

2. Place, date and time of AGM

The 14th Annual General Meeting of the Company will be held at Dillenia & Eugenia Room, Ground Floor, SIME Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 20 June 2011 at 10.00 am.

3. Directors who are seeking for re-election at the 14th Annual General Meeting of the Company

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

(i) Dato' Haji Mustaffa bin Mohamad *(Article 80)*
(ii) Dato' W Zulkifli bin Haji W Muda *(Article 80)*
(iii) Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Article 87)*

Details of Directors are set out on pages 12 to 19 of this Annual Report and their securities holdings in the Company are set out in the Analysis of shareholdings on page 177.

BOARD OF DIRECTORS

Raja Dato' Seri Aman Bin Raja Haji Ahmad
(Independent, Non-Executive Chairman)

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
(Executive Vice Chairman)

Dato' Wan Zakariah Bin Haji Wan Muda
(Managing Director)

Dato' Haji Mustaffa Bin Mohamad
(Executive Director)

Dato' W Zulkifli Bin Haji W Muda
(Executive Director)

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

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

Dato' Ismail @ Mansor Bin Said
(Independent Non-Executive Director)

corporate information

AUDIT COMMITTEE

Raja Dato' Seri Aman Bin Raja Haji Ahmad
(Chairman)

Dato' Haji Ismail @ Mansor Bin Said
(Member)

Datuk (Prof.) A Rahman @ Omar Bin Abdullah
(Member)

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Member) – *Appointed w.e.f. 1 March 2011*

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

REGISTRAR

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

PRINCIPAL BANKERS

AmInvestment Bank Berhad
Alliance Bank Berhad
CIMB Bank Berhad
UOB Bank (M) Berhad

AUDITORS

Moore Stephens AC
Chartered Accountants
A-37-1, Level 37, Menara UOA
Bangsar, No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

corporate structure

CONSTRUCTION & PROPERTIES

1. AHMAD ZAKI SDN BHD
   100%
2. KEMAMAN TECHNOLOGY & INDUSTRIAL PARK SDN BHD
   60%
3. FASA TIMUR SDN BHD
   50%
4. MAXI HERITAGE SDN BHD
   20%
5. TREND VISTA DEVELOPMENT SDN BHD
   100%
6. AZSB MACHINERIES SDN BHD
   100%
7. AZRB PROPERTIES SDN BHD
   100%
8. EKVE SDN BHD
   100%
9. UNGGUL ENERGY & CONSTRUCTION SDN BHD
   100%
10. PENINSULAR BRIDGE MANAGEMENT & CONSTRUCTION SDN BHD *(formerly known as PBMC Sdn Bhd)*
   100%

OVERSEAS INVESTMENT

1. AZRB CONSTRUCTION (INDIA) PVT LTD
   100%
2. AZRB INTERNATIONAL VENTURES SDN BHD
   100%
3. AHMAD ZAKI SAUDI ARABIA CO LTD
   100%

OIL & GAS

1. INTER-CENTURY SDN BHD
   100%
2. ASTRAL FAR EAST SDN BHD
   100%

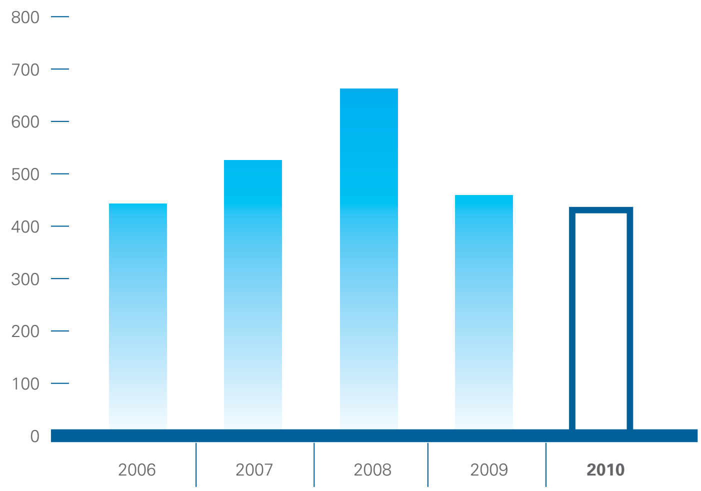
PLANTATION

1. PT ICTHIAR GUSTI PUDI
   95%

QUARRY OPERATION

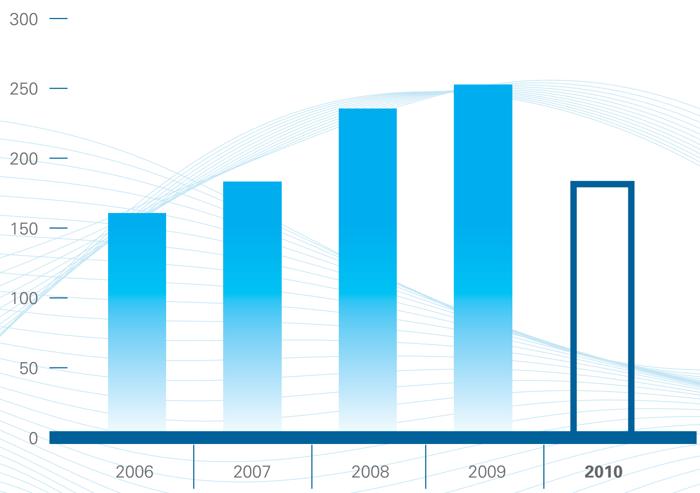
1. TADOK GRANITE MANUFACTURING SDN BHD
   100%

5-year financial highlights



Revenue

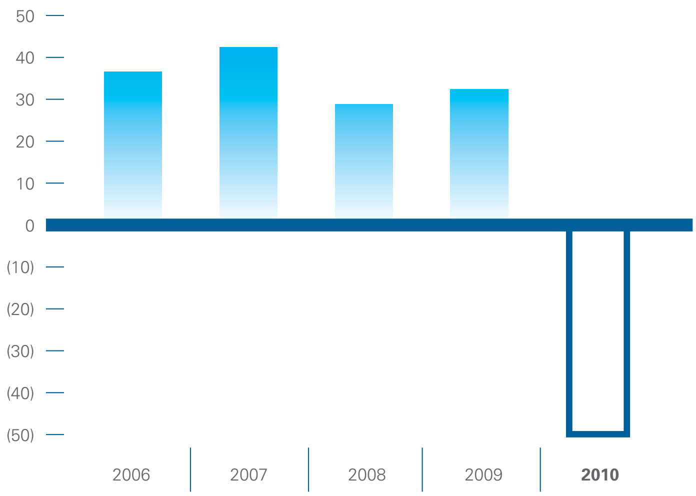
RM 430.7 Million



Shareholders' Funds

RM 181.5 Million

Group Five Year Summary	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
	Year Ended 31 December				
Revenue	442,600	525,771	662,677	459,400	430,713
Profit/Loss Before Taxation	36,560	42,400	28,868	32,429	(49,914)
Profit/Loss After Taxation & Minority Interest	23,221	26,187	15,644	20,765	(61,630)
Paid Up Capital	66,710	69,132	138,266	138,318	138,348
Shareholders' Funds	160,553	182,978	235,275	251,570	181,455
Net Tangible Assets Per Share (sen)	235	259	84	90	64

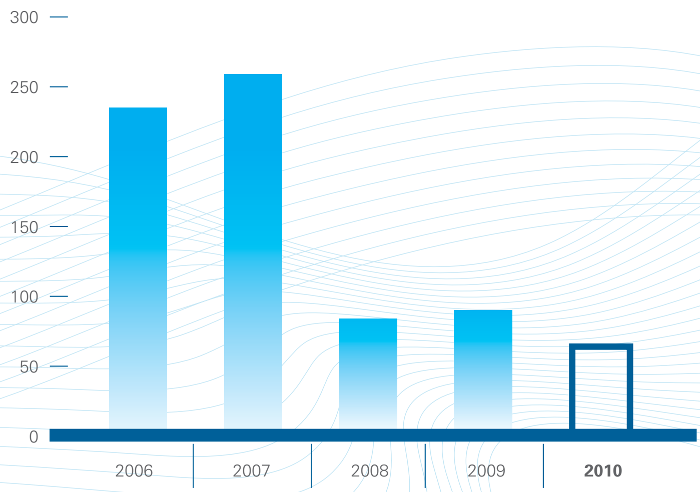


Profit/(Loss) Before Taxation

RM **(49.9)** Million

Net Tangible Assets Per Share

64.0 SEN




TUANKU MIZAN ZAINAL ABIDIN MOSQUE

directors'

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

A Malaysian, aged 65, was appointed Chairman and Independent Non-Executive Director and member of Audit Committee on 26 February 2004 and subsequently assumed the Chairmanship of the Audit Committee on 8 April 2004. He is also the Chairman of Board Risk Committee and sits on the Remuneration and Nomination Committees as an ordinary member.

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

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

During the financial year ended 31 December 2010, he attended 14 out of 14 Board meetings held.

profile

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

A Malaysian, aged 62, was appointed the Executive Vice Chairman of AZRB on 24 March 1999. He subsequently held the post of Executive Chairman from 1 March 2000 and was redesignated as Executive Vice Chairman of AZRB on 26 February 2004. He is presently the Chairman of Remuneration Committee and an ordinary member of the Board Risk Committee.

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

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

During the financial year ended 31 December 2010, he attended 14 out of 14 Board meetings held.

Notes:

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

Conflict of Interest
Save as disclosed in the related party transactions on pages 156 to 158 (note 35) of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

Convictions for Offences
None of the Directors have been convicted of any offence (excluding traffic offences) within the last 10 years.

directors'

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA
DSAP, DSSA

A Malaysian, aged 51, joined the board of the Company as an Executive Director on 24 March 1999 and subsequently was appointed to the post of Managing Director on 1 January 2003. He is presently the Chairman of the Establishment Committee and sits as a member of the Remuneration Committee.

On 20 November 2007, Dato' Wan Zakariah was appointed as Non-Executive and Non-Independent Director of Eastern Pacific Industrial Corporation Berhad and resigned on 22 December 2010. He also sits on the boards of directors of several private limited companies.

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

During the financial year ended 31 December 2010, he attended 13 out of 14 Board meetings held.

profile

DATO' HAJI MUSTAFFA BIN MOHAMAD

DPMT, PJK

A Malaysian, aged 60, was appointed an Executive Director of the Company on 24 March 1999 and is an ordinary member of the Establishment Committee.

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

On 20 November 2007, Dato' Haji Mustaffa was appointed as a Non-Executive and Non-Independent Director of Eastern Pacific Industrial Corporation Berhad and resigned on 22 December 2010. He also sits on the boards of directors of several private limited companies.

During the financial year ended 31 December 2010, he attended 14 out of 14 Board meetings held.

directors'

DATO' W ZULKIFLI BIN HAJI W MUDA
DIMP

A Malaysian, aged 49, was appointed a Non-Executive Director on 2 January 1999 and subsequently redesignated as the Executive Director with effect from 1 March 2003. He sits on the Establishment Committee as an ordinary member.

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

Dato' W Zulkifli was appointed as the Alternate Director of Eastern Pacific Industrial Corporation Berhad to Dato' Wan Zakariah bin Haji Wan Muda on 17 May 2009 and resigned on 22 December 2010.

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

During the financial year ended 31 December 2010, he attended 11 out of 14 Board meetings held.

profile

DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH

PJN, DPMT, JSM, SMT, AMN

A Malaysian, aged 66, was appointed an Independent Non-Executive Director on 1 January 2003. Effective from 29 November 2007, he was appointed as an ordinary member of the Audit Committee. He sits on the Audit Committee, Remuneration and Nomination Committee as an ordinary member.

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

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

Among other appointments, he is the past President of the Institution of Surveyors Malaysia, the past President of the Board of Quantity Surveyors Malaysia and currently he is a Fellow of the Academy of Sciences Malaysia.

Datuk (Prof.) A Rahman was appointed as the alternate Director of Eastern Pacific Industrial Corporation Berhad to Dato' Haji Mustaffa Mohammad on 17 May 2009 and resigned on 22 December 2010.

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

During the financial year ended 31 December 2010, he attended 12 out of 14 Board meetings held.

directors'

DATO' ISMAIL @ MANSOR BIN SAID
DPMT, AMN

A Malaysian, aged 62, was appointed a Non-Executive Director on 26 May 1997 and subsequently assumed the responsibility as an Independent Director. He presently sits on the Audit Committee, Board Risk Committee and Remuneration Committee as an ordinary member and is the Chairman of the Nomination Committee.

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

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

During the financial year ended 31 December 2010, he attended 11 out of 14 Board meetings held.

profile

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

A Malaysian, aged 62, was appointed as an Independent Non-Executive Director of the Company on 15 November 2010. He was appointed as a member of the Board Risk Committee and Audit Committee on 29 November 2010 and 1 March 2011 respectively. Tan Sri Dato' Lau obtained his Diploma in Commerce with distinction from Tunku Abdul Rahman College, Malaysia in 1974.

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

During the three-year period immediately preceding 30 September 2010, Tan Sri Dato' Lau served as Independent Non-Executive Director of Nanyang Press Holdings Berhad, Tenaga Nasional Berhad and Chairman of Star Publication (Malaysia) Berhad. As an Independent Non-Executive Director of Tenaga Nasional Berhad, Tan Sri also chaired the Board Audit Committee and sat on the Board Tender Committee.

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

During the financial year ended 31 December 2010, he attended 1 out of 1 Board meeting held since appointment.

statement of internal control

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

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

RISK MANAGEMENT

Pursuant to Best Practices Provision AAI, the Board is expected, in discharging its stewardship responsibilities, to identify principal risks and ensure implementation of appropriate systems to manage these risks. Enterprise Risks Management (ERM) is a structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the Group faces as it creates value. ERM involves a series of workshops with the staff and management and interviews with the top management. Progressive meetings were done by various Risk Committees to address the current risk management issues. This risk management exercise is on going and continuously evolves as the Group expands into new projects, domestic and international and new business ventures.

The following are the key principles of the ERM framework:

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

The Board acknowledges that considerable effort and commitment is required to implement the risk management framework within the Group. To ensure an ongoing implementation of risk management and updates of the risk register, the Board had in 2010 engaged an external party to reassess the Group's current risk profile. The findings from the assessment exercise had been presented to the various Risk Committees and adopted as part of the Group's risk management framework.

statement of internal control (cont'd)

CONTROL ACTIVITIES AND PROCEDURES

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

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

In line with the adopted risk based internal auditing, the Audit Committee had approved the Group's audit plan for the year 2010. The audit plan was derived by the Group's Internal Auditors after evaluating the effectiveness of the Group's system of internal control and mitigation of risks including financial, operational and compliance risks. The audit plan was directed to focus in areas of significant risks to the Group. The plan was formulated in order of priority, areas of high and significant risk critical to the Group's performance and conducts independent risk based audits to ensure that the system of internal controls developed to mitigate those risks identified is effective and working satisfactorily. This yearly audit plan will give the opportunity to structure the audit plan in accordance with the changes in risks the Group may be exposed to the given fact of the objectives, the industry and the organisation itself that are continuously evolving.

INFORMATION AND COMMUNICATION

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

MONITORING

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

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

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

This statement of internal control is made in accordance with the resolution of the Board of Directors dated 28 April 2011.

corporate governance statement

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

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

SECTION 1: DIRECTORS

(a) Composition of the Board

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

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

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

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

(b) Board Responsibilities and Supply of Information

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

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

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

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

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

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

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

NOMINATION COMMITTEE

Primary function

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

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

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

NOMINATION COMMITTEE (CONT'D)

Member

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

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

The Company Secretary is the secretary of the Nomination Committee.

REMUNERATION COMMITTEE

Primary function

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

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

Member

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

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

The Company Secretary is the secretary of the Remuneration Committee.

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

ESTABLISHMENT COMMITTEE

Primary function

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

Member

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

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

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

BOARD RISK COMMITTEE

Primary Function

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

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

The members of the Committee are as follows:

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

(c) Board Meetings

During the financial year ended 31 December 2010, fourteen (14) meetings were held. The date and details of attendance of each Board meeting held are as follows:-

Date of meeting	Venue	Total Board Members	Attendance by Directors (Percentage Attendance) Independent	Non Independent
25 February 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	2 (67%)	4 (100%)
29 March 2010	18th Floor, Executive Club Board Room, Grand Millennium Hotel Kuala Lumpur, 160, Jalan Bukit Bintang 55100 Kuala Lumpur	7	3 (100%)	4 (100%)
20 April 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	3 (100%)	4 (100%)
28 April 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	3 (100%)	3 (75%)
4 May 2010	Board Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre 50088 Kuala Lumpur	7	2 (67%)	4 (100%)
24 May 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	2 (67%)	4 (100%)
26 May 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	3 (100%)	3 (75%)

(c) Board Meetings (Cont'd)

Date of meeting	Venue	Total Board Members	Attendance by Directors (Percentage Attendance) Independent	Non Independent
29 June 2010	Hang Tuah Room, Level 6, Hotel Le Meridien Kuala Lumpur, 2, Jalan Stesen Sentral 50470 Kuala Lumpur	7	3 (100%)	3 (75%)
9 August 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	2 (67%)	3 (75%)
26 August 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	3 (100%)	4 (100%)
21 September 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	3 (100%)	4 (100%)
12 October 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	3 (100%)	4 (100%)
3 November 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	7	2 (67%)	4 (100%)
29 November 2010	4th Floor, Meeting Room Ahmad Zaki Resources Berhad, No 88, Jalan Gombak 53000 Kuala Lumpur	8	4 (100%)	4 (100%)

The details of attendance of each Board member in the Board meetings held during the financial year ended 31 December 2010 is set out in the Statement Accompanying Notice of AGM on page 5 of this Annual Report.

(d) Appointment to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. All decisions on appointments are made by the Board after considering the recommendations of the Nomination Committee. Further details on the Nomination Committee are set out on pages 25 to 26 of this Annual Report.

(e) Directors' Remuneration

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

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

	Salaries* RM	Allowances RM	Fees RM	Bonuses RM	Benefits-in-kind RM	Total RM
Executive Directors	2,366,546	57,000	342,000	278,016	545,600	3,598,162
Non-Executive Directors	-	34,200	521,500	-	24,900	580,600

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

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

Range Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 – RM200,000	-	-
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	-	1
RM300,001 – RM700,000	-	-
RM700,001 – RM750,000	1	-
RM750,001 – RM800,000	1	-
RM800,001 – RM850,000	1	-
RM850,001 – RM1,250,000	-	-
RM1,250,001 – RM1,300,000	1	-

(f) Directors' Training

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

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

(g) Re-election of Directors

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

SECTION 2: RELATIONSHIP WITH SHAREHOLDERS

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

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

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

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

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

SECTION 3: ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

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

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

A statement by the Directors of their responsibilities in preparing the financial statements is set out separately on page 33 of this Annual Report.

