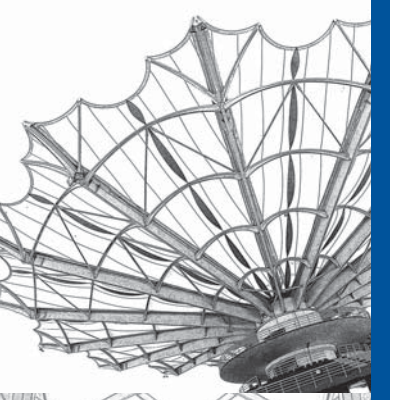

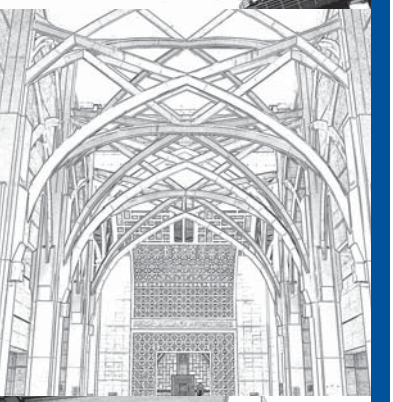

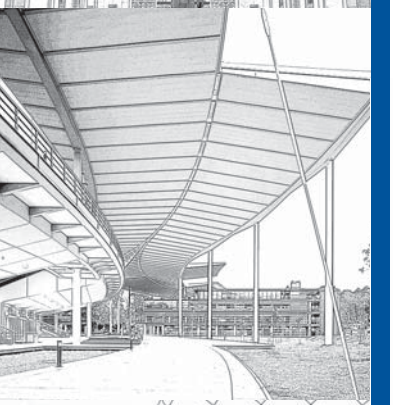

AZRB

AHMAD ZAKI RESOURCES BERHAD

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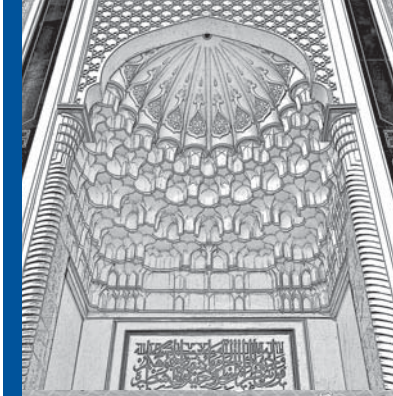
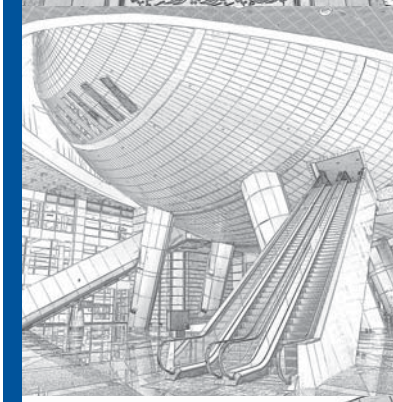
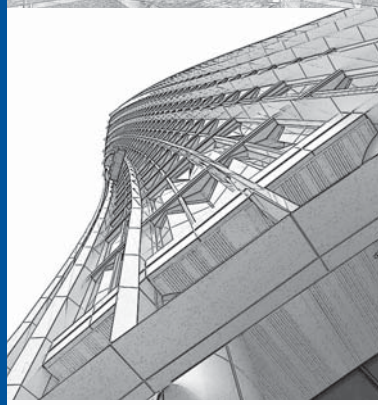
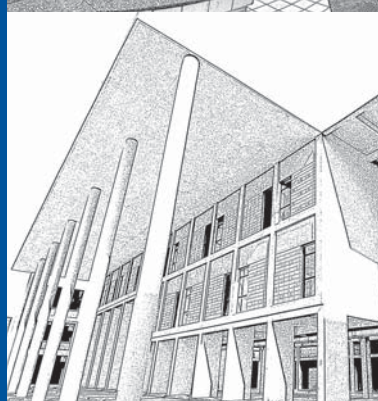
2014 ANNUAL REPORT









AZRB

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of the Company will be held at Taming Sari 3, Ground Floor, The Royale Chulan Kuala Lumpur, 5, Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 16 June 2015 at 10.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2014 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 financial year ended 31 December 2014. — Resolution 1

3. To re-elect the following Directors retiring in accordance with Article 80 of the Company's Articles of Association:-
   (i) Dato' Wan Zakariah Bin Haji Wan Muda — Resolution 2
   (ii) Datuk (Prof.) A Rahman @ Omar Bin Abdullah — Resolution 3

   Dato' Haji Ismail @ Mansor Bin Said who retires in accordance with Article 80 of the Company's Articles of Association, has expressed his intention not to seek re-election. Accordingly, he will retain office until the close of the 18th Annual General Meeting.