(b) Internal Control and Risk Management

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

(c) Relationship with the External Auditors

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

This Statement of Corporate Governance is made in accordance with the resolution of the Board of Directors dated 28 April 2011.

statement of directors' responsibilities in preparing the financial statements

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

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

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

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

This Statement of Directors' responsibilities is made in accordance with the resolution of the Board of Directors dated 28 April 2011.

report of the audit committee

COMPOSITION OF THE AUDIT COMMITTEE / MEMBERSHIP

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

i. Raja Dato Seri Aman bin Raja Haji Ahmad (Chairman)
ii. Datuk (Prof) A. Rahman @ Omar bin Abdullah (Member)
iii. Dato' Ismail @ Mansor bin Said (Member)
iv. Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (Member) *(Appointed w.e.f. 1 March 2011)*

TERMS OF REFERENCE OF AUDIT COMMITTEE

Terms of Membership

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

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

Meetings and Quorum of the Audit Committee

i. The Committee shall meet at least 4 times a year and the quorum shall be at least two persons with majority being Independent Directors. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 36 of this Annual Report.
ii. The Company Secretary shall act as secretary of the Committee.
iii. The Audit Committee may require the attendance of any management staff from the Finance Department or other departments deemed necessary together with a representative or representatives from the external auditors.
iv. The Committee shall meet with the external auditors at least once a year without Executive Board members and management staff present. Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

Functions of the Audit Committee

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

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

Rights of the Audit Committee

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

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

Procedures of Audit Committee

The Audit Committee regulates its own procedures:-

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

Review of the Audit Committee

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

Attendance of Audit Committee Meetings

The details of attendance of each Audit Committee meeting held during the financial year ended 31 December 2010 are as follows:-

Date of meeting	Total committee members	Attendance by committee members (Percentage attendance)
25 February 2010	3	2 (67%)
6 April 2010	3	3 (100%)
28 April 2010	3	3 (100%)
26 May 2010	3	3 (100%)
26 August 2010	3	3 (100%)
29 November 2010	3	3 (100%)

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 31 December 2010 are as follows:-

Name of Audit Committee member	Total meetings attended by Audit Committee member	% of Attendance
Raja Dato Seri Aman bin Raja Haji Ahmad	6/6	100%
Dato' Ismail @ Mansor bin Said	5/6	83%
Datuk (Prof) A. Rahman @ Omar bin Abdullah	6/6	100%

report of audit committee (cont'd)

Activities Undertaken By Audit Committee

The activities of the Audit Committee during the financial year ended 31 December 2010 include the following:-

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

other information

SHARE BUY BACK

During the financial year, there was no share by back transacted, resale or cancellation of treasury shares. As at 31 December 2010, the treasury shares stood at 1,478,100. The purchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

OPTION, WARRANTS OR CONVENTIONAL SECURITIES

Save for the exercise of options pursuant to the Employees' Share Option Scheme, the amount of which is disclosed in Note 34 of the Notes to the Financial Statements, there were no other exercises of options during the financial year ended 31 December 2010.

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

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

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

SANCTIONS AND/PENALTIES

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

PROFIT GUARANTEE

The Company did not implement any corporate proposals to raise funds for the financial year ended 31 December 2010.

STATEMENT OF VALUATION POLICY ON LANDED PROPERTIES

Landed properties held for long term investment purpose.

NON AUDIT FEES

There were no non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2010.

VARIATION IN RESULTS

There is no significant difference between the Audited and Unaudited Results released to the Bursa Securities in respect of the financial year ended 31 December 2010.

MATERIALS CONTRACTS OR LOANS WITH RELATED PARTIES

Save as those disclosed in the following recurrent related parties transactions of a revenue in nature, there were no material contracts or loans entered by the Company and its subsidiaries involved Directors' and major shareholders' interests either subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

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

Nature of the transactions with related party	Entered by	Period covered from 1 January to 30 June of Year 2010 RM'000	Period covered from 1 July to 31 December of Year 2010 RM'000
a) Purchase of building materials from subsidiaries of CHRB			
i. Chuan Huat Industrial marketing Sdn Bhd		8,308	8,362
b) Purchase of building materials from subsidiaries of ZHSB			
i. Kemaman Quarry Sdn Bhd		200	84
ii. QMC Sdn Bhd		428	445
c) Insurance premium paid/payable to ZHSB		437	379
d) Administrative charges paid/payable to ZHSB		60	60
e) Rental of premise paid to Dato' Sri Haji Wan Zaki bin Haji Wan Muda		18	18
f) Accommodation charges paid/payable to RIM		18	10
g) Rental of premises paid to ZHSB		210	210

Relationship of the related parties:

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

quality, health & safety and environment

"AZRB rejoiced for the second consecutive year when we recorded "Zero Occupational Injury" statistics in year 2010 for all of our projects."

WHERE QUALITY AND EXCELLENCE MEETS-CONSTRUCTION LEADERSHIP

In line with our strong advocacy of quality, safety and health and environment, we have effectively implemented the following initiatives and programmes: -

a) Integrated Management System in Quality, Health & Safety, Environment in 2009
b) ISO 9001 in 2003
c) OHSAS 18001 in 2004
d) ISO 14001 in 2008

These initiatives and programmes are perpetually imbedded into our internal development and training schemes to provide our employees with the overall and comprehensive insights of the latest and ever changing technological knowledge, skills and requirements in the construction industry, especially in relation to quality, safety, health and environment.

The approaches and techniques applied in the creation of safety awareness at work place have rewarded us with positive results. AZRB rejoiced for the second consecutive year when we recorded "Zero Occupational Injury" statistics in year 2010 for all of our projects.

In addition, AZRB actively participated in the promotion of Safety and Health in year 2009 to 2010. The main objective is to educate and create awareness amongst our employees on the importance of safety at workplace. The following were some of the key initiatives: -

a) implementation of assessment and evaluation of risks and risks related activities
b) safety briefing and promotion by competent authorities and head of departments at regular intervals, and this includes meeting with the relevant government authorities and agencies
c) participated in safety survey organized by the relevant government authorities and agencies

"The dedication and tireless effort of our safety team in promoting workplace safety and health, and each of the project team individual awareness that they are responsible for their own safety, and others around them, resulted our achievement."

d) introduction of systematic assessment of projects under the Safety & Health Assessment System in Construction ("SHASSIC") programme managed by CIDB.
e) enforcement of Environment Management System ("EMS') to effectively identify activities that could potentially affect the environment.

Under EMS, the following processes were introduced and implemented: -

a) the construction of sedimentation pond, silt trap, check dam and silt fence to avoid silt from flowing into waterways.
b) turfing of slope to avoid erosion
c) regular watering of bare land surfaces to avoid dust
d) compulsory washing of vehicles exiting project sites to avoid road from being damaged and dirtied
e) traffic management to avoid traffic congestion
f) noise reduction management
g) waste management

AZRB is proud to mention, that in matters of quality, safety, health and environment, the Company is always in line and compliance with the international standards and parameters.

chairman's statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ('the Board'), it is my pleasure and privilege to present the Annual Report and Financial Statements of Ahmad Zaki Resources Berhad ('AZRB' or 'the Group') for the year ended 31 December 2010.

OVERVIEW

The year under review has been a record year of sorts for the Group. The Group results for 2010 were profoundly impacted by our Al-Faisal University Project ('AFU Project') in Riyadh, Saudi Arabia, resulting in record losses of RM61 million. It is the Board's opinion that the unilateral seizing of our performance and advanced payment bonds by our client for the AFU Project constituted a breach of contract. The Board, after a careful and detailed consultation with its lawyers have initiated arbitration proceedings against King Faisal Foundation and Al-Faisal University, being the clients at the AFU project. To this effect, the Group had filed a notice of arbitration with the International Chamber of Commerce in Paris on 3 March 2011. Based on the advice from our lawyers, we are strongly of the opinion that the Group has strong grounds for the arbitration and that we stand a good chance of recovering our losses.

Notwithstanding the arbitration process, the Board and Management of AZRB decided that it was in the best interest of the Group and its shareholders that a full write off of excess costs associated with the AFU Project totaling RM93.6 million be made in the financial statements for the year ended 31 December 2010. This decision, whilst painful, is done so that the Group can move forward and ahead to greater heights without fear of a shadow looming overhead. We also believe that as a responsible public entity, recognising the losses up front is the correct thing to do and is in line with corporate governance good practices. I would like to emphasise that such recognition of losses will not affect our legal rights in any way and that the Group will vigorously pursue all claims and costs due to us during the arbitration process.

A GOOD YEAR FOR MALAYSIAN OPERATIONS

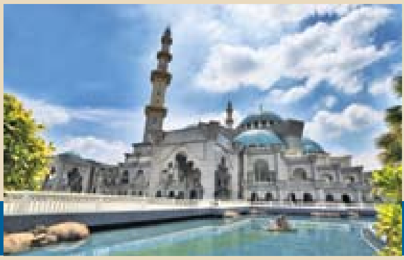
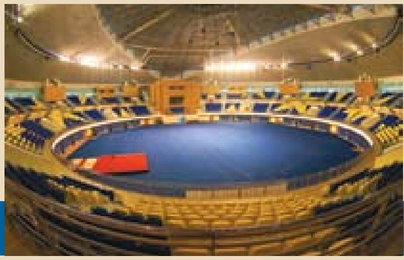
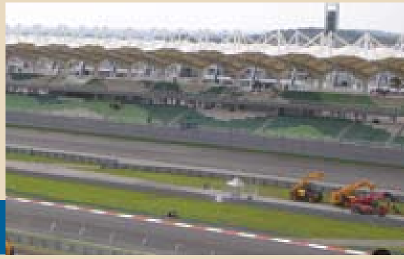
The year 2010 was in actual fact a very good year for the Malaysian operations, both in the Construction division and especially our Oil & Gas division. We recorded a consolidated revenue of RM430 million (2009: RM459 million) for our Malaysia operations and the Construction division contributed a revenue amounting to 86.5% or RM372 million of the Group's consolidated revenue in the year under review. Of particular note is the performance of our Oil & Gas division, which produced a stellar performance to continue the impressive growth trend of recent years. For the year 2010, the Oil & Gas division recorded net revenues of RM55.6 million (2009: RM41.6 million) and profit before tax of RM27.2 million (2009: RM21.3 million) representing a growth of 34% and 28% in revenue and profit before tax respectively.

We are confident on the continued growth of Oil & Gas division, particularly so due to the initiatives by the Government of Malaysia ('Government') to further explore and open up marginal oils fields off the east coast of Peninsular Malaysia. This will result in increased activities by the major oil and gas players which in turn will result in a higher demand for oil and gas maritime support services, including that of our Oil & Gas division.

With respect to our core Construction order book, I am pleased to say that we managed to continue the successful run of 2009 with four new projects worth RM205 million in 2010 as well as obtaining a letter of intent from the Government for the development, construction and maintenance of a 300 beds teaching hospital in Kuantan, Malaysia for the International Islamic University of Malaysia (IIUM Hospital Project') under the Private Funding Initiative ('PFI') scheme. The year 2010 saw the roll out of many PFI projects including that of the IIUM Hospital Project. In line with the Government's 1 Malaysia Policy, People First, Performance Now, the Government aspires to provide and develop critical facilities and services particularly in the Health, Education and Public Services sectors. Such projects are best implemented via the PFI or Public Private Partnership ('PPP') Scheme. By undertaking these PFI/PPP projects in close partnership with the private sector, the Government will be able to combine the best of both worlds, i.e. Government development support with private sector efficiency and performance, for the benefit of the rakyat or public.

Our selection by the Government for further negotiations on the IIUM Hospital Project followed what was a very tough and hard fought competitive open tender. We are both proud and humbled by the Government's decision to select us and we believe that the experience gained during this tender and concession agreement negotiations will put us in good stead for future PFI projects. We are confident that we will be able to conclude the concession agreement negotiations with the Government by mid 2011 and commence construction on the IIUM Hospital Project by 2011 year end.

Finally, 2010 saw AZRB exits its investment in Eastern Pacific Industrial Corporation Berhad ('EPIC') for a total consideration of RM111.5 million. The disposal of our 21.57% equity interest in EPIC contributed an extra gain on disposal of RM7.7 million in 2010, in addition to our equity share of associate results of RM9.86million for 2010 (2009;RM8.95million). Following the disposal of EPIC, EPIC ceases to be recognised as an associated company of AZRB Group.

MOVING AHEAD

With announcements of large scale projects under the umbrella of Economic Transformation Programme ('ETP'), Government Transformation Programme ('GTP'), Tenth Malaysia Plan ('10 MP') and the various Economic Corridors, we are optimistic of the future prospects for the construction sector. We are also confident that given our experience and strength, we will be in good stead to bid and benefit in many of the projects that will be rolled out under these programmes.

The events of 2010 taught us many valuable lessons in the way we do business. There is a need for us to always remain prudent and carry out diligent risk assessments during our pursuit of new opportunities. To this end, I am happy to note that, over the past twelve months, the Management has taken many steps in strengthening the risk and strategy processes within the Group as well as undertake some needed changes in the way we operate and execute our deliverables. These changes are important in order to put the Group on a stronger footing as the Group continues to grow and expand.

Moving forward, we are also ever mindful of the constant change in the economic and industrial landscape. Operating in an era of globalisation, we are often susceptible to the many challenges often triggered by global events, such as increasing commodity prices, especially that of oil, brought about by the continuing unrest in the Middle East and North Africa. As a responsible construction player, we are always vigilant about the many issues impacting our business and our aim is to never compromise our long term future in pursuit of short term goals.

With respect to our Plantation Division, to date, we have planted over 5,300 hectares of palm oil in Kalimantan Barat, Indonesia. The plantation is still in its development stage and we only expect the plantation to contribute positively from 2012 onwards. We are positive that the Crude Palm Oil price will remain bullish and remain stable at the projected industry's average of RM3,200 per tonne.

SPECIAL MENTION

I take pleasure in welcoming Y.Bhg Tan Sri Dato' Lau Yin Pin as our Independent Non-Executive Director to our Board of Directors.

Tan Sri Lau brings with him extensive corporate experience which I believe will enrich our Group greatly. Amongst the many important posts held by Tan Sri Lau includes as a Senator of Dewan Negara, Chairman of Star Publications (M) Berhad, Independent Non-Executive Director of Tenaga Nasional Berhad and Nanyang Press Holdings Berhad.

Within the Group, Tan Sri Lau has been appointed to sit on the Board Risk Committee and the Audit Committee. We believe that the appointment of Tan Sri Lau will add value to the Group and we are grateful that Tan Sri Lau has consented to join and contribute to the Board.

NOTE OF APPRECIATION

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

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

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

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
Chairman

penyata pengerusi

PARA PEMEGANG SAHAM YANG DIHORMATI,

Bagi pihak Lembaga Pengarah ("Lembaga"), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Ahmad Zaki Resources Berhad ('AZRB' atau 'Kumpulan') bagi tahun kewangan berakhir 31 Disember 2010.

GAMBARAN KESELURUHAN

Tahun ini merupakan tahun yang mencatatkan pelbagai rekod bagi Kumpulan. Keputusan Kumpulan bagi tahun 2010 telah menerima kesan yang ketara daripada Projek Universiti Al-Faisal ('Projek AFU') di Riyadh, Arab Saudi, yang menyaksikan kerugian sebanyak RM61 juta. Lembaga berpendapat bahawa penyitaan bon-bon prestasi dan bayaran pendahuluan kami secara unilateral oleh klien bagi Projek AFU merupakan satu pelanggaran kontrak. Lembaga selepas membuat rundingan yang terperinci dengan para peguam telah memulakan prosiding timbang tara terhadap Yayasan Raja Faisal dan Universiti Al-Faisal, iaitu klien bagi projek AFU. Kumpulan telah memfailkan notis timbang tara dengan Dewan Perniagaan Antarabangsa di Paris pada 21 Februari 2011. Berdasarkan nasihat daripada para peguam, kami berpendapat bahawa Kumpulan mempunyai asas yang kukuh dalam timbang tara dan kami mempunyai peluang yang baik untuk memperoleh semula kerugian kami.

Walaupun dengan proses timbang tara, Lembaga dan Pengurusan AZRB telah membuat keputusan bahawa demi kepentingan Kumpulan dan para pemegang sahamnya, lebihan kos yang dikaitkan dengan Projek AFU yang berjumlah RM93.6 juta akan dihapus kira di dalam penyata kewangan bagi tahun berakhir 31 Disember 2010. Keputusan ini, walaupun berat, perlu dilakukan supaya Kumpulan boleh bergerak ke hadapan dan mencapai tahap kemajuan yang lebih tinggi tanpa dibayangi oleh projek tersebut. Kami juga percaya bahawa sebagai entiti awam yang bertanggungjawab, memperakui kerugian yang dialami merupakan satu keputusan yang betul dan selaras dengan amalan tadbir urus korporat. Saya mahu menekankan bahawa pengiktirafan kerugian tersebut tidak akan mempengaruhi hak-hak kami dari segi undang-undang dalam apa jua cara sekalipun dan Kumpulan akan tetap berusaha untuk mendapat semua tuntutan dan kos yang belum dibayar kepada kami semasa proses timbang tara nanti.

TAHUN YANG CEMERLANG UNTUK OPERASI MALAYSIA

Tahun 2010 merupakan tahun yang cemerlang buat operasi di Malaysia terutama sekali bahagian Pembinaan dan juga bahagian Minyak & Gas. Kami telah mencatatkan hasil disatukan sebanyak RM430 juta (2009: RM459 juta) bagi operasi kami di Malaysia dan bahagian Pembinaan menyumbang hasil sebanyak 86.5% atau RM372 juta daripada hasil Kumpulan yang disatukan bagi tahun ini. Bahagian Minyak & Gas telah mencatatkan prestasi yang cemerlang dengan meneruskan pertumbuhan yang membanggakan. Bagi tahun 2010, bahagian Minyak & Gas telah mencatatkan hasil bersih sebanyak RM55.6 juta (2009: RM41.6 juta) dan keuntungan sebelum cukai sebanyak RM27.2 juta (2009: RM21.3 juta) yang mewakili pertumbuhan masing-masing sebanyak 34% dan 28% bagi hasil dan keuntungan sebelum cukai.

Kami yakin dengan pertumbuhan yang berterusan untuk bahagian Minyak & Gas, terutama sekali dengan inisiatif oleh Kerajaan Malaysia ('Kerajaan') untuk meneroka dan membuka lebih banyak medan minyak marginal di luar pesisir pantai timur Semenanjung Malaysia. Ini akan menghasilkan peningkatan aktiviti oleh syarikat-syarikat minyak utama yang memerlukan perkhidmatan sokongan maritim untuk minyak dan gas, termasuk daripada bahagian Minyak & Gas kami.

Sukacita saya nyatakan bahawa 'order book' bahagian Pembinaan teras, kami meneruskan kejayaan tahun 2009 dengan empat projek baru bernilai RM205 juta bagi tahun 2010 selain memperoleh surat hasrat daripada Kerajaan untuk kerja-kerja pembangunan, pembinaan dan penyelenggaraan hospital pengajar 300 katil di Kuantan untuk Universiti Islam Antarabangsa Malaysia ('Projek Hospital UIAM') di bawah skim Inisiatif Pembiayaan Swasta ('PFI'). Tahun 2010 menyaksikan Kerajaan melancarkan pelbagai projek PFI termasuk Projek Hospital UIAM. Selaras dengan Gagasan 1 Malaysia, Rakyat Didahulukan, Pencapaian Diutamakan, Kerajaan berhasrat untuk menyediakan dan membangunkan kemudahan dan perkhidmatan kritikal terutamanya dalam sektor Kesihatan, Pendidikan dan Perkhidmatan Awam. Projek-projek sebegini dapat dilaksanakan dengan jayanya melalui PFI atau Skim Perkongsian Awam Swasta ('PPP'). Melalui pelaksanaan projek PFI/PPP dengan perkongsian sektor swasta, pihak Kerajaan berupaya menggabungkan kelebihan kedua-dua pihak, iaitu sokongan pembangunan Kerajaan dengan kecekapan dan prestasi pihak swasta bagi faedah rakyat.

Kami telah dipilih oleh pihak Kerajaan untuk perbincangan lanjut berkaitan Projek Hospital UIAM selepas melalui proses tender kompetitif yang sukar dan mencabar. Kami merasa bangga dan pada masa yang sama rendah diri atas keputusan Kerajaan memilih kami dan percaya bahawa pengalaman yang diperoleh semasa tender ini dan rundingan perjanjian konsesi akan meletakkan kami sebagai pilihan utama untuk projek-projek PFI akan datang. Kami yakin bahawa kami akan dapat menamatkan rundingan perjanjian konsesi dengan Kerajaan menjelang pertengahan tahun 2011 dan memulakan pembinaan Projek Hospital UIAM pada akhir tahun 2011.

Akhir sekali, tahun 2010 menyaksikan AZRB menjual kepentingannya dalam Eastern Pacific Industrial Corporation Berhad ('EPIC') dengan pulangan sebanyak RM111.5 juta. Penjualan 21.57% kepentingan saham kami dalam EPIC menyumbang kepada keuntungan tambahan melalui penjualan sebanyak RM7.7 juta pada tahun 2010, dan tambahan kepada saham ekuiti atas keputusan sekutu sebanyak RM9.86 juta untuk tahun 2010 (2009: RM8.95 juta). Selepas penjualan saham EPIC, EPIC bukan lagi merupakan syarikat sekutu kepada Kumpulan AZRB.

BERGERAK KE HADAPAN

Dengan pengumuman pelbagai projek berskala besar bawah Program Transformasi Ekonomi ('ETP'), Program Transformasi Kerajaan ('GTP'), Rancangan Malaysia ke-10 ('10 MP') dan pelbagai Koridor Ekonomi, kami optimis dengan prospek masa depan sektor pembinaan. Kami juga yakin melalui pengalaman dan kekuatan yang ada, kami berupaya membida dan mendapat faedah daripada pelbagai projek yang bakal dilaksanakan di bawah program ini.

Peristiwa sepanjang tahun 2010 memberi pengajaran berharga dalam cara kami menjalankan perniagaan. Kami perlu sentiasa berhati-hati dan melaksanakan penilaian risiko dengan cermat dalam mengejar peluang baru. Sehingga kini, saya gembira melaporkan bahawa sepanjang dua belas bulan yang lalu, pihak Pengurusan telah mengambil pelbagai langkah untuk mengukuhkan proses risiko dan strategi Kumpulan selain melaksanakan beberapa perubahan yang perlu dalam cara kami mengendalikan dan melaksanakan urusan kami. Perubahan ini adalah penting untuk meletakkan Kumpulan dalam kedudukan yang lebih kukuh dalam usaha untuk terus berkembang dan mencapai kemajuan pada masa hadapan.

Kami menyedari arus perubahan yang sentiasa berlaku dalam landskap ekonomi dan industri. Dalam menghadapi era globalisasi, kami mudah menerima kesan daripada pelbagai cabaran yang sering dicetuskan oleh perkara yang berlaku di peringkat global. Antaranya seperti kenaikan harga komoditi, terutamanya harga minyak yang disebabkan oleh pergolakan yang berterusan di Timur Tengah dan Afrika Utara. Sebagai syarikat pembinaan yang bertanggungjawab, kami sentiasa waspada tentang pelbagai isu yang memberi kesan kepada perniagaan kami. Matlamat kami adalah untuk tidak bertolak ansur dalam rancangan jangka panjang bagi mengejar matlamat jangka pendek.

Bagi Bahagian Perladangan kami, sehingga kini kami telah menanam lebih 5,300 hektar kelapa sawit di Kalimantan Barat, Indonesia. Ladang ini masih di peringkat pembangunan dan kami menjangkakan bahawa bahagian perladangan akan memberi sumbangan yang positif mulai tahun 2012. Kami yakin bahawa harga Minyak Sawit Mentah akan kekal tinggi dengan unjuran harga purata sebanyak RM3,200 per tan.

SELAMAT DATANG

Saya ingin mengambil peluang ini untuk mengalu-alukan penyertaan Y.Bhg Tan Sri Dato' Lau Yin Pin sebagai Pengarah Bebas Bukan Eksekutif di dalam Lembaga Pengarah kami.

Tan Sri Lau membawa bersama-sama beliau pengalaman yang luas dalam bidang korporat dan yakin dapat meningkatkan lagi keupayaan Kumpulan. Antara jawatan penting yang dipegang oleh Tan Sri Lau termasuklah sebagai Senator Dewan Negara, Pengerusi Star Publications (M) Berhad, Pengarah Bebas Bukan Eksekutif Tenaga Nasional Berhad dan Nanyang Press Holdings Berhad.

Dalam Kumpulan AZRB, Tan Sri Lau telah dilantik untuk menduduki Jawatankuasa Risiko dan Jawatankuasa Audit. Kami percaya pelantikan Tan Sri Lau akan meningkatkan lagi nilai Kumpulan dan kami gembira bahawa Tan Sri Lau telah bersetuju untuk menyertai dan memberi sumbangan beliau kepada Lembaga.

PENGHARGAAN

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

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

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

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
Pengerusi

review of operations

The year 2010 under review was a good year for the Malaysian operations, especially for the Construction and Oil & Gas divisions. Buoyed by the general economic recovery spurred by various government's initiatives, the Construction and Oil & Gas divisions fared very well in 2010.

We are pleased to further elaborate the overall performance of our business division as set out below:-

CONSTRUCTION DIVISION

The Malaysian Construction division delivered yet another remarkable and consistent performance. The profit before tax increased by 41% to RM31 million [2009: RM22 million] against improved revenue of 29% recorded at RM408 million [2009: RM316 million]. The Construction division's revenue contribution amounted to 86.5% of the Group's consolidated revenue of RM430 million in the year under review.

The operations of Malaysian Construction division, combined with continuous strategic initiatives to reinvigorate, reengineer and reinforce our competitiveness and profitability have placed us within radar for new businesses. At the same time, the initiatives have propelled us to successfully complete and deliver projects to our clients continously throughout our history.

In a one-off episode, our overseas Construction division suffered a blow to its Al Faisal University project when the client decided to repudiate our claims and terminate the contract in August 2010 through the unilateral seizing of our performance and advance payment bonds. Such actions constituted a breach of contract and as a result, impaired an otherwise excellent overall performance of the group. The events in Saudi Arabia brought down the results of the Group to a loss before tax of RM49 million which then translated into a net loss after tax of RM61 million. This is due to a full write off of excess costs associated with AFU project totaling RM93.6 million.

In 2010, we secured four new projects valued at RM205 million. Moving forward, we are confident that the Construction Division, both Malaysia and overseas, will be able to rebound with a reasonably fair performance in the coming years especially with the abundance of mega scale projects to be implemented under the Economic Transformation Programmes, 10MP and Economic Growth Corridors.

The existing ongoing contracts include: -

No	Project Name	Approximate Contract Value (RM Million)	Expected Completion Date
1	Federal Road 3 Pekan to Kuantan	383	23/12/2012
2	LPT – Pakej 6	85	12/09/2011
3	LPT – Pakej 5A	148	20/05/2011
4	LPT – Pakej 9C	90	16/11/2011
5	Istana Negara Interchange to Jalan Duta	106	20/07/2011
6	Maternity Hospital Terengganu	115	19/05/2011
7	University Darul Iman Building Works	226	21/08/2011
8	University Sains Islam Malaysia – Pusat Tamhidi	27	07/06/2011
9	Rectification Works at Dataran Putra Precint 1	40	30/07/2011
10	Design and Build Complex Kerja Raya 2	309	28/05/2012
11	External Works on Lot 8C1, Putrajaya	59	07/04/2012
12	Pekan Agropolitan Project	48	15/08/2011
13	Kertih Polymer Park	49	15/02/2013

OIL & GAS DIVISION

Another major achievement for the Group is the outstanding improvement marked by the Oil & Gas Division. For 2010, the sales of diesel increased by 49 million litres and 6 million litres in the throughput and direct bunkering activities respectively. Profit before tax increased by RM6 million with related increase in net revenue of RM14 million in the year under review.

The increase in sales of diesel translated into net revenue of RM55 million (2009: RM41 million) and profit before tax of RM27 million (2009: RM21 million) representing a growth of 34% and 28% in revenue and profit before tax respectively.

The expected increase in demand and consumption of oil and oil related products in the downstream activities of Oil & Gas industry in the coming years augurs well for the Oil and Gas Division and we foresee it to be a strong indication of revenue growth and profitability.

PLANTATION

Contribution from the Plantation segment is still insignificant to the Group's bottom line although scout harvesting has been operative since mid 2010. As indicated in our 2009 report, more significant earnings from this division are expected to bear fruit in the year 2011 and onwards. We are confident that the Crude Palm Oil price will remain bullish and stable at the industry's projected average of RM3,200 per tonne, going forward.

PROPERTY DEVELOPMENTS

There were no significant new developments undertaken during the year under review by the Property Developments Division. Moving forward, AZRB is set to tap into potential synergies from the Kerteh Polymer Park located nearby the Kerteh Integrated Petrochemical Complex.

Huge potential in property development could materialise soon especially with the current announcement of the proposed infrastructure developments and investments exceeding RM1 billion to be implemented within the Kertih Polymer Park.

Against the current backdrop, we opine that an upward trend in commercial and residential property developments within the petrochemical development zone in Paka / Kerteh, Terengganu could be expected in the near future. We also view that the lack of new and quality commercial and residential developments in the area will drive demand and eventually benefit AZRB in its mid to long term strategic investment perspectives.

AZRB, via its Kemaman Technology and Industrial Park (KTIP) shall continue to be vigilant of new possibilities in terms of developments in the area.

calendar of events 2010

01
2010
AZRB Recreational and Sport Club Bowling Tournament at Ampang Selangor

02
17 MARCH 2010
Handing Over Ceremony of Infrastructure Work Package 2 : University Darul Iman, Besut Kampus, Terengganu

03
11 APRIL 2010
AZRB Recreational and Sport Club Water Rafting at Sungai Kampar, Perak

04
12 APRIL 2010
Putrajaya Holdings Berhad and & Ahmad Zaki Sdn Bhd Signing Ceremony

05
13-15 APRIL 2010
AZRB in Malaysia Services Exhibition – MSE 2010 Dubai, UAE

06
14-16 MAY 2010
Karnival kerjaya & Keusahawanan Graduan 2010 – K3G 2010 di PWTC, Kuala Lumpur

07 **16 JUNE 2010**
AZRB Penerima Anugerah Kluster Pembinaan (Infrastukrur) Anugerah Usahawan Bumiputera

08 **19 AUGUST 2010**
AZRB's staff breaking fast at Dewan Perdana Felda, Kuala Lumpur

09 **2 SEPTEMBER 2010**
AZRB Recreational & Sport Club Donation to Darul Qanaah Orphanage Home

10 **26 SEPTEMBER 2010**
Majlis Sambutan Hari Raya Aidilfitri AZRB at Saloma Restaurant, Kuala Lumpur

11 **10-12 OCTOBER 2010**
AZRB participation in Malaysia Road Conference 2010 at Sunway Convention Centre

AZRB bags the Bumiputra Award 2010
– Infrastructure Cluster From GABEM.

financial statements

directors' report

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural construction works. The principal activities of the subsidiary companies are disclosed in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	**(61,365,367)**	(88,743,938)
Loss attributable to:		
Equity holders of the Company	**(61,630,104)**	
Minority interest	**264,737**	
	(61,365,367)	

DIVIDEND

Since the end of the previous financial year, the Company paid a first and final dividend of 3.5 sen per ordinary share of RM0.50 each less tax at 25% amounting to RM7,224,212 in respect of financial year ended 31 December 2009.

The Directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

(i) except for the effects arising from the change in accounting policies as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

ISSUE OF SHARES

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

Class	Number	Terms of issue	Purpose of Issue
Ordinary shares of RM0.50 each	59,473	Cash	Exercise of Employees' Share Option Scheme

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Group's ESOS and subsequent changes were approved by shareholders of the Company at the Annual General Meeting and Extraordinary General Meeting held on 20 June 2002 and 21 November 2007 respectively. The ESOS shall continue to be in force for a duration of ten (10) years commencing from 26 July 2002 and expiring on 25 July 2012.

The salient features of the ESOS are:

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

(b) the number of ordinary shares of RM1 each in the Company ("AZRB Shares") allocated, in the aggregate, to the directors and senior management of the Group shall not exceed fifty percent (50%) of the total AZRB Shares available under the ESOS;

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

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

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

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

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

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

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

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

	Number of Share Options	
	2010	**2009**
At 1 January	**569,993**	762,353
Exercised	**(59,473)**	(104,329)
Lapsed/Expired	**(10,822)**	(88,031)
At 31 December	**499,698**	569,993

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

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

	2010	**2009**
Expiry Date		
25.7.2012		
Exercise Price	**RM0.56**	RM0.56
Number of Share Options Outstanding	**499,698**	569,993

directors' report (cont'd)

TREASURY SHARES

During the financial year, the Company repurchased 27,000 of its issued ordinary shares from the open market at an average price of RM0.7839 per share. The total consideration paid for the shares repurchased excluding transaction costs was RM21,165. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2010, the Company held as treasury shares a total of 1,478,100 of its 276,695,402 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,025,787 and further relevant details are disclosed in Note 25 to the financial statements.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD
DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA
DATO' WAN ZAKARIAH BIN HAJI WAN MUDA
DATO' HAJI MUSTAFFA BIN MOHAMAD
DATO' W ZULKIFLI BIN HAJI W MUDA
DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH
DATO' ISMAIL @ MANSOR BIN SAID
TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG (Appointed on 15 November 2010)

DIRECTORS' INTERESTS IN SHARES

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

(a) Shareholdings in the Company and Ultimate Holding Company

	Number of Ordinary Shares of RM0.50 each			
	At 1.1.10	Bought	Sold	At 31.12.10
The Company				
Direct Interest				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	3,916,760	-	-	3,916,760
Dato' Wan Zakariah bin Haji Wan Muda	2,301,096	-	-	2,301,096
Dato' Haji Mustaffa bin Mohamad	2,684,148	-	(507,000)	2,177,148
Dato' W Zulkifli bin Haji W Muda	2,930,696	-	(193,000)	2,737,696
Dato' (Prof.) A Rahman @ Omar bin Abdullah	1,200,000	-	-	1,200,000
Dato' Ismail @ Mansor bin Said	102	-	-	102
Indirect Interest				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda *	163,061,136	-	-	163,061,136
Dato' Haji Mustaffa bin Mohamad **	1,050,000	-	-	1,050,000
Ultimate Holding Company - Zaki Holdings (M) Sdn. Bhd.				
Direct Interest				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	-	-	500,001
Dato' Wan Zakariah bin Haji Wan Muda	100,000	-	-	100,000
Dato' W Zulkifli bin Haji W Muda	100,000	-	-	100,000

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

DIRECTORS' INTERESTS IN SHARES (cont'd)

(a) Shareholdings in the Company and Ultimate Holding Company (cont'd)

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Directors of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors fees, other emoluments and benefits-in-kind disclosed in Note 6(a) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits that may have arisen out of ordinary course of business as disclosed in Note 35(b) to the financial statements.

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

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 44 to the financial statements.

SUBSEQUENT EVENTS

Significant events subsequent to the financial year end are disclosed in Note 45 to the financial statements.

directors' report (cont'd)

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, Messrs Moore Stephens AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2011.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

statement by directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 73 to 175 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 46 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2011.

RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

statutory declaration

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

I, Dato' Haji Roslan Bin Tan Sri Jaffar, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 73 to 175 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 28 April 2011.

DATO' HAJI ROSLAN BIN TAN SRI JAFFAR

Before me

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths

independent auditors' report
to the Members of Ahmad Zaki Resources Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ahmad Zaki Resources Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 73 to 175.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

independent
auditors' report (cont'd)
to the Members of Ahmad Zaki Resources Berhad

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the joint venture agreement entered into by the Company with several other parties for the formation of Malaysia-China Hydro Joint Venture ("MCHJV"). Sime Darby Berhad, the parent company of the lead consortium member of MCHJV, Sime Engineering Sdn. Bhd. ("SESB"), had announced potential additional cost on the Bakun Hydroelectric Project. The Company has a legal obligation arising from the joint venture agreement. SESB has yet to make any claims against the Company under the joint venture agreement save for the claim of RM15,246,000 as disclosed in Note 36 to the financial statements. The Company has filed its defence and counterclaim in relation to the claim by SESB. The Company is also seeking a declaration by the court that the joint venture agreement is not binding or enforceable against the Company.

The ultimate outcome of this matter cannot presently be determined and, accordingly, neither liability nor receivable has been recognised in the financial statements in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements.