4. To re-elect Dato' Haji Roslan Bin Tan Sri Jaffar who retires in accordance with Article 87 of the Company's Articles of Association. — Resolution 4

5. To re-appoint Messrs Deloitte as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — Resolution 5

Special Business

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

Ordinary Resolutions

6. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   "THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and the approval from the relevant 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 ("Bursa Securities") for the listing of and quotation for the additional shares so issued." — Resolution 6

7. **Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading 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 Securities, approval be and is hereby given to the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particularly of which are set out in the Circular to Shareholders dated 22 May 2015 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders and that such transactions are made on the arm's length basis and on normal commercial terms. Resolution 7

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 19th 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 19th AGM of the Company) is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earliest,

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

8. **Authority to Continue in Office as Independent Non-Executive Director**

"THAT authority be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company."

(i) Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad — Resolution 8

(ii) Datuk (Prof.) A Rahman @ Omar Bin Abdullah — Resolution 9

By Order of the Board

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

Kuala Lumpur
22 May 2015

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 shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy. 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.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be completed, signed and deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 10 June 2015 shall be eligible to attend, speak and vote at the 18th Annual General Meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes on Special Business:

6. **Resolution 6 - Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965**

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

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for the purpose of repayment of bank borrowings, funding future investment and working capital.

7. **Resolution 7 - Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The ordinary resolution proposed under item 7, if passed will enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities.

8. **Resolutions 8 and 9 – Authority to Continue in Office as Independent Non-Executive Director**

   In line with the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad and Datuk (Prof.) A Rahman @ Omar Bin Abdullah, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

   (i) Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad and Datuk (Prof.) A Rahman @ Omar Bin Abdullah have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and hence, they would be able to provide an element of objectivity, independent judgement and balance to the Board;

   (ii) Their length of services on the Board of more than nine (9) years does not in any way interfere with their exercise of objective judgement or their ability to act in the best interests of the Company and Group. In fact, Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad and Datuk (Prof.) A Rahman @ Omar Bin Abdullah, having been with the Company for more than nine (9) years, are familiar with the Group's business operations and have devoted sufficient time and commitment to their role and responsibilities as an Independent Director for informed and balance decision making; and

   (iii) They have exercised due care during their tenures as Independent Director of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the interest of the Company and its shareholders.

9. **Statement Accompanying the Notice of Annual General Meeting**

   Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the Notice convening an Annual General Meeting is to be accompanied by a statement furnishing details of individuals who are standing for election as directors. This requirement excludes directors who are standing for re-election.

   No individual is standing for election as a Director at the 18th Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad**
   (Independent Non-Executive Chairman)

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

3. **Dato' Wan Zakariah Bin Haji Wan Muda**
   (Managing Director)

4. **Dato' Haji Mustaffa Bin Mohamad**
   (Executive Director)

5. **Dato' W Zulkifli Bin Haji W Muda**
   (Executive Director)

6. **Dato' Haji Roslan Bin Tan Sri Jaffar**
   (Executive Director)
   (Appointed w.e.f. 8 January 2015)

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

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

9. **Dato' Haji Ismail @ Mansor Bin Said**
   (Independent Non-Executive Director)

10. **Dato' Wan Ahmad Farid Bin Haji Wan Salleh**
    (Independent Non-Executive Director)

AUDIT COMMITTEE

1. **Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad**
   (Chairman)

2. **Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng**
   (Member)

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

4. **Dato' Haji Ismail @ Mansor Bin Said**
   (Member)

COMPANY SECRETARIES

1. **Haji Bahari Bin Johari**
   (LS 0008773)

2. **Seuhailey Binti Shamsudin @ Azraain**
   (MAICSA 7046575)

3. **Wong Maw Chuan**
   (MIA 7413)

REGISTERED OFFICE

Menara AZRB
No. 71, Persiaran Gurney
54000 Kuala Lumpur
Tel: 03 2698 7171
Fax: 03 2694 8181

REGISTRAR

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

PRINCIPAL BANKERS

Alliance Bank Berhad
AmBank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
UOB Bank Berhad

AUDITORS

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

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

ENGINEERING AND CONSTRUCTION

1.	AHMAD ZAKI SDN BHD ("AZSB")	100%
2.	AZSB MACHINERIES SDN BHD ("AMSB")	100%
3.	UNGGUL ENERGY & CONSTRUCTION SDN BHD	100%
4.	AHMAD ZAKI SAUDI ARABIA CO LTD	100%
5.	PENINSULAR PRECAST SDN BHD	80%
6.	FASA TIMUR SDN BHD	50%
7.	SALCON MMCB AZSB JV SDN BHD	30%
8.	SALCON MMCES AZSB JV SDN BHD	30%
9.	MAXI HERITAGE SDN BHD	20%

CONCESSION

1.	EKVE SDN BHD	100%
2.	PENINSULAR MEDICAL SDN BHD	100%

PROPERTY DEVELOPMENT

1.	KEMAMAN TECHNOLOGY & INDUSTRIAL PARK SDN BHD	60%
2.	AZRB PROPERTIES SDN BHD	100%
3.	TREND VISTA DEVELOPMENT SDN BHD	100%
4.	TEMALA DEVELOPMENT SDN BHD	70%
5.	BETANAZ PROPERTIES SDN BHD	51%