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

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

independent auditors' report (cont'd)
to the Members of Ahmad Zaki Resources Berhad

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

OTHER MATTERS

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

MOORE STEPHENS AC
Chartered Accountants
AF 001826

AU TAI WEE
1551/01/13 (J)
Chartered Accountant

Kuala Lumpur
28 April 2011

statements of comprehensive income

For the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
			Restated		
Operating revenue	4	**430,713,482**	459,400,393	**60,019,586**	49,767,161
Direct operating costs	5	**(442,671,363)**	(392,745,708)	**(29,549,453)**	(42,702,328)
Gross (loss)/profit		**(11,957,881)**	66,654,685	**30,470,133**	7,064,833
Other operating revenue		**11,823,058**	7,919,874	**27,024,105**	15,746,595
Administrative costs		**(37,216,160)**	(30,702,170)	**(7,534,989)**	(5,140,042)
Other operating costs		**(10,237,374)**	(4,216,379)	**(127,538,935)**	(67,154)
		(47,453,534)	(34,918,549)	**(135,073,924)**	(5,207,196)
(Loss)/Profit from operations		**(47,588,357)**	39,656,010	**(77,579,686)**	17,604,232
Finance costs		**(12,430,618)**	(17,599,297)	**(8,430,196)**	(10,212,388)
Share of results of joint ventures		**245,424**	1,419,629	**-**	-
Share of results of associated companies		**9,859,241**	8,952,617	**-**	-
(Loss)/Profit before taxation	6	**(49,914,310)**	32,428,959	**(86,009,882)**	7,391,844
Taxation	7	**(11,451,057)**	(11,014,791)	**(2,734,056)**	(1,804,551)
(Loss)/Profit net of taxation		**(61,365,367)**	21,414,168	**(88,743,938)**	5,587,293
Other comprehensive income:					
Capital reserve		**(67,951)**	-	**-**	-
Foreign currency translation		**(1,204,644)**	1,659,513	**(25,095)**	10,252
Other comprehensive income for the year, net of taxation		**(1,272,595)**	1,659,513	**(25,095)**	10,252
Total comprehensive income for the year		**(62,637,962)**	23,073,681	**(88,769,033)**	5,597,545

statements of comprehensive income (cont'd)

For the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM Restated
(Loss)/Profit net of taxation attributable to :			
Owners of the parent		**(61,630,104)**	20,764,713
Minority interest		**264,737**	649,455
		(61,365,367)	21,414,168
Total comprehensive income			
Owners of the parent		**(62,902,699)**	22,424,226
Minority interest		**264,737**	649,455
		(62,637,962)	23,073,681
(Loss)/Earnings per share attributable to owners of the parent (sen)			
Basic, (loss)/earnings per ordinary share (Sen)	8	**(22.27)**	7 .51
Fully diluted earnings per ordinary share (Sen)	8	-	7 .50
Proposed gross dividend per ordinary share of RM0.50 (Sen)		-	3 .50

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

statements of financial position

As at 31 December 2010

		Group			Company	
		31.12.2010	31.12.2009 Restated	1.1.2009	31.12.2010 Restated	31.12.2009
	Note	RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	9	**53,361,982**	49,932,707	48,408,426	**2,924,085**	1,675,390
Prepaid land lease payments	10	**10,208,340**	7,902,103	8,242,056	**-**	-
Investment property	11	**18,500,000**	19,500,000	19,500,000	**-**	-
Investments in subsidiary companies	12	**-**	-	-	**84,212,429**	43,687,429
Investments in associated companies	13	**162,700**	95,679,500	89,784,333	**-**	85,486,474
Interest in joint ventures	14	**(288,352)**	(288,352)	(288,352)	**-**	-
New planting expenditure	15	**105,437,701**	82,011,852	62,956,107	**-**	-
Available-for-sale investments	16	**115,500**	2,615,500	2,615,500	**68,000**	2,568,000
Goodwill	17	**3,744,605**	3,744,605	3,744,605	**-**	-
		191,242,476	261,097,915	234,962,675	**87,204,514**	133,417,293
Current assets						
Inventories	18	**6,502,805**	12,045,447	12,927,339	**-**	-
Property development costs	19	**5,128,549**	1,459,535	5,831,594	**-**	-
Receivables	20	**332,905,818**	319,274,486	306,258,522	**246,357,706**	291,872,222
Tax assets	21	**5,287,491**	4,268,175	3,931,817	**5,137,278**	2,323,367
Cash and cash deposits	22	**115,915,364**	152,619,459	185,642,625	**4,373,522**	28,424,595
		465,740,027	489,667,102	514,591,897	**255,868,506**	322,620,184
TOTAL ASSETS		**656,982,503**	750,765,017	749,554,572	**343,073,020**	456,037,477

statements of financial position (cont'd)

As at 31 December 2010

		Group			Company	
	Note	31.12.2010	31.12.2009 Restated	1.1.2009 Restated	31.12.2010	31.12.2009
		RM	RM	RM	RM	RM
EQUITY AND LIABILITIES						
Equity						
Share capital	23	**138,347,702**	138,317,965	138,265,800	**138,347,702**	138,317,965
Reserves	24	**44,133,275**	114,256,618	98,015,443	**(72,840,884)**	23,148,793
		182,480,977	252,574,583	236,281,243	**65,506,818**	161,466,758
Treasury shares	25	**(1,025,787)**	(1,004,622)	(1,004,622)	**(1,025,787)**	(1,004,622)
Total equity attributable to shareholders of the Company		**181,455,190**	251,569,961	235,276,621	**64,481,031**	160,462,136
Minority interest		**5,154,711**	5,119,654	4,661,599	**-**	-
Total Equity		**186,609,901**	256,689,615	239,938,220	**64,481,031**	160,462,136

statements of financial position (cont'd)
As at 31 December 2010

		Group			Company	
		31.12.2010	31.12.2009	1.1.2009	31.12.2010	31.12.2009
	Note		Restated	Restated		
		RM	RM	RM	RM	RM
EQUITY AND LIABILITIES						
Liabilities						
Non-current liabilities						
Other borrowings	26	**93,581,276**	103,931,069	161,476,632	**47,768,080**	95,433,006
Deferred tax liabilities	27	**8,641,320**	8,864,357	9,621,614	**4,576,000**	5,141,287
		102,222,596	112,795,426	171,098,246	**52,344,080**	100,574,293
Current liabilities						
Payables	28	**311,795,083**	279,892,669	288,922,481	**191,654,915**	115,732,557
Other borrowings	26	**49,284,054**	83,895,648	37,723,565	**34,592,994**	79,268,491
Bank overdrafts	29	**2,402,963**	16,696,378	9,865,602	**-**	-
Tax liabilities		**4,667,906**	795,281	2,006,458	**-**	-
		368,150,006	381,279,976	338,518,106	**226,247,909**	195,001,048
Total Liabilities		**470,372,602**	494,075,402	509,616,352	**278,591,989**	295,575,341
TOTAL EQUITY AND LIABILITIES		**656,982,503**	750,765,017	749,554,572	**343,073,020**	456,037,477

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

consolidated statement of changes in equity

For the year ended 31 December 2010

						Non Distributable					
	Note	Share Capital RM	Non Distributable Share Premium RM	Treasury Shares RM	Distributable Retained Profits RM	Capital Reserve RM	Foreign Exchange Translation Reserve RM	Total Other Reserves RM	Total Equity Attributable to Owners of the Parent RM	Minority Interest RM	Total Equity RM
At 1.1.09 as previously stated		138,265,800	-	(1,004,622)	76,475,858	67,951	(2,470,681)	(2,402,730)	211,334,306	4,661,599	215,995,905
Prior year adjustment	43	-	-	-	23,942,315	-	-	-	23,942,315	-	23,942,315
At 1.1.09 as restated		138,265,800	-	(1,004,622)	100,418,173	67,951	(2,470,681)	(2,402,730)	235,276,621	4,661,599	239,938,220
Total comprehensive income for the year as previously stated		-	-	-	20,948,174	-	1,659,513	1,659,513	22,607,687	649,455	23,257,142
Prior year adjustment	43	-	-	-	(183,461)	-	-	-	(183,461)	-	(183,461)
		-	-	-	20,764,713	-	1,659,513	1,659,513	22,424,226	649,455	23,073,681
Transactions with owners											
Dividend	30	-	-	-	(6,189,311)	-	-	-	(6,189,311)	(191,400)	(6,380,711)
Allotment of shares pursuant to Employees' Share Option Scheme ("ESOS")		52,165	6,260	-	-	-	-	-	58,425	-	58,425
Total transactions with owners		52,165	6,260	-	(6,189,311)	-	-	-	(6,130,886)	(191,400)	(6,322,286)
At 31.12.09		138,317,965	6,260	(1,004,622)	114,993,575	67,951	(811,168)	(743,217)	251,569,961	5,119,654	256,689,615

consolidated statements of changes in equity (cont'd)

For the year ended 31 December 2010

	Note	Share Capital RM	Non Distributable Share Premium RM	Treasury Shares RM	Distributable Retained Profits RM	Non Distributable Capital Reserve RM	Non Distributable Foreign Exchange Translation Reserve RM	Total Other Reserves RM	Total Equity Attributable to Owners of the Parent RM	Minority Interest RM	Total Equity RM
At 31.12.09 / 1.1.10		138,317,965	6,260	(1,004,622)	114,993,575	67,951	(811,168)	(743,217)	251,569,961	5,119,654	256,689,615
Total comprehensive income for the year		-	-	-	(61,630,104)	(67,951)	(1,204,644)	(1,272,595)	(62,902,699)	264,737	(62,637,962)
Transactions with owners											
Dividend	30	-	-	-	(7,224,212)	-	-	-	(7,224,212)	(229,680)	(7,453,892)
Allotment of shares pursuant to Employees' Share Option Scheme ("ESOS")		29,737	3,568	-	-	-	-	-	33,305	-	33,305
Repurchase of own shares		-	-	(21,165)	-	-	-	-	(21,165)	-	(21,165)
Total transactions with owners		29,737	3,568	(21,165)	(7,224,212)	-	-	-	(7,212,072)	(229,680)	(7,441,752)
At 31.12.10		**138,347,702**	**9,828**	**(1,025,787)**	**46,139,259**	**-**	**(2,015,812)**	**(2,015,812)**	**181,455,190**	**5,154,711**	**186,609,901**

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

statement of changes in equity

For the year ended 31 December 2010

	Note	Share Capital RM	Non-Distributable Share Premium RM	Treasury Shares RM	Non-Distributable Foreign Exchange Translation Reserve RM	Distributable Retained Profits/ (Accumulated Losses) RM	Total Equity RM
At 1.1.09		138,265,800	-	(1,004,622)	71,322	23,662,977	160,995,477
Total comprehensive income for the year		-	-	-	10,252	5,587,293	5,597,545
Transactions with owners							
Dividend	30	-	-	-	-	(6,189,311)	(6,189,311)
Allotment of shares pursuant to ESOS		52,165	6,260	-	-	-	58,425
Total transactions with owners		52,165	6,260	-	-	(6,189,311)	(6,130,886)
At 31.12.09 / 1.1.10		138,317,965	6,260	(1,004,622)	81,574	23,060,959	160,462,136
Total comprehensive income for the year		-	-	-	(25,095)	(88,743,938)	(88,769,033)
Transactions with owners							
Dividend	30	-	-	-	-	(7,224,212)	(7,224,212)
Allotment of shares pursuant to ESOS		29,737	3,568	-	-	-	33,305
Repurchase of own shares		-	-	(21,165)	-	-	(21,165)
Total transactions with owners		29,737	3,568	(21,165)	-	(7,224,212)	(7,212,072)
At 31.12.10		**138,347,702**	**9,828**	**(1,025,787)**	**56,479**	**(72,907,191)**	**64,481,031**

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

statements of cash flows

For the year ended 31 December 2010

	Note	Group		Company	
		2010	2009	2010	2009
		RM	RM	RM	RM
			Restated		
Cash Flows from Operating Activities					
(Loss)/Profit before taxation		**(49,914,310)**	32,428,959	**(86,009,882)**	7,391,844
Adjustments for:-					
Amortisation of prepaid land lease payments		**6,946**	6,945	**-**	-
Depreciation of property, plant and equipment		**8,973,909**	8,758,754	**678,816**	639,281
Interest expenses		**10,542,065**	12,834,790	**8,408,911**	10,202,147
Bad debts written off		**67,053**	632,989	**124,284,148**	-
Loss/(Gain) on foreign exchange - unrealised		**453,493**	1,982,025	**452,397**	(456,710)
Property, plant and equipment written off		**1,912**	-	**1,911**	-
Impairment loss on investment in unquoted shares		**2,500,000**	-	**2 ,500,000**	-
Changes in fair value of investment property		**1,000,000**	-	**-**	-
Dividend revenue		**-**	-	**(25,798,588)**	(3,057,450)
Loss/(gain) on disposal of property, plant and equipment		**(184,174)**	(316,285)	**23,833**	(8,397)
Gain on disposal of investment in associated company		**(7,704,647)**	-	**(26,020,526)**	-
Interest revenue		**(2,338,540)**	(3,440,290)	**(490,424)**	(13,861,858)
Share of results of associated companies		**(9,859,241)**	(8,952,617)	**-**	-
Share of results in joint ventures		**(245,424)**	(1,419,629)	**-**	-
Operating (loss)/profit before working capital changes		**(46,700,958)**	42,515,641	**(1,969,404)**	848,857
Decrease in inventories		**5,542,642**	881,892	**-**	-
Decrease/(Increase) in amount due from customers for contract works		**77,387,003**	(49,844,002)	**21,843,579**	(22,722,780)
(Increase)/Decrease in property development costs		**(3,669,014)**	4,372,059	**-**	-
Increase/(Decrease) in amount due to customers for contract works		**22,391,346**	(17,615,839)	**-**	-
Decrease in trade and other receivables		**20,088,893**	33,788,408	**8,313,420**	19,460,415
Increase/(Decrease) in trade and other payables		**10,348,724**	10,284,498	**(16,634,391)**	3,461,529
Cash generated from operations		**85,388,636**	24,382,657	**11,553,204**	1,048,021
Interest paid		**(11,377,582)**	(14,413,208)	**(9,244,428)**	(10,202,576)
Interest received		**2,260,476**	3,441,991	**476,364**	13,845,923
Tax paid		**(8,820,769)**	(13,319,567)	**111,597**	(458,991)
Net cash generated from operating activities carried down		**67,450,761**	91,873	**2,896,737**	4,232,377

statements of cash flows (cont'd)

For the year ended 31 December 2010

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM**	**RM**	**RM**	**RM**
			Restated		
Net cash generated from operating activities carried down		**67,450,761**	91,873	**2,896,737**	4,232,377
Cash Flows from Investing Activities					
Dividend received		**1,573,688**	3,057,450	**19,573,754**	21,807,534
New planting expenditure incurred		**(22,026,052)**	(18,631,029)	**-**	-
Repurchase of treasury shares		**(21,165)**	-	**(21,165)**	-
Prepaid lease payments		**(2,646,191)**	-	**-**	-
Distribution of profits from joint venture		**245,424**	1,419,629	**-**	-
Proceeds from disposal of property, plant and equipment		**768,782**	629,903	**95,003**	29,803
Investment in subsidiary		**-**	-	**(40,525,000)**	-
Purchase of property, plant and equipment	31	**(9,271,612)**	(7,270,705)	**(367,728)**	(205,840)
Net cash (used in)/generated from investing activities		**(31,377,126)**	(20,794,752)	**(21,245,136)**	21,631,497
Cash Flows from Financing Activities					
Advances from/(Repayment to) ultimate holding company		**52,686**	(171,611)	**-**	-
Advance from/(Repayment to) a joint venture		**-**	-	**51,558**	(504,000)
Advance from/(Repayment to) related companies		**(165,482)**	474,473	**95,482,744**	(10,858,332)
Dividend paid		**(7,453,892)**	(6,380,711)	**(7,224,212)**	(6,189,311)
Payments to finance lease liabilities		**(5,840,935)**	(5,264,448)	**(556,267)**	(445,804)
Proceeds from borrowings		**76,118,330**	6,582,892	**17,000,000**	-
Repayments of borrowings		**(121,121,353)**	(15,690,224)	**(110,465,957)**	(8,584,043)
Proceeds from issuance of shares		**33,305**	58,425	**33,305**	58,425
Net cash used in financing activities		**(58,377,341)**	(20,391,204)	**(5,678,829)**	(26,523,064)
Balance carried down		**(22,303,706)**	(41,094,083)	**(24,027,228)**	(659,191)

statements of cash flows (cont'd)

For the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
			Restated		
Balance brought down		**(22,303,706)**	(41,094,083)	**(24,027,228)**	(659,191)
Effects of exchange rate changes		**165,300**	1,098,791	**69,440**	(42,037)
Net decrease in cash and cash equivalents		**(22,138,406)**	(39,995,292)	**(23,957,788)**	(701,228)
Cash and cash equivalents at beginning of the year					
As previously reported		**135,923,081**	175,777,023	**28,424,595**	29,076,689
Effects of exchange rate changes on cash and cash equivalents		**(272,274)**	141,350	**(93,285)**	49,134
		135,650,807	175,918,373	**28,331,310**	29,125,823
Cash and cash equivalents at end of the year	32	**113,512,401**	135,923,081	**4,373,522**	28,424,595

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

1. CORPORATE INFORMATION

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

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural construction works. The principal activities of the subsidiary companies are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The registered office and principal place of business are located at No.6, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur and No. 88, Jalan Gombak, Setapak, 53000 Kuala Lumpur respectively.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April 2011.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

New and revised FRSs, Amendments to FRS, Issues Committee ("IC") Interpretations and Technical Releases ("TR") adopted

At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs, Amendments to FRS, IC Interpretations and TR as follows:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions

The adoption of the above FRSs, Amendments, Interpretations and TR does not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 39.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income. It presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement. New terminologies have replaced 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows'.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the reporting date reflects the designation of the financial instruments.

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost using the effective interest method, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Available-for-sale financial assets of the Group and the Company has been measured at fair value and changes in fair value are recognised directly in equity as "Fair Value Reserve" until investment is derecognised, at which time the cumulative gain or loss is removed from the Fair Value Reserve and recognised in statements of comprehensive income. In the event the investment is determined to be impaired, the cumulative loss is recognised in the statements of comprehensive income and removed from the Fair Value Reserve.

In accordance with the transitional provision of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated.

New and revised FRSs, Amendments to FRS, IC Interpretations and TR issued but not yet effective

At the date of authorisation of these financial statements, MASB has issued the following new and revised FRSs, Amendments to FRSs, IC Interpretations and TR that are not yet effective and have not been early adopted in preparing these financial statements:-

		For financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 124	Related Party Disclosures (Revised)	1 January 2012
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and revised FRSs, Amendments to FRS, IC Interpretations and TR issued but not yet effective (cont'd)

		For financial periods beginning on or after
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Additional Exemptions for First-time Adopters (Amendments to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011
Amendments to FRS 2 Share-based Payment		1 July 2010
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions		1 January 2011
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations		1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation		1 March 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 4: Prepayments of a Minimum Funding Requirement		1 July 2011
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives		1 July 2010
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

The adoption of these FRSs, Amendments to FRSs, IC Interpretations and TR is not expected to have any significant impact on the results and financial position of the Group and of the Company except for the revised FRS 3 and the amendments to FRS 127 as described below.

Revised FRS 3 Business Combination and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported result in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of the subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared based on historical cost unless otherwise stated in the respective accounting policies.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

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

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

i. Depreciation of property, plant and equipment (Note 9) – The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii. Annual testing for impairment of goodwill (Note 17) - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.

iii. Property development costs (Note 19) – significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and cost, as well as the recoverability of the development projects. In making judgements, the Group evaluates based on past experience and work of specialists.

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

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

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

vi. Allowance for doubtful debts (Note 20) - the Group provides for doubtful debts based on an assessment of the recoverability of the receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable in full. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment term when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

3. SIGNIFICANT ACCOUNTING POLICIES

(3.1) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary companies which are disclosed in Note 12 made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

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

The results of the subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. Adjustments to those fair values relating to previously held interests are treated as revaluation and recognised in other comprehensive income. The assets, liabilities and contingent liabilities assumed from a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.1) Basis of Consolidation (cont'd)

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

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

(3.2) Goodwill

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

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

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

(3.3) Minority Interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.4) Subsidiary Company

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

(3.5) Associated Company

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.5) Associated Company (cont'd)

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

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

(3.6) Joint Venture

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.7) Property, Plant and Equipment and Depreciation

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

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

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

The principal annual rates used for this purpose are:-

Buildings	2%
Furniture, fittings and equipment	10% - 20%
Plant and machinery	10% - 20%
Motor vehicles	20%
Renovation	20%

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.8) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

i. Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

The Group and the Company classify the following financial assets as loans and receivables

- Cash and cash deposits
- Receivables

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.8) Financial Assets (cont'd)

ii. Available-for-sale Financial Assets

Available-for-sale are financial assets that are designated as available-for-sale or are not classified in any other categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.9) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

i. Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.9) Impairment of Financial Assets (cont'd)

ii. Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(3.10) Impairment of Non-Financial Assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.10) Impairment of Non-Financial Assets (cont'd)

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

(3.11) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(3.12) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(3.13) Investment Properties

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.14) New Planting Expenditure

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

(3.15) Inventories

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

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

(3.16) Construction Contracts

Contract work-in-progress consists of cost incurred to date plus a proportion of estimated profit attributable to contract work performed to date less progress billings received and receivable. Contract costs include direct materials, labour, sub-contract costs and attributable construction overheads.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. Where foreseeable losses on contract are anticipated, full provision of these losses is made in the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.17) Property Development Costs

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

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

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

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

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

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

(3.18) Borrowing Costs

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

All other borrowings are recognised in statement of comprehensive income in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.19) Leases

i. Finance leases

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

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

ii. Operating leases – the Group as Lessee

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

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

iii. Operating leases – Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.20) Foreign Currencies

i. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of transaction.

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

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

ii. Translation of foreign currency financial statements

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.21) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.22) Taxation

Taxation in the statement of comprehensive income represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.23) Revenue Recognition

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

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

Sales of goods are recognised when goods are delivered.

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

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

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

(3.24) Employee Benefits

i. Short Term Employee Benefits

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

ii. Defined Contribution Plans

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.24) Employee Benefits (cont'd)

iii. Share -Based Compensation

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

(3.25) Murabahah Facility

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

(3.26) Treasury shares

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

(3.27) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment manager reports directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(3.28) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(3.29) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. OPERATING REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Management fees	**-**	-	**2,190,000**	2,190,000
Dividend revenue	**-**	-	**25,798,588**	3,057,450
Sale of goods	**55,629,556**	41,617,667	**-**	-
Rental of machinery	**240,000**	140,000	**-**	-
Attributable contract revenue	**372,489,597**	411,563,495	**32,030,998**	44,519,711
Sales of development properties	**2,354,329**	6,079,231	**-**	-
	430,713,482	459,400,393	**60,019,586**	49,767,161

5. DIRECT OPERATING COSTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cost of goods sold	**39,370,399**	38,535,544	**-**	-
Attributable contract costs	**402,168,219**	350,616,314	**29,549,453**	42,702,328
Cost of development properties	**1,132,745**	3,593,850	**-**	-
	442,671,363	392,745,708	**29,549,453**	42,702,328

6. (LOSS)/PROFIT BEFORE TAXATION

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

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Impairment loss on investment in unquoted shares		**2,500,000**	-	**2,500,000**	-
Amortisation of prepaid land lease payments		**6,946**	6,945	**-**	-
Auditors' remuneration					
- statutory audit		**240,488**	219,248	**61,017**	46,017
- under provision in prior year		**(5,000)**	-	**(5,000)**	-
Bad debts written off		**67,053**	632,989	**124,284,148**	-
Changes in fair value of investment property		**1,000,000**	-	**-**	-
Depreciation of property, plant and equipment		**8,973,909**	8,758,754	**678,816**	639,281
Interest expenses		**10,542,065**	12,834,790	**8,408,911**	10,202,147

6. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

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

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Loss/(Gain) on foreign exchange					
- unrealised		**453,493**	1,982,025	**452,397**	(456,710)
Property, plant and equipment written off		**1,912**	-	**1,911**	-
Rental of motor vehicles		**58,664**	74,457	**230**	-
Rental of premises		**2,813,050**	2,823,873	**180,294**	180,000
Rental and running cost of machinery and equipment		**12,806,029**	19,397,415	**-**	-
Directors' remuneration					
- non-executive	(a)	**537,700**	450,400	**534,100**	443,200
Employee benefits expense	(b)	**38,676,400**	39,615,691	**3,809,327**	3,135,802
Gain on disposal of investment in associated company	44(d)	**(7,704,647)**	-	**(26,020,526)**	-
Dividend revenue					
- unquoted shares		**-**	-	**(24,000,088)**	-
- quoted shares		**-**	-	**(1,798,500)**	(3,057,450)
Loss/(Gain) on disposal of property, plant and equipment		**(184,174)**	(316,285)	**23,833**	(8,397)
Interest revenue		**(2,338,540)**	(3,440,290)	**(490,424)**	(13,861,858)
Rental revenue		**(285,069)**	(206,300)	**-**	-

6. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(a) Directors' remuneration

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Fees	**342,000**	336,400	**-**	-
Other emoluments	**2,701,562**	2,441,319	**1,396,800**	1,279,100
Total remuneration (Exclude benefits-in-kind)	**3,043,562**	2,777,719	**1,396,800**	1,279,100
Benefits-in-kind	**554,600**	545,600	**220,100**	208,500
	3,598,162	3,323,319	**1,616,900**	1,487,600
Non-Executive Directors				
Fees	**503,500**	406,000	**503,500**	406,000
Other emoluments	**34,200**	44,400	**30,600**	3 7,200
Total remuneration (Exclude benefits-in-kind)	**537,700**	450,400	**534,100**	443,200
Benefits-in-kind	**24,900**	36,600	**13,700**	18,300
	562,600	487,000	**547,800**	461,500

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

6. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

The Executive directors are as follows:

2010	2009
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	Dato' Sri Haji Wan Zaki bin Haji Wan Muda
Dato' Wan Zakariah bin Haji Wan Muda	Dato' Wan Zakariah bin Haji Wan Muda
Dato' Haji Mustaffa bin Mohamad	Dato' Haji Mustaffa bin Mohamad
Dato' W Zulkifli bin Haji W Muda	Dato' W Zulkifli bin Haji W Muda

The Non-Executive directors are as follows:

2010	2009
Raja Dato' Seri Aman bin Raja Haji Ahmad	Raja Dato' Seri Aman bin Raja Haji Ahmad
Datuk (Prof.) A Rahman @ Omar bin Abdullah	Datuk (Prof.) A Rahman @ Omar bin Abdullah
Dato' Ismail @ Mansor bin Said	Dato' Ismail @ Mansor bin Said
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	

(b) Employees benefits expense

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Employees Provident Fund and Social Security Contribution	**4,849,441**	3,290,479	**377,869**	213,769

Included in employees benefits expense of the Group and the Company are executive directors' remuneration amounting to RM3,043,562 (2009 : RM2,777,719) and RM1,396,800 (2009 : RM 1,279,100) respectively as further disclosed in Note 6 (a).

7. TAXATION

	Group 2010 RM	Group 2009 RM Restated	Company 2010 RM	Company 2009 RM
Based on results for the year	**13,786,588**	12,389,431	**5,507,146**	1,814,551
Reversal of temporary differences (Note 27)	**(223,351)**	(756,944)	**(565,601)**	(10,000)
	13,563,237	11,632,487	**4,941,545**	1,804,551
Over provision in prior years	**(2,112,180)**	(617,696)	**(2,207,489)**	-
Tax expense	**11,451,057**	11,014,791	**2,734,056**	1,804,551

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

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

	Group 2010 RM	Group 2009 RM Restated	Company 2010 RM	Company 2009 RM
(Loss)/Profit before taxation	**(49,914,310)**	32,428,959	**(86,009,882)**	7,391,844
Tax at the statutory income tax rate of 25%	**(12,478,578)**	8,107,240	**(21,502,471)**	1,847,961
Tax effect of non-deductible expenses	**33,331,845**	4,118,369	**33,253,935**	199,029
Tax effect of non-taxable revenue	**(1,943,150)**	(382,938)	**(6,790,919)**	(242,439)
Utilisation of deferred tax assets previously not recognised	**(2,726,670)**	-	**-**	-
Deferred tax assets not recognised during the year	**-**	2,726,670	**-**	-
Tax effect of share of results of associated companies	**(2,464,810)**	(2,238,154)	**-**	-

7. TAXATION (cont'd)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		Restated		
Over provision in prior years				
- income tax	**(2,112,180)**	(617,696)	**(2,207,489)**	-
- deferred tax	**(155,400)**	(698,700)	**(19,000)**	-
Tax expense	**11,451,057**	11,014,791	**2,734,056**	1,804,551

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under Finance Act, 2007. As at 31 December 2010, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained profits.

8. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (Loss)/Earnings Per Share

The basic (loss)/earnings per ordinary share of the Group is calculated based on the (loss)/profits attributable to owners of the parent of (RM61,630,104) (2009 : RM20,764,713) divided by the adjusted weighted average number of shares of 276,682,345 (2009 : 276,575,070).

8. (LOSS)/EARNINGS PER ORDINARY SHARE (cont'd)

Diluted Earnings Per Share

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

The diluted earnings per share of the Group for the financial year ended 31 December 2009 was calculated based on the profit attributable to owners of the parent of RM20,764,713 divided by the adjusted weighted average number of shares as follows:

	No. of shares of RM0.50 each
Weighted average number of shares at at 31 December 2009	276,575,070
Add: Dilutive ESOS	147,450
Adjusted weighted average number of shares	276,722,520

The share options are calculated based on the number of shares which would have been acquired at the market price of RM0.76 based on the monetary value of the subscription rights attached to the outstanding share options.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Building & Renovation RM	Plant & Machinery RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
Group						
Cost						
At 1.1.10	11,034,341	12,545,977	40,820,365	28,848,491	5,118,334	98,367,508
Additions	696,900	6,199,220	1,824,046	6,117,839	316,177	15,154,182
Disposals	-	-	(155,609)	(2,977,613)	-	(3,133,222)
Written off	-	-	-	-	(22,656)	(22,656)
Translation differences	-	(262,826)	(1,631,713)	(120,181)	(91,412)	(2,106,132)
At 31.12.10	11,731,241	18,482,371	40,857,089	31,868,536	5,320,443	108,259,680
Accumulated Depreciation						
At 1.1.10	-	2,686,329	24,121,414	18,014,254	3,612,804	48,434,801
Charge for the year	-	946,016	5,377,548	3,191,518	525,617	10,040,699
Disposals	-	-	(129,831)	(2,418,783)	-	(2,548,614)
Written off	-	-	-	-	(20,745)	(20,745)
Translation differences	-	(2,552)	(863,996)	(103,366)	(38,529)	(1,008,443)
At 31.12.10	-	3,629,793	28,505,135	18,683,623	4,079,147	54,897,698
Net Carrying Amount						
At 31.12.10	11,731,241	14,852,578	12,351,954	13,184,913	1,241,296	53,361,982

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Building & Renovation RM	Plant & Machinery RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
Group						
Cost						
At 1.1.09	7,839,801	10,483,294	38,737,723	27,585,104	4,706,505	89,352,427
Additions	3,194,540	1,775,147	1,877,968	3,012,762	408,588	10,269,005
Disposals	-	-	-	(1,767,834)	(35,238)	(1,803,072)
Translation differences	-	287,536	204,674	18,459	38,479	549,148
At 31.12.09	11,034,341	12,545,977	40,820,365	28,848,491	5,118,334	98,367,508
Accumulated Depreciation						
At 1.1.09	-	2,069,902	19,250,267	16,427,706	3,196,126	40,944,001
Charge for the year	-	588,018	4,779,964	3,043,365	439,116	8,850,463
Disposals	-	-	-	(1,460,587)	(28,867)	(1,489,454)
Translation differences	-	28,409	91,183	3,770	6,429	129,791
At 31.12.09	-	2,686,329	24,121,414	18,014,254	3,612,804	48,434,801
Net Carrying Amount						
At 31.12.09	11,034,341	9,859,648	16,698,951	10,834,237	1,505,530	49,932,707
At 1.1.09	7,839,801	8,413,392	19,487,456	11,157,398	1,510,379	48,408,426

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Plant & Machinery RM	Total RM
Company				
Cost				
At 1.1.10	3,567,924	393,963	59,283	4,021,170
Additions	2,049,528	-	-	2,049,528
Disposals	(1,307,599)	-	-	(1,307,599)
Written off	-	(22,656)	-	(22,656)
Translation differences	-	(3,802)	(5,244)	(9,046)
At 31.12.10	4,309,853	367,505	54,039	4,731,397
Accumulated Depreciation				
At 1.1.10	2,053,358	248,542	43,880	2,345,780
Charge for the year	593,330	74,184	11,302	678,816
Disposals	(1,188,763)	-	-	(1,188,763)
Written off	-	(20,745)	-	(20,745)
Translation differences	-	(3,405)	(4,371)	(7,776)
At 31.12.10	1,457,925	298,576	50,811	1,807,312
Net Carrying Amount				
At 31.12.10	2,851,928	68,929	3,228	2,924,085

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Plant & Machinery RM	Total RM
Company				
Cost				
At 1.1.09	3,026,917	375,582	56,525	3,459,024
Additions	597,390	44,450	-	641,840
Disposals	(59,134)	(29,438)	-	(88,572)
Translation differences	2,751	3,369	2,758	8,878
At 31.12.09	3,567,924	393,963	59,283	4,021,170
Accumulated Depreciation				
At 1.1.09	1,550,129	187,260	30,533	1,767,922
Charge for the year	545,549	82,060	11,672	639,281
Disposals	(44,098)	(23,068)	-	(67,166)
Translation differences	1,778	2,290	1,675	5,743
At 31.12.09	2,053,358	248,542	43,880	2,345,780
Net Carrying Amount				
At 31.12.09	1,514,566	145,421	15,403	1,675,390

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in property, plant and equipment are:

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

	Motor Vehicles RM	Plant & Machinery RM	Office Equipment RM	Total RM
Group				
31.12.2010				
Cost	**16,227,586**	**8,951,415**	**89,000**	**25,268,001**
Net Carrying Amount	**9,407,842**	**5,217,881**	**26,700**	**14,652,423**
31.12.2009				
Cost	14,053,787	9,505,071	89,000	23,647,858
Net Carrying Amount	7,451,273	6,831,956	44,500	14,327,729
1.1.2009				
Cost	14,885,486	8,878,272	89,000	23,852,758
Net Carrying Amount	7,505,973	8,111,446	62,300	15,679,719

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Motor Vehicles RM	Plant & Machinery RM	Office Equipment RM	Total RM
Company				
31.12.2010				
Cost	**3,840,364**	**-**	**-**	**3,840,364**
Net Carrying Amount	**2,851,926**	**-**	**-**	**2,851,926**
31.12.2009				
Cost	2,895,916	-	-	2,895,916
Net Carrying Amount	1,514,566	-	-	1,514,566

(ii) freehold land and buildings of the Group with a total net carrying amount of RM17,468,923 (31.12.2009 : RM11,279,504; 1.1.2009 : RM3,118,174) charged to financial institutions as securities for banking facilities of a subsidiary company, Ahmad Zaki Sdn. Bhd. ("AZSB") as disclosed in Note 26(b).

(iii) buildings and renovation of the Group is an amount of RM8,774,383 (31.12.2009 : RM3,761,339; 1.1.2009 : RM4,361,123) relating to building work-in-progress.

10. PREPAID LAND LEASE PAYMENTS

	Group	
	2010	**2009**
	RM	**RM**
At 1 January	**7,902,103**	8,242,056
Addition	**2,646,191**	-
Amortisation during the year	**(339,954)**	(339,953)
At 31 December	**10,208,340**	7,902,103
Analysed as follows:		
Short term leasehold land	**10,208,340**	7,902,103

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

11. INVESTMENT PROPERTY

	Group	
	2010	**2009**
	RM	**RM**
At fair value		
At beginning of the year	**19,500,000**	19,500,000
Changes in fair value (Note 6)	**(1,000,000)**	-
At end of the year	**18,500,000**	19,500,000
Included in above are:		
Hotel property		
- freehold land	**793,912**	793,912
- hotel buildings	**17,706,088**	18,706,088
	18,500,000	19,500,000

The hotel property is charged to financial institutions as security for facilities of a subsidiary company, AZSB, as disclosed in Note 29.

12. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost		
At beginning of the year	**43,687,429**	43,687,429
Additions	**40,525,000**	-
At end of the year	**84,212,429**	43,687,429

The subsidiary companies are as follows:

	Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
	Held by the Company				
	Ahmad Zaki Sdn. Bhd.	Malaysia	**100%**	100%	Contractors of civil and structural contract works
	Inter-Century Sdn. Bhd.	Malaysia	**100%**	100%	Dealer of marine fuels and lubricants
	Tadok Granite Manufacturing Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
	AZRB International Ventures Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
	Trend Vista Development Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
*	P.T. Ichtiar Gusti Pudi	Republic of Indonesia	**95%**	95%	Oil palm cultivation
@*	Ahmad Zaki Saudi Arabia Co. Ltd.	Kingdom of Saudi Arabia	**99%**	95%	Contractors of civil and structural contract works
	AZRB Properties Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
	EKVE Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
	Unggul Energy & Construction Sdn. Bhd.	Malaysia	**100%**	100%	Dormant

12. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

	Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
	Held through Ahmad Zaki Sdn. Bhd.				
*	Kemaman Technology & Industrial Park Sdn. Bhd.	Malaysia	**60%**	60%	Property development
	AZSB Machineries Sdn. Bhd.	Malaysia	**100%**	100%	Rental of machineries
	Held through Inter-Century Sdn. Bhd.				
	Astral Far East Sdn. Bhd.	Malaysia	**100%**	100%	Dealer of lubricants and petroleum-based products
	Held through AZRB International Ventures Sdn. Bhd.				
*	AZRB Construction (India) Pvt. Ltd.	India	**100%**	100%	Dormant
@*	Ahmad Zaki Saudi Arabia Co. Ltd.	Kingdom of Saudi Arabia	**1%**	5%	Contractors of civil and structural contract works

* Audited by another professional firm of accountants.

@ Wholly-owned subsidiary company of the Group.

13. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2010	2009
	RM	RM
Unquoted shares, at cost		
At beginning/end of the year	**110,000**	110,000
Quoted shares in Malaysia, at cost		
At beginning of the year	**85,486,474**	85,486,474
Disposal	**(85,486,474)**	-
At end of the year	**-**	85,486,474
Share of post-acquisition reserves	**52,700**	10,083,026
	162,700	95,679,500
Market value of quoted shares in Malaysia	**-**	53,235,600

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

	Group	
	2010	2009
	RM	RM
Goodwill on acquisition		
At beginning of the year	**27,644,415**	27,644,415
Disposal	**(27,636,359)**	-
At end of the year	**8,056**	27,644,415

13. INVESTMENTS IN ASSOCIATED COMPANIES (cont'd)

	Company	
	2010	2009
	RM	RM
Quoted shares in Malaysia, at cost		
At beginning of the year	**85,486,474**	85,486,474
Disposal	**(85,486,474)**	-
At end of the year	**-**	85,486,474
Market value of quoted shares in Malaysia	**-**	53,235,600

Disposal during the year is in respect of its investment in Eastern Pacific Industrial Corporation Berhad as disclosed in Note 44(d).

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

Name of Company	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Held by the Company			
Eastern Pacific Industrial Corporation Berhad	**- ***	21.57%	Investment holding
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.	**49.9%**	49.9%	Project management
Maxi Heritage Sdn. Bhd.	**20.0%**	20.0%	General contractor

* Disposed during the year

13. INVESTMENTS IN ASSOCIATED COMPANIES (cont'd)

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

	Group	
	2010	2009
	RM	RM
Total assets	**718,186**	433,719,592
Total liabilities	**387,235**	95,242,819
Operating revenue	**-**	183,986,297
Net profit	**4,283**	49,067,787

In previous year, a total of RM76,659,136 shares of Eastern Pacific Industrial Corporation Berhad ("EPIC") was charged to a bank for a term loan facility which has been fully redeemed during the year.

14. INTERESTS IN JOINT VENTURES

	Group	
	2010	2009
	RM	RM
		Restated
Shares of post acquisition results in joint ventures		
At beginning of the year	**(288,352)**	(288,352)
Current year's profit	**245,424**	1,419,629
Less: Profit distribution from a joint venture	**(245,424)**	(1,419,629)
At end of the year	**(288,352)**	(288,352)

14. INTERESTS IN JOINT VENTURES (cont'd)

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

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

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

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

(i) Share of the assets and liabilities

	Group	
	2010	2009
	RM	RM
		Restated
Current assets		
Other receivables, deposits and prepayments	**7,860**	7,860
Cash and cash deposits	**1,294,646**	1,294,646
	1,302,506	1,302,506
Less: Current liabilities		
Trade payables	**1,575,072**	1,575,072
Other payables and accruals	**15,786**	15,786
	(1,590,858)	(1,590,858)
Share of net liabilities of the joint ventures	**(288,352)**	(288,352)

14. INTERESTS IN JOINT VENTURES (cont'd)

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

(ii) Share of the revenue and expenses

	Group	
	2010	2009
	RM	RM
		Restated
Attributable contract revenue	**3,408,663**	19,717,069
Attributable contract costs	**(3,163,239)**	(18,297,440)
Gross profit/Share of profit for the year	**245,424**	1,419,629

15. NEW PLANTING EXPENDITURE

	Group	
	2010	2009
	RM	RM
At cost:		
At beginning of the year	**82,011,852**	62,956,107
Additions	**23,425,849**	19,055,745
At end of the year	**105,437,701**	82,011,852

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

Included in new planting expenditure for the year is amortisation and depreciation of prepaid land lease payments and property, plant and equipment amounting to RM1,066,790 (2009 : RM424,717).

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At cost:				
Unquoted investment in Malaysia, at cost				
At beginning of the year	**8,547,500**	8,547,500	**8,500,000**	8,500,000
Less: Impairment losses	**(8,500,000)**	(6,000,000)	**(8,500,000)**	(6,000,000)
At end of the year	**47,500**	2,547,500	**-**	2,500,000
Club membership, at fair value	**68,000**	68,000	**68,000**	68,000
	115,500	2,615,500	**68,000**	2,568,000

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

17. GOODWILL

	Group		
	31.12.2010	31.12.2009	1.1.2009
	RM	RM	RM
At cost	**3,744,605**	3,744,605	3,744,605

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

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

17. GOODWILL (cont'd)

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

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

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

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

18. INVENTORIES

	Group		
	31.12.2010	**31.12.2009**	**1.1.2009**
	RM	**RM**	**RM**
At cost:			
Completed development properties	**2,071,765**	2,651,093	322,877
Marine fuels and lubricants	**4,345,414**	8,584,267	12,161,784
Consumable goods	**85,626**	810,087	442,678
	6,502,805	12,045,447	12,927,339

19. PROPERTY DEVELOPMENT COSTS

	Group	
	2010	2009
	RM	RM
Development costs		
At beginning of the year	**5,806,268**	7,531,252
Costs incurred during the year	**3,818,401**	603,232
	9,624,669	8,134,484
Transfer to inventories of completed units	**-**	(2,328,216)
Cost recognised in profit or loss		
- previous years	**(4,346,733)**	(1,699,658)
- current year	**(149,387)**	(2,647,075)
	(4,496,120)	(4,346,733)
At end of the year	**5,128,549**	1,459,535

20. RECEIVABLES

		Group			Company	
		31.12.2010	31.12.2009	1.1.2009	31.12.2010	31.12.2009
	Note	RM	RM	RM	RM	RM
Trade	(a)					
External parties		**42,346,545**	30,986,057	42,866,740	**6,741,735**	582,013
Amount due from customers for contract works	33	**178,398,586**	255,785,589	205,941,587	**21,184,485**	43,028,064
Amount owing by						
- joint ventures	(b)	**49,773**	101,331	49,773	**-**	51,558
		220,794,904	286,872,977	248,858,100	**27,926,220**	43,661,635
Non-trade						
Amount owing by						
- ultimate holding company	(c)	**-**	-	-	**110,630**	117,168
- subsidiary companies	(d)	**-**	-	-	**117,993,494**	244,300,483
- related companies	(e)	**438,081**	272,598	747,071	**3,709**	3,709
- associated company	(f)	**20,000**	20,000	20,000	**-**	-
Other receivables	(g)	**107,849,493**	28,362,345	53,500,740	**100,254,224**	3,127,070
Sundry deposits	(g)	**2,307,079**	1,407,469	1,146,438	**49,324**	48,834
Prepayments	(g)	**1,496,261**	2,339,097	1,986,173	**20,105**	613,323
		112,110,914	32,401,509	57,400,422	**218,431,486**	248,210,587
		332,905,818	319,274,486	306,258,522	**246,357,706**	291,872,222

20. RECEIVABLES (cont'd)

(a) Trade receivables

(i) Credit term of trade receivables

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

(ii) Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group 2010 RM	Company 2010 RM
Neither past due nor impaired	**195,669,769**	**24,027,473**
1 to 30 days pass due not impaired	**1,190,696**	-
31 to 60 days past due not impaired	**8,238,836**	-
61 to 90 days past due not impaired	**6,679,927**	-
91 to 120 days past due not impaired	**20,123**	-
>121 days past due not impaired	**8,995,553**	**3,898,747**
	25,125,135	**3,898,747**
	220,794,904	**27,926,220**

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired of the Group and the Company comprise mainly from government or semi government agencies relating to progress works pending certification or retention sum held by clients. Other trade receivables from trading activities are from creditworthy debtors with good payment records with the Group and the Company.

None of the Group and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

20. RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

(ii) Ageing analysis of trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM25,125,135 that are past due at the reporting date but not impaired.

The trade receivables are mainly from government or semi government agencies pertaining to on going and completed jobs. No impairment loss on trade receivables has been made as, in the opinion of the management, the debts would be collected in full within the next twelve months.

(iii) Foreign currency exposure profile

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

	Group		
	31.12.2010	31.12.2009	1.1.2009
	RM	RM	RM
India Rupee	**3,989,747**	-	-
Saudi Riyal	**14,166,013**	15,911,344	19,272,811

(b) Amount owing by joint venture

This is in respect of amount owing by Bumi Hiway - Ahmad Zaki Joint-Venture and Ahmad Zaki-Jasa Bakti Joint Venture.

(c) Amount owing by ultimate holding company

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

20. RECEIVABLES (cont'd)

(d) Amount owing by subsidiary companies

These amounts are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash

During the financial year, the Company has fully written off amount owing by one of its subsidiary in Saudi Arabia amounting to RM124,224,148.

The foreign currency exposure profile is as follows:

	Company	
	2010	**2009**
	RM	**RM**
India Rupee	**14,471**	12,932
Indonesia Rupiah	**113,284,891**	93,423,236
Saudi Riyal	**3,381,400**	148,035,613
	116,680,762	241,471,781

(e) Amount owing by related companies

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

(f) Amount owing by associated company

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

20. RECEIVABLES (cont'd)

(g) Other receivables, sundry deposits and prepayments

Included in other receivables of the Group and of the Company are:

		Group			Company	
		31.12.2010	31.12.2009	1.1.2009	31.12.2010	31.12.2009
	Note	RM	RM	RM	RM	RM
Value added tax recoverable		**2,738,692**	5,361,505	2,029,960	**-**	-
Advance to Creditors or Subcontractors		**2,202,568**	11,484,220	34,835,795	**2,202,568**	1,947,669
Amount due from						
- Lembaga Tabung Amanah Warisan Negeri Terengganu	44(d)	**51,541,043**	-	-	**51,541,043**	-
- King Faisal Foundation/ Alfaisal University	44(a)	**44,679,639**	-	-	**44,679,639**	-
- Ultimate Holding Company		**1,360,000**	6,800,000	6,800,000	**-**	-

The foreign currency exposure profile is as follows:

	Group			Company	
	2010	2009	1.1.2009	2010	2009
	RM	RM	RM	RM	RM
Indonesia Rupiah	**4,251,594**	7,994,524	6,084,267	**-**	-
India Rupee	**2,224,670**	1,972,155	20,299,831	**2,224,260**	1,971,715
Saudi Riyal	**251,312**	10,249,898	16,615,230	**-**	-
	6,727,576	20,216,577	42,999,328	**2,224,260**	1,971,715

21. TAX ASSETS

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

22. CASH AND CASH DEPOSITS

	Group			Company	
	31.12.2010 RM	31.12.2009 RM	1.1.2009 RM	2010 RM	2009 RM
Cash and bank balances	**33,522,597**	24,241,978	24,144,007	**1,070,151**	2,340,396
Cash deposits with licensed banks	**82,392,767**	128,377,481	161,498,618	**3,303,371**	26,084,199
	115,915,364	152,619,459	185,642,625	**4,373,522**	28,424,595

Included in cash deposits with licensed banks of the Group are deposits of RM60,419,386 (31.12.2009: RM105,977,194; 1.1.2009: RM96,928,753) which have been pledged to financial institutions as security for bank guarantee and credit facilities of the Group as disclosed in Notes 26 and 29.

Included in cash deposits with licensed banks of the Company are deposits of RM2,792,494 (31.12.2009 : RM26,011,428) which have been pledged to financial institutions as security for the term loan of the Company and credit facilities of its subsidiary company, AZSB, as disclosed in Notes 26 and 29.

The cash deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 1.85% to 3.30% (31.12.2009: 1.5% to 3.53%; 1.1.2009 : 2.70% to 3.70%) and 1.95% to 2.7% (31.12.2009 : 1.5% to 3.18%) per annum respectively.

22. CASH AND CASH DEPOSITS (cont'd)

The foreign currency exposure profile is as follows:

	Group			Company	
	31.12.2010	31.12.2009	1.1.2009	2010	2009
	RM	RM	RM	RM	RM
Indonesia Rupiah	**327,638**	271,037	1,004,481	**-**	-
India Rupee	**923,496**	1,054,515	1,007,972	**923,425**	1,054,438
Saudi Riyal	**94,665**	1,413,520	5,469,468	**-**	-
	1,345,799	2,739,072	7,481,921	**923,425**	1,054,438

23. SHARE CAPITAL

	Group/Company			
	2010		2009	
	Number of Shares	Share Capital RM	Number of Shares	Share Capital RM
Ordinary shares of RM0.50 each				
Authorised:				
At 1 January/31 December	**1,000,000,000**	**500,000,000**	1,000,000,000	500,000,000
Issued and fully paid :				
At 1 January	**276,635,929**	**138,317,965**	276,531,600	138,265,800
Allotment of shares pursuant to ESOS	**59,473**	**29,737**	104,329	52,165
At 31 December	**276,695,402**	**138,347,702**	276,635,929	138,317,965

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual interests.

24. RESERVES

		Group			Company	
		31.12.2010	31.12.2009	1.1.2009	2010	2009
	Note	RM	RM	RM	RM	RM
			Restated	Restated		
Non-distributable						
Share premium		**9,828**	6,260	-	**9,828**	6,260
Other comprehensive income:						
- Capital reserve		**-**	67,951	67,951	**-**	-
- Foreign exchange translation reserve	(i)	**(2,015,812)**	(811,168)	(2,470,681)	**56,479**	81,574
		(2,005,984)	(736,957)	(2,402,730)	**66,307**	87,834
Distributable						
Retained profits		**46,139,259**	114,993,575	100,418,173	**(72,907,191)**	23,060,959
		44,133,275	114,256,618	98,015,443	**(72,840,884)**	23,148,793

(i) Foreign exchange translation reserve

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

25. TREASURY SHARES

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

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 21 June 2010, obtained their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

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

Of the total 276,695,402 (2009 : 276,635,929) issued and fully paid ordinary shares as at 31 December 2010, 1,478,100 (2009: 1,451,100) are held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue after the set off is therefore 275,217,302 (2009 : 275,184,829) ordinary shares of RM0.50 each.

26. OTHER BORROWINGS

			Short Term Borrowings	←	Long Term Borrowings		→			
	Note	Effective Interest Rate per annum	Within 1 Year RM	Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
Group										
31.12.2010										
Secured										
Murabahah facility	(a)	4.80% - 5.40%	23,520,000	-	-	-	-	-	-	23,520,000
Term loans	(b)	4.50% - 7.05%	10,143,789	11,626,977	12,425,801	12,388,089	751,312	1,126,967	38,319,146	48,462,935
Finance lease liabilities	(c)	3.80% - 7.94%	5,120,265	4,069,479	2,617,637	1,738,985	836,029	-	9,262,130	14,382,395
			38,784,054	15,696,456	15,043,438	14,127,074	1,587,341	1,126,967	47,581,276	86,365,330

26. OTHER BORROWINGS (cont'd)

			Short Term Borrowings	← Long Term Borrowings →					
	Note	Effective Interest Rate per annum	Within 1 Year RM	Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
Group										
31.12.2010										
Unsecured										
Term loans	(b)	**7.63% - 8.05%**	**10,500,000**	**46,000,000**	**-**	**-**	**-**	**-**	**46,000,000**	**56,500,000**
			49,284,054	**61,696,456**	**15,043,438**	**14,127,074**	**1,587,341**	**1,126,967**	**93,581,276**	**142,865,330**
31.12.2009										
Secured										
Murabahah facility	(a)	4.80% - 5.85%	28,520,000	-	-	-	-	-	-	28,520,000
Term loans	(b)	6.00%	5,340,957	8,375,000	8,375,000	8,375,000	8,375,000	21,125,000	54,625,000	59,965,957
Finance lease liabilities	(c)	3.58% - 9.07%	5,034,691	4,232,671	3,146,150	1,460,825	466,423	-	9,306,069	14,340,760
			38,895,648	12,607,671	11,521,150	9,835,825	8,841,423	21,125,000	63,931,069	102,826,717
Unsecured										
Term loans	(b)	7.13% - 7.63%	45,000,000	40,000,000	-	-	-	-	40,000,000	85,000,000
			83,895,648	52,607,671	11,521,150	9,835,825	8,841,423	21,125,000	103,931,069	187,826,717
1.1.2009										
Trust receipts, Murabahah facility, Term loans and finance lease liabilities (secured and unsecured)			37,723,565	58,348,040	51,813,151	10,730,006	9,179,185	31,406,250	161,476,632	199,200,197

26. OTHER BORROWINGS (cont'd)

	Note	Effective Interest Rate per annum	Short Term Borrowings Within 1 Year RM	Long Term Borrowings Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
Company										
31.12.2010										
Secured										
Murabahah facility	(a)	**4.80% - 5.40%**	**23,520,000**	**-**	**-**	**-**	**-**	**-**	**-**	**23,520,000**
Finance lease liabilities	(c)	**4.46% - 6.56%**	**572,994**	**553,051**	**475,311**	**435,365**	**304,353**	**-**	**1,768,080**	**2,341,074**
			24,092,994	**553,051**	**475,311**	**435,365**	**304,353**	**-**	**1,768,080**	**25,861,074**
Unsecured										
Term loans	(b)	**7.63% - 8.05%**	**10,500,000**	**46,000,000**	**-**	**-**	**-**	**-**	**46,000,000**	**56,500,000**
			34,592,994	**46,553,051**	**475,311**	**435,635**	**304,353**	**-**	**47,768,080**	**82,361,074**
31.12.2009										
Secured										
Murabahah facility	(a)	4.80% - 5.85%	28,520,000	-	-	-	-	-	-	28,520,000
Term loans	(b)	6.00%	5,340,957	8,375,000	8,375,000	8,375,000	8,375,000	21,125,000	54,625,000	59,965,957
Finance lease liabilities	(c)	3.58% - 6.65%	407,534	312,315	288,702	122,047	84,942	-	808,006	1,215,540
			34,268,491	8,687,315	8,663,702	8,497,047	8,459,942	21,125,000	55,433,006	89,701,497
Unsecured										
Term loans	(b)	7.13% - 7.63%	45,000,000	40,000,000	-	-	-	-	40,000,000	85,000,000
			79,268,491	48,687,315	8,663,702	8,497,047	8,459,942	21,125,000	95,433,006	174,701,497

26. OTHER BORROWINGS (cont'd)

(a) Murabahah facility

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

(b) Term loans

Secured

Group

The secured term loans of the Group comprise :

a) a term loan which is repayable by 48 months monthly instalments commencing in November 2010 and secured by:

   i. Corporate guarantee from the Company.

   ii. Debenture with fixed and floating charge over all assets of a subsidiary.

   iii. Pledged fixed deposits of a subsidiary.

   iv. Legal assignment over the throughput commission or sales collection from Petronas Dagangan Berhad or its customers.

b) a term loan which is repayable by 21 quarterly instalments commencing in February 2012 and secured by:

   i. Corporate guarantee from the Company.

   ii. Freehold land and building of a subsidiary as disclosed in Note 9(ii).