OIL & GAS

1.	INTER-CENTURY SDN BHD ("ICSB")	100%
2.	ASTRAL FAR EAST SDN BHD	100%

PLANTATION

1.	PT ICHTIAR GUSTI PUDI	95%

OVERSEAS INVESTMENT

1.	AZRB INTERNATIONAL VENTURES SDN BHD	100%

QUARRY OPERATION

1.	TADOK GRANITE MANUFACTURING SDN BHD	100%

PROJECT MANAGEMENT

1.	PENINSULAR PROKONSULT SDN BHD	100%

HOSPITALITY

1.	RESIDENCE INN & MOTELS SDN BHD	100%

INTEGRATED FACILITIES MANAGEMENT

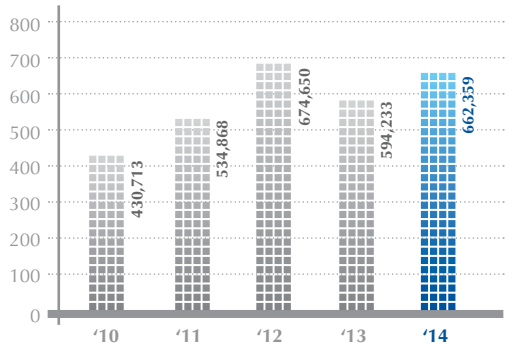
1.	PENINSULAR IFM SDN BHD	34%

5-YEAR FINANCIAL HIGHLIGHTS

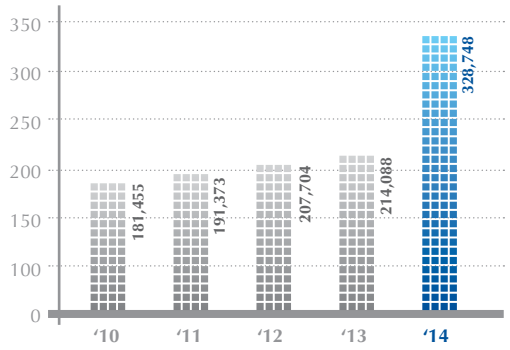
Year ended 31 December 2014

Group Five Year Summary	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Revenue	430,713	534,868	674,650	594,233	662,359
Profit/(Loss) before taxation	(49,914)	24,429	37,775	24,464	25,668
Profit/(Loss) attributable to owners of the Company	(61,630)	11,860	18,679	5,526	13,508
Paid-up Capital	138,348	138,382	138,471	138,471	120,885
Shareholders' Funds	181,455	191,373	207,704	214,088	328,748
Net tangible assets per share (sen)	65	68	72	75	64

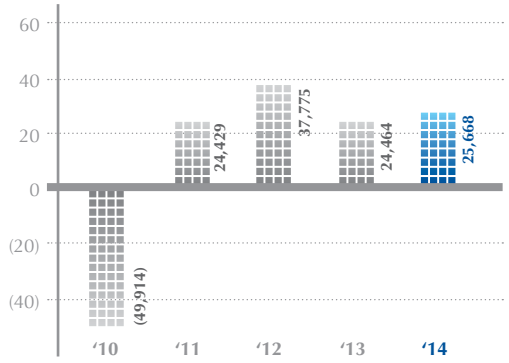
Revenue
(RM'000)



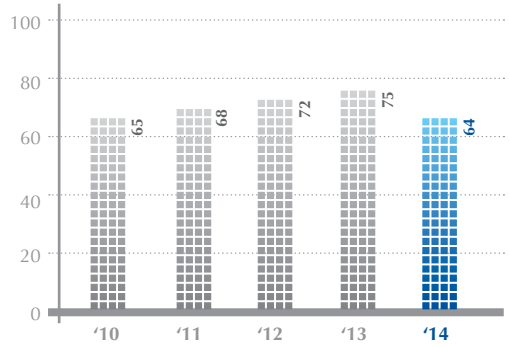
Shareholders' Funds
(RM'000)



Profit/(Loss) Before Taxation
(RM'000)



Net Tangible Assets Per Share
(Sen)



Projek Perumahan Rakyat ("PPR") Hiliran, Kuala Terengganu

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

PSM, SPMP, DPMP, PJK, AMN

Raja Tan Sri Dato' Seri Aman, a Malaysian, aged 69, was appointed Chairman and Independent Non-Executive Director and member of the Audit Committee on 26 February 2004. Subsequently, he 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.

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

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

During the financial year ended 31 December 2014, he attended 10 out of 10 Board meetings held.

DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA

SSAP, SIMP, DPMT, PPN, PJK

Dato' Sri Haji Wan Zaki, a Malaysian, aged 66, was appointed the Executive Vice Chairman of the Company on 24 March 1999. Subsequently, he held the post of Executive Chairman from 1 March 2000 and was redesignated as Executive Vice Chairman of the Company on 26 February 2004. He is presently the Chairman of Remuneration Committee and an ordinary member of the Board Risk Committee.

Dato' Sri Haji Wan Zaki is the founder of Ahmad Zaki Sdn Bhd ("