26. OTHER BORROWINGS (cont'd)

(b) Term loans (cont'd)

Unsecured

Group/Company

The unsecured term loans of the Group and of the Company comprise:

a) a term loan which is repayable in one lump sum on the last day of the tenor of the facilities which should not exceed five years; and

b) a term loan which is repayable in monthly instalment over 18 months commencing in November 2010.

(c) Finance lease liabilities

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Total instalment payments	**15,707,213**	15,635,289	**2,611,470**	1,313,600
Less: Future finance charges	**(1,324,818)**	(1,294,529)	**(270,396)**	(98,060)
Present value of finance lease liabilities	**14,382,395**	14,340,760	**2,341,074**	1,215,540
Payable within one year				
Total instalment payments	**5,786,601**	5,695,166	**696,855**	456,185
Less: Future finance charges	**(666,336)**	(660,475)	**(123,861)**	(48,651)
Present value of finance lease liabilities	**5,120,265**	5,034,691	**572,994**	407,534
Payable after one year but not later than five years				
Total instalment payments	**9,920,612**	9,940,123	**1,914,615**	857,415
Less: Future finance charges	**(658,482)**	(634,054)	**(146,535)**	(49,409)
Present value of finance lease liabilities	**9,262,130**	9,306,069	**1,768,080**	808,006
	14,382,395	14,340,760	**2,341,074**	1,215,540

27. DEFERRED TAX LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		Restated		
At beginning of the year	**8,864,357**	9,621,614	**5,141,287**	5,151,600
Recognised in profit or loss	**(223,351)**	(756,944)	**(565,601)**	(10,000)
Translation differences	**314**	(313)	**314**	(313)
At end of the year	**8,641,320**	8,864,357	**4,576,000**	5,141,287

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		Restated		
Differences between the carrying amount of property, plant and equipment and its tax base	**(524,097)**	(413,560)	**(14,000)**	49,287
Derecognition of results of joint venture and MCHJV	**4,590,000**	4,590,000	**4,590,000**	5,092,000
Fair value adjustment of investment properties	**1,964,640**	2,077,140	**-**	-
Fair value adjustment in respect of acquisition of subsidiary company	**2,610,777**	2,610,777	**-**	-
	8,641,320	8,864,357	**4,576,000**	5,141,287

27. DEFERRED TAX LIABILITIES (cont'd)

The estimated amount of temporary differences for which deferred tax assets is not recognised in the financial statements are as follows:-

	Group	
	2010	2009
	RM	RM
Unutilised tax losses	-	10,906,680

28. PAYABLES

		Group			Company	
		31.12.2010	31.12.2009	1.1.2009	31.12.2010	31.12.2009
	Note	RM	RM	RM	RM	RM
Trade						
Amount due to customers for contract works	33	**39,124,993**	16,733,647	34,349,486	**-**	-
External parties	(a)	**203,121,662**	174,747,459	167,672,523	**23,556,759**	20,562,854
		242,246,655	191,481,106	202,022,009	**23,556,759**	20,562,854

28. PAYABLES (cont'd)

		Group			Company	
		31.12.2010	31.12.2009	1.1.2009	31.12.2010	31.12.2009
	Note	RM	RM	RM	RM	RM
Non-trade						
Amounts owing to						
- ultimate holding company	(b)	**195,690**	143,003	314,614	**-**	-
- associated company	(c)	**53,089**	53,089	53,089	**-**	-
- subsidiary companies	(d)	**-**	-	-	**165,871,827**	72,478,463
- joint venture	(e)	**-**	-	504,000	**-**	-
Advance payments received	(f)	**60,991,046**	81,147,128	77,966,308	**-**	20,259,174
		61,239,825	81,343,220	78,838,011	**165,871,827**	92,737,637
Other payables	(g)	**5,904,101**	3,269,829	4,186,457	**415,890**	225,008
Deposits received	(g)	**479,414**	301,527	423,231	**-**	-
Accruals	(g)	**1,925,088**	3,496,987	3,452,773	**1,810,439**	2,207,058
		69,548,428	88,411,563	86,900,472	**168,098,156**	95,169,703
		311,795,083	279,892,669	288,922,481	**191,654,915**	115,732,557

28. PAYABLES (cont'd)

(a) Trade payables

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

Included in trade payables of the Group are:

(a) retention sums of RM54,288,762 (31.12.2009 : RM47,660,831; 1.1.2009 : RM43,425,275)

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

	Group		
	31.12.2010	31.12.2009	1.1.2009
	RM	RM	RM
Chuan Huat Industrial Marketing Sdn. Bhd.	**4,334,843**	863,491	485,585

Chuan Huat Industrial Marketing Sdn. Bhd. is a subsidiary company of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director.

The foreign currency exposure profile is as follows:

	Group		
	31.12.2010	31.12.2009	1.1.2009
	RM	RM	RM
Indonesia Rupiah	**4,404,708**	1,569,964	4 ,469,118
Saudi Riyal	**12,384,803**	14,203,526	16,660,483
	16,789,511	15,773,490	21,129,601

(b) Amount owing to ultimate holding company

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

28. PAYABLES (cont'd)

(c) Amount owing to associated company

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

(d) Amount owing to subsidiary companies

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

(e) Amount owing to joint venture

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

(f) Advance payments received

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

The foreign currency exposure profile is as follows:

	Group			Company	
	31.12.2010	31.12.2009	1.1.2009	2010	2009
	RM	RM	RM	RM	RM
India Rupee	-	20,259,174	15,363,509	-	20,259,174
Saudi Riyal	**7,712,107**	9,372,494	16,793,809	-	-
	7,712,107	29,631,668	32,157,318	-	20,259,174

28. PAYABLES (cont'd)

(g) Other payables, deposits and accruals

Included in accruals of the Group and of the Company is interest on borrowing amounting to RM1,321,140 (31.12.2009: RM2,156,658; 1.1.2009 : RM2,157,087).

The foreign currency exposure profile is as follows:

	Group			Company	
	31.12.2010	31.12.2009	1.1.2009	2010	2009
	RM	RM	RM	RM	RM
Indonesia Rupiah	-	1,024,284	695,739	-	-
India Rupee	**207,149**	220,633	361,170	**205,310**	218,615
Saudi Riyal	**4,329,119**	840,833	2,723,233	-	-
	4,536,268	2,085,750	3,780,142	**205,310**	218,615

29. BANK OVERDRAFTS

The bank overdraft facilities of the Group are payable on demand and bear interest at rates ranging from 7.5% to 7.8% (2009: 7.50% to 8.05%) per annum. These facilities are secured and supported by:

(i) hotel property of a subsidiary company, AZSB, as disclosed in Note 11;

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

(iii) corporate guarantee from the Company.

30. DIVIDEND

	Group/Company	
	2010	2009
	RM	RM
Recognised during the year		
First and final dividend of 3.5 sen per ordinary share of RM0.50 each less tax at 25% in respect of financial year ended 31 December 2009	**7,224,212**	-
First and final dividend of 3.0 sen per ordinary share of RM0.50 each less tax at 25% in respect of financial year ended 31 December 2008	**-**	6,189,311
	7,224,212	6,189,311

The Directors do not recommend any dividend in respect of current financial year ended 31 December 2010.

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate costs of RM15,154,182 (2009 : RM10,269,005) and RM2,049,528 (2009 : RM641,840) respectively, which were satisfied as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Finance lease liabilities	**5,882,570**	2,998,300	**1,681,800**	436,000
Cash payments	**9,271,612**	7,270,705	**367,728**	205,840
	15,154,182	10,269,005	**2,049,528**	641,840

32. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash and bank balances	**33,522,597**	24,241,978	**1,070,151**	2,340,396
Cash deposits with licensed banks	**82,392,767**	128,377,481	**3,303,371**	26,084,199
Bank overdrafts	**(2,402,963)**	(16,696,378)	**-**	-
	113,512,401	135,923,081	**4,373,522**	28,424,595

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Aggregate costs incurred to date	**2,067,264,924**	1,848,084,960	**409,030,857**	388,666,184
Attributable profits	**253,273,637**	186,394,033	**30,570,313**	28,180,147
	2,320,538,561	2,034,478,993	**439,601,170**	416,846,331
Progress billings	**(2,181,264,968)**	(1,795,427,051)	**(418,416,685)**	(373,818,267)
	139,273,593	239,051,942	**21,184,485**	43,028,064

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Represented By:				
Amount due from customers for contract works (Note 20)	**178,398,586**	255,785,589	**21,184,485**	43,028,064
Amount due to customers for contract works (Note 28)	**(39,124,993)**	(16,733,647)	**-**	-

Included in the above progress billings of the Group are retention sums of RM14,980,902 (2009 : RM13,661,372).

Included in additions to aggregate cost incurred to date of the Group are:

(i) staff costs for the year amounting to RM22,144,757 (2009 : RM24,315,626); and

(ii) rental of premises, running cost of machinery and rental of motor vehicles for the year amounting RM800,120 (2009 : RM836,309), RM12,906,719 (2009 : RM27,809,528) and RM43,929 (2009 : RM70,839) respectively.

Included in additions to aggregate cost incurred to date of the Company is:

(i) depreciation charges for the year amounting to RM18,462 (2009: RM33,727).

34. EQUITY COMPENSATION BENEFITS

(i) The Group's ESOS and subsequent changes were approved by shareholders of the Company at the Annual General Meeting and Extraordinary General Meeting held on 20 June 2002 and 21 November 2007 respectively. The ESOS shall continue to be in force for a duration of ten (10) years commencing from 26 July 2002 and expiring on 25 July 2012.

The salient features of the ESOS are:

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

(b) the number of ordinary shares of RM1 each in the Company ("AZRB Shares") allocated, in the aggregate, to the directors and senior management of the Group shall not exceed fifty percent (50%) of the total AZRB Shares available under the ESOS;

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

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

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

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

34. EQUITY COMPENSATION BENEFITS (cont'd)

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

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

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

	Number of Share Options	
	2010	**2009**
At 1 January	**569,993**	762,353
Exercised	**(59,473)**	(104,329)
Lapsed/Expired	**(10,822)**	(88,031)
At 31 December	**499,698**	569,993

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

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

	2010	**2009**
Expiry Date		
25.7.2012		
Exercise Price	**RM0.56**	RM0.56
Number of Share Options Outstanding	**499,698**	569,993

35. RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Management fees charged to:				
- subsidiary companies	-	-	**(2,190,000)**	(2,190,000)
Dividend revenue from:				
- subsidiary companies	-	-	**(24,000,088)**	-
Interest received and receivable from:				
- subsidiary companies	-	-	-	(13,287,039)
Administrative service charged by:				
- ultimate holding company	**120,000**	122,400	-	-
Rental paid and payable to:				
- ultimate holding company	**420,000**	420,000	-	180,000
Insurance premium paid and payable to:				
- ultimate holding company	**816,156**	432,713	-	49,480

35. RELATED PARTY TRANSACTIONS (cont'd)

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

	Group 2010 RM	Group 2009 RM
Purchases from subsidiary companies of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director:		
- Chuan Huat Industrial Marketing Sdn. Bhd.	**16,670,086**	8,497,017
Purchases from QMC Sdn. Bhd., a subsidiary of ultimate holding company where Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director	**872,233**	462,702
Purchases from Kemaman Quarry Sdn. Bhd., a subsidiary of ultimate holding company where Dato' Sri Haji Wan Zaki bin Haji Wan Muda and Dato W. Zulkifli bin Haji W. Muda have substantial financial interest and are also directors	**283,993**	537,852
Professional fees paid to Dato' Ismail @ Mansor bin Said	**18,000**	18,000
Rental of premise paid and payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	**36,000**	36,000

35. RELATED PARTY TRANSACTIONS (cont'd)

(c) Compensation of key management personnel

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

The compensations of the key management are as follows:

	Group	
	2010	2009
	RM	RM
Short term employees benefits	**2,724,444**	2,494,055
Post employment benefits	**319,118**	283,664
	3,043,562	2,777,719

36. CONTINGENT LIABILITIES

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Unsecured					
Legal claims by suppliers of joint ventures of AZSB		**-**	18,453,756	**-**	-
Legal claims by joint venture partner of AZRB	44 (c)	**15,246,000**	-	**15,246,000**	-
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiary		**-**	-	**197,478,315**	228,964,406

36. CONTINGENT LIABILITIES (cont'd)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Secured					
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiary		-	-	**48,473,892**	-
Partially secured					
Corporate guarantee given together with a pledge of cash deposits of the Company amounting to RM2,685,508 (2009 : RM2,630,814) to a financial institutions in respect of credit facilities granted to AZSB		-	-	**71,492,561**	55,672,148
		15,246,000	18,453,756	**332,690,768**	284,636,554

37. CAPITAL COMMITMENT

	Group	
	2010	2009
	RM	RM
In respect of:		
Capital expenditure approved but not contracted for the purchase of property, plant and equipment	**2,650,018**	385,200

38. NON-CANCELLABLE OPERATING LEASE COMMITMENT

	Group	
	2010	**2009**
	RM	**RM**
Lease rental of office equipment:		
Payable within 1 year	**99,500**	105,600
Payable within 1 to 2 years	**92,400**	100,970
Payable within 2 to 3 years	**80,800**	78,120
Payable within 3 to 4 years	**43,560**	66,520
Payable within 4 to 5 years	**-**	31,280
	316,260	382,490

39. SEGMENT INFORMATION

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

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

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

39. SEGMENT INFORMATION (cont'd)

Business Segments

The Group comprises the following four major business segments:

(i)	Construction	-	civil and structural construction works.
(ii)	Trading in oil and gas and other related services	-	dealing in marine fuels, lubricants and petroleum based products.
(iii)	Cultivation	-	oil palm
(iv)	Other operations	-	property development, investment holding, provision of management services and dormant companies.

Geographical Segments

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

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

39. SEGMENT INFORMATION (cont'd)

Major Segment By Activity

	Note	Construction RM	Trading In Oil & Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Adjustments and Eliminations RM	Consolidated RM
2010							
Revenue							
External revenue		372,729,596	55,629,556	-	2,354,330	-	430,713,482
Inter-segment revenue		-	25,928,972	-	-	(25,928,972)	-
Total revenue		372,729,596	81,558,528	-	2,354,330	(25,928,972)	430,713,482
Results							
Segment result		(69,382,564)	27,282,459	-	(7,814,205)	-	(49,914,310)
Interest revenue		1,607,653	142,092	-	588,795	-	2,338,540
Interest expenses		(2,099,256)	(29,477)	-	(8,413,332)	-	(10,542,065)
Share of results of joint ventures		245,424	-	-	-	-	245,424
Share of results of associated companies		1,887	9,857,354	-	-	-	9,859,241
Gain on disposal of investment in associated company		26,020,526	-	-	-	(18,315,879)	7,704,647
Other non-cash expenses	(i)	1,000,219	1 ,977	-	3,027,208	-	4,029,404
Depreciation		7,547,475	707,666	-	718,768	-	8,973,909
Other Information							
Segment assets		362,305,400	34,027,042	125,550,344	135,099,717	-	656,982,503
Additions to non-current assets	(ii)	11,163,754	1,152,588	26,748,781	2,161,099	-	41,226,222
Investments in associated companies		162,700	-	-	-	-	162,700
Segment liabilities		321,667,971	53,395,791	4,404,708	90,904,132	-	470,372,602

39. SEGMENT INFORMATION (cont'd)

Major Segment By Activity (cont'd)

	Note	Construction RM	Trading In Oil & Gas & Other Related Services RM	Cultivation RM	Other Operations RM	Adjustments and Eliminations RM	Consolidated RM
2009							
Revenue							
External revenue		411,703,495	41,617,667	-	6,079,231	-	4 59,400,393
Inter-segment revenue		-	14,485,468	-	-	(14,485,468)	-
Total revenue		411,703,495	56,103,135	-	6,079,231	(14,485,468)	459,400,393
Results							
Segment result		15,216,758	21,346,785	-	(4,134,584)	-	32,428,959
Interest revenue		2,566,539	241,146	-	632,605	-	3,440,290
Interest expenses		(9,668,396)	(52,624)	-	(3,113,770)	-	(12,834,790)
Share of results in joint ventures		1,419,629	-	-	-	-	1,419,629
Share of results of associated companies		1,362	8,951,255	-	-	-	8,952,617
Other non-cash expenses	(i)	1,846,950	579,775	-	195,234	-	2,621,959
Depreciation		7,266,469	844,170	-	648,115	-	8,758,754
Other Information							
Segment assets		464,276,631	122,665,307	105,026,776	58,796,303	-	750,765,017
Additions to non-current assets	(ii)	6,618,499	881,263	21,170,588	654,400	-	29,324,750
Investments in associated companies		164,587	95,514,913	-	-	-	9 5,679,500
Segment liabilities		305,732,169	4,142,161	2,594,248	181,606,824	-	494,075,402

39. SEGMENT INFORMATION (cont'd)

Major Segment By Activity (cont'd)

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

	Group	
	2010	2009
	RM	RM
Impairment loss on investment in unquoted shares	**2,500,000**	-
Change in fair value of investment property	**1,000,000**	-
Amortisation of prepaid land lease payments	**6,946**	6,945
Loss on foreign exchange - unrealised	**453,493**	1,982,025
Property, plant and equipment written off	**1,912**	-
Bad debts written off	**67,053**	632,989
	4,029,404	2,621,959

(ii) Addition to non-current assets consists of:

	2010	2009
	RM	RM
Property, plant and equipment	**15,154,182**	10,269,005
Prepaid land lease payments	**2,646,191**	-
New planting expenditures	**23,425,849**	19,055,745
	41,226,222	29,324,750

39. SEGMENT INFORMATION (cont'd)

Major Segment By Geographical Location

	Malaysia RM	Republic of Indonesia RM	India RM	Kingdom of Saudi Arabia RM	Eliminations RM	Consolidated RM
2010						
Total revenue from external customers	**469,681,597**	**-**	**(643,178)**	**(38,324,937)**	**-**	**430,713,482**
Segment assets	**440,260,830**	**125,550,344**	**9,221,715**	**81,949,614**	**-**	**656,982,503**
Investments in associated companies	**162,700**	**-**	**-**	**-**	**-**	**162,700**
Capital expenditure	**14,477,441**	**676,741**	**-**	**-**	**-**	**15,154,182**
2009						
Total revenue from external customers	367,759,307	-	23,218,744	68,422,342	-	459,400,393
Segment assets	452,762,179	105,026,776	30,555,057	162,421,005	-	750,765,017
Investments in associated companies	95,679,500	-	-	-	-	95,679,500
Capital expenditure	8,154,162	2,114,843	-	-	-	10,269,005

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from its receivables. For other financial assets, the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the reporting date, approximately 60% of the Group and of the Company's trade receivables are due from government or semi government bodies in Malaysia.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 20. Cash deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Payables	309,390,581	-	-	309,390,581
Other borrowings	49,284,054	92,454,309	1,126,967	142,865,330
Bank overdrafts	2,402,963	-	-	2,402,963
	361,077,598	92,454,309	1,126,967	454,658,874
Company				
Financial liabilities:				
Payables	189,844,476	-	-	189,844,476
Other borrowings	34,592,994	47,768,080	-	82,361,074
	224,437,470	47,768,080	-	272,205,550

At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

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

- Interest bearing financial assets

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

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

- Interest bearing financial liabilities

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

As at the end of the financial year, a change of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the equity and profit after tax by approximately RM316,000, arising mainly as a result of lower/higher interest income on floating deposits rate and lower/higher interest expense on floating rate loans and borrowings.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign currency risk from its normal trade activities engaged in transactions which are dominated in a currency other than respective functional currencies of the Group entities and the level of exposure are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Saudi Riyals (SAR), Indonesia Rupiah (IDR) and Indian Rupees (INR) are not hedged as currency positions in these currencies are considered to be long-term in nature.

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder 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. No changes were made in the objectives, policies and processes during the years ended 31 December 2010 and 31 December 2009.

The Group and the subsidiaries are not subject to any externally imposed capital requirements.

The gearing ratio as at 31 December 2010 is as follows:

	2010 RM	2009 RM
TOTAL DEBTS	**145,268,293**	204,523,095
TOTAL EQUITY	**182,480,977**	252,574,583
GEARING RATIO	**0.80**	0.81

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

(i) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

		Group		Company	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Note	RM	RM	RM	RM
2010					
Financial Assets					
Club membership	16	**68,000**	**68,000**	**68,000**	**68,000**
Unquoted investments	16	**47,500**	***-**	**-**	***-**
Financial Liabilities					
Finance lease liabilities	26	**14,382,395**	**14,387,945**	**2,341,074**	**2,429,144**
Term loans	26	**104,962,935**	**104,672,299**	**56,500,000**	**56,209,365**
2009					
Financial Assets					
Club membership	16	68,000	100,000	68,000	100,000
Unquoted investments	16	2,547,500	*-	2,500,000	*-
Financial Liabilities					
Finance lease liabilities	26	14,340,760	14,311,081	1,215,540	1,212,079
Term loans	26	144,965,957	144,428,914	144,965,957	144,428,914

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

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(ii) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Receivables
Cash and cash deposits
Other borrowings (Murabahah facility)
Bank overdrafts
Payables

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

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Unsecured					
Legal claims by suppliers of joint ventures of AZSB		**-**	18,453,756	**-**	-
Legal claims by joint venture partner of AZRB	44 (c)	**15,246,000**	-	**15,246,000**	-
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiary		**-**	-	**197,478,315**	228,964,406
Secured					
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiary		**-**	-	**48,473,892**	-

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Partially secured					
Corporate guarantee given together with a pledge of cash deposits of the Company amounting to RM2,685,508 (2009 : RM2,630,814) to a financial institutions in respect of credit facilities granted to AZSB		**-**	-	**71,492,561**	55,672,148
		15,246,000	18,453,756	**332,690,768**	284,636,554

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

43. PRIOR YEAR ADJUSTMENTS

Previously, the Group treated its interest in Malaysia-China Hydro Joint Venture (MCHJV) as interest in joint venture in accordance with the policy stated in Note 3.6. The Group has been applying equity method for its interest in MCHJV. During the financial year, the Board has reviewed the Group's interest in MCHJV in consultation with independent advisers and concluded that its interest in MCHJV is more appropriate to be accounted for as simple investment in accordance with FRS139 by virtue of the Group neither having any joint-control nor significant influence over the MCHJV since the inception of the joint venture agreement. The change of accounting treatment has been applied retrospectively giving an effect of a reversal of loss amounting to RM28.6 million and a deferred tax liability of RM4.6 million respectively.

43. PRIOR YEAR ADJUSTMENTS (cont'd)

The effect of the above prior year adjustments on the statements of financial position and comprehensive income are set out as follows:

	As previously reported RM	Effects from recognition of MCHJV as simple investment RM	As restated RM
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2009			
Interests in joint ventures			
- As at 1 January 2009	(28,698,666)	28,410,314	(288,352)
- As at 31 December 2009	(28,637,206)	28,348,854	(288,352)
Deferred tax liabilities			
- As at 1 January 2009	5,153,614	4,468,000	9,621,614
- As at 31 December 2009	4,274,357	4,590,000	8,864,357
Reserves			
- As at 1 January 2009	74,073,128	23,942,315	98,015,443
- As at 31 December 2009	90,497,764	23,758,854	114,256,618
STATEMENTS OF COMPREHENSIVE INCOME FOR FINANCIAL YEAR ENDED 31 DECEMBER 2009			
Share of results of joint ventures	1,481,090	(61,461)	1,419,629
Taxation	(10,892,791)	(122,000)	(11,014,791)
Profit net of taxation	21,597,629	(183,461)	21,414,168

44. SIGNIFICANT EVENTS

The significant events during the financial year are as follows : -

(a) On 1 September 2010, King Faisal Foundation had liquidated the performance and advance bonds of the Company in relation to its project - Alfaisal University Campus Development Project Phase 1 & 2 in Riyadh, Saudi Arabia amounting to Saudi Riyal 52.56 million or RM44.7 million which the Company has fully settled via internal funds and borrowings.

(b) On 29 September 2010, the Company received a letter from the Public Private Partnership Unit ("3PU") of the Prime Minister's Department, which informed AZRB of the Government of Malaysia's ("the Government") decision to award the proposed development of the International Islamic University Malaysia Teaching Hospital Project in Kuantan, Pahang to AZRB subject to further negotiations on the Concession Agreement to be entered into with the Government.

(c) On 13 October 2010 Sime Engineering Sdn Bhd ("SESB") served a Writ and Statement of Claim dated 12 October 2010 on the Company, claiming a sum of RM15,246,000 for alleged breaches by the Company, of the Malaysia-China Hydro Joint Venture Agreement dated 12 June 2002 relating to the Bakun Hydroelectric Project Package CW2 - Main Civil Works. The Company had filed its Defence and Counterclaim at the Kuala Lumpur High Court on 2 December 2010.

(d) On 10 December 2010, the Company has secured shareholders' approval for the disposal of its 21.57% equity interest in EPIC comprising 35,970,000 Ordinary Shares of RM1.00 each to Lembaga Tabung Amanah Warisan Negeri Terengganu for a total cash consideration of RM111.5 million. The disposal has resulted a gain of RM7.7million to the Group as disclosed in Note 6.

45. SUBSEQUENT EVENTS

The significant events after the reporting date are as follows : -

(a) On 19 January 2011, AZRB has filed an application to stay the Suit with SESB as disclosed in Note 44(c) pending the outcome of K.L High Court Civil Suit between SESB and its former directors and staff.

(b) On 3 March 2011, the Company has filed its arbitration notice with the ICC International Court of Arbitration seeking various reliefs and claims including the bonds liquidated by King Faisal Foundation as stated in Note 44(a) in respect of the contract entered into by King Faisal Foundation/Alfaisal University and the Company pertaining to Alfaisal University Campus Development Project Phase 1 & 2 in Riyadh, Saudi Arabia.

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

Pursuant to the directives issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Company is required to present the breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 31 December 2010, into realised and unrealised profits/(losses) as follows: -

	2010	
	Group	**Company**
	RM	**RM**
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	**76,644,334**	**(68,317,191)**
- Unrealised	**114,890**	**(4,590,000)**
	76,759,224	**(72,907,191)**
Total retained profits/(accumulated losses) of the of associated companies		
- Realised	**54**	**-**
Total retained profits/(accumulated losses) of the of jointly controlled entities		
- Realised	**(288,352)**	**-**
Less : Consolidated Adjustments	**(30,331,667)**	**-**
	46,139,259	**(72,907,191)**

The determination of realised and unrealised profits/(losses) is based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia's Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

notice of nomination of auditors

GEOSAKTI SDN BHD
K-709, Taman Merpati Jaya,
Jalan Air Putih, 24000 Kemaman,
Terengganu

Date: 16 May 2011

The Boards of Directors
AHMAD ZAKI RESOURCES BERHAD
No. 6, Jalan Bangsar Utama 9,
Bangsar Utama, 59000 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs KPMG for appointment as Auditors of the Company in place of the retiring Auditors, Messrs Moore Stephens AC and of my intention to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company:-

"THAT Messrs KPMG, be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Moore Stephens AC, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

Thank you.

Yours faithfully,
GEOSAKTI SDN BHD

(SIGNED)

AHMAD SABRI BIN DRAMAN
Director

analysis of shareholdings

As at 29 April 2011

Authorised Share Capital	:	RM 500,000,000.00
Class of Shares	:	Ordinary Share of RM0.50 each
Issued and Fully Paid-up Share Capital	:	RM 138,381,721
Voting Rights	:	One vote per RM0.50 per share

STATEMENT OF DIRECTOR'S SHAREHOLDINGS

	Number of Ordinary shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
The Compay				
Ahmad Zaki Resources Berhad				
Raja Dato' Seri Aman bin Raja Haji Ahmad	-	-	-	-
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	2,066,760	0.75	163,061,136	59.24
Dato' Wan Zakariah bin Haji Wan Muda	2,101,096	0.76	-	-
Dato' Haji Mustaffa bin Mohamad	2,177,148	0.79	1,050,000	0.38
Dato' W Zulkifli bin Haji W Muda	2,552,696	0.93	-	-
Datuk (Prof) A Rahman @ Omar bin Abdullah	1,200,000	0.44	-	-
Dato' Ismail @ Mansor bin Said	102	-	-	-
Ultimate Holding Company				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	50.00	-	-
Dato' Wan Zakariah bin Haji Wan Muda	100,000	10.00	-	-
Dato' W Zulkifli bin Haji W Muda	100,000	10.00	-	-

* shares held through Zaki Holdings (M) Sdn Bhd

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

Other than as disclosed above, none of the Directors held any shares or have any interest in the Company and its related companies as at 29 April 2011.

analysis of shareholdings (cont'd)

As at 29 April 2011

DISTRIBUTION OF SHAREHOLDERS

	No.of Shareholders		No.of Shares		% of Shareholdings	
Category	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Less than 100	138	1	2,570	28	0.001	0.000
100 to 1,000	485	1	302,762	1,000	0.109	0.000
1,001 to 10,000	2,861	32	16,039,055	184,140	5.795	0.067
10,001 to 100,000	1,174	34	35,526,127	1,233,953	12.836	0.446
100,001 to less than 5% of issued shares	112	6	59,308,524	1,104,147	21.429	0.399
5% and above of issued shares	3		163,061,136		58.917	0.000
Subtotal	**4,773**	**74**	**274,240,174**	**2,523,268**	**99.088**	**0.912**

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

		No of Ordinary Shares of RM0.50			
		Direct	**%**	**Deemed Interest**	**%**
1.	ZAKI HOLDINGS (M) SDN BHD	135,461,136	49.21	0	0
2.	AMMB NOMINEES (TEMPATAN) SDN BHD *AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD*	27,600,000	10.03	0	0
3.	DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	2,066,760	0.75	163,061,136*	59.24

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

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	Shares Held	%
1.	ZAKI HOLDINGS (M) SDN BHD	97,282,064	35.34
2.	ZAKI HOLDINGS (M) SDN BHD	38,179,072	13.87
3.	AMMB NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD	27,600,000	10.03
4.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	6,744,900	2.45
5.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	5,207,400	1.89
6.	VALUECAP SDN BHD	3,281,800	1.19

analysis of shareholdings (cont'd)

As at 29 April 2011

LIST OF 30 LARGEST SHAREHOLDERS (cont'd)

No.	Name	Shares Held	%
7.	GEOSAKTI SDN BHD	2,709,800	0.98
8.	DATO' W ZULKIFLI BIN HAJI W MUDA	2,552,696	0.93
9.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)	2,202,000	0.80
10.	DATO' HAJI MUSTAFFA BIN MOHAMAD	2,177,148	0.79
11.	DATO' WAN ZAKARIAH BIN HAJI WAN MUDA	2,101,096	0.76
12.	DATO' SRI WAN ZAKI BIN HAJI WAN MUDA	2,066,760	0.75
13.	NIK MAHANI BINTI NIK MOHD RASHID	1,980,008	0.72
14.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL PROGRESS FUND (4082)	1,310,000	0.48
15.	DATUK A RAHMAN @ OMAR BIN ABDULLAH	1,200,000	0.44
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAUZAN (5170)	1,138,000	0.41
17.	TO'PUAN NAIMAH BINTI HASHIM	1,050,000	0.38
18.	CARTABAN NOMINEES (TEMPATAN) SDN BHD AXA AFFIN GENERAL INSURANCE BERHAD	797,600	0.29
19.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SEE KWAN (AL0089)	750,000	0.27
20.	ROSMINI AZAH BINTI ABDUL RAHMAN	745,000	0.27
21.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMZAH BIN HASAN	640,800	0.23
22.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	570,000	0.21
23.	AHMAD RIZAL BIN ABDUL RAHMAN	555,000	0.20
24.	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK KON SEAN (CCTS)	500,000	0.18
25.	SIEW KIM HIN	500,000	0.18
26.	GEORGE LEE SANG KIAN	381,000	0.14
27.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KENG HONG (DEALER 060)	367,440	0.13
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GEOK LIAN (KLC/JFA)	351,200	0.13
29.	SEE TIAU KEE	350,000	0.13
30.	DATO' WAN KAMARUDIN BIN HAJI WAN MUDA	339,976	0.12
	TOTAL	**205,630,760**	**74.70**

The analysis of shareholdings is based on the issued and paid up capital of the Company after deducting 1,478,100 ordinary shares bought back by the Company and held as treasury as at 29 April 2011.

list of properties

31 December 2010

Title & location of property	Date of acquisition	Description of property (existing use)	Tenure (age of building)	Total land area/ (built up area)	NBV/ Prepaid Lease Payment RM'000
GM372, Lot 981 and 8,694GM 4708, Lot 985, Mukim Setapak Daerah Kuala Lumpur and Negeri Wilayah Persekutuan. ("Lot 981 and Lot 985")	20.01.1994 & 16.02.1994	Vacant land	Freehold	54,967 sq.ft.	8,694
EMR 873, Lot 826, Mukim Sungai Karang, Kuantan, Pahang ("Lot 826")	30.10.1993	Land and 1-storey and 3-storey buildings held for rental	Freehold (16 years)	202,815/ (64,670)sq.ft.	18,500
HS (M) 1038, Lot PT4782 and HS (M) 1039, Lot PT4738, Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ("Lot PT4782 and Lot PT4783")	05.05.1997	Adjoining 5-storey buildings for own use	Freehold (15 years)	3,498/ (20,728) sq.ft.	2,273
Daerah Kuala HS (M) 994, Lot PT16360 Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan. ("Lot PT16360")	28.09.2000	5-storey building for own use	Freehold (25 years)	1,581/ (10,364)sq.ft.	770
GM 1012, Lot 22050, Tempat Riffle Range Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan. ("Lot 22020")	03.08.2007	Vacant land	Freehold	12,066.34 sq.ft	1,448
Lot PT2100, HSD 722, Mukim Kuala Temong, District of Hulu Terengganu, Kuala Terengganu, Terenganu. (" Lot PT2100')	15.07.2003	Vacant land	Leasehold Expiring 18.10.2025	20 hectares	97
HS(M) 929,Lot PT 16343, Mukim Setapak, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan ('Lot PT 16343')	24.11.2005	4 storey building for own use	Freehold (15 years)	1,604/ (8,291) sq.ft	743
HGU No.5 Desa Amboyo Selatan, Kecamatan Ngabang, Kabuputen, Pontianak Kalimantan Barat Republic of Indonesia	31.05.2005	Land for cultivation	Leasehold expiring 27.09.2033	7,740 hectares	10,111
GM 1754, Lot 167, Mukim Sabai, Bentong, Pahang	8.10.2010	Vacant land	Freehold	4,578 hectares	697

form of proxy

AZRB
AHMAD ZAKI RESOURCES BERHAD
(4 3 2 7 6 8 - X)

Number of Shares Held :	

*I/We, ______________________ NRIC /Company No. ______________________

of ____

____

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

______________________ NRIC No. ______________________

of ____

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

of ____

or failing *him/her/both, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 14th Annual General Meeting of the Company to be held at Dillenia & Eugenia Room, Ground Floor, SIME Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 20 June 2011 at 10:00 am and, at every adjournment thereof for/against* the resolution(s) to be proposed thereat.

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

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

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	RESOLUTION 1		
2.	RESOLUTION 2		
3.	RESOLUTION 3		
4.	RESOLUTION 4		
5.	RESOLUTION 5		
6.	RESOLUTION 6		
7.	RESOLUTION 7		
8.	RESOLUTION 8		

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

____
Signature of member(s)/Seal

(* Delete where inapplicable)

NOTES:

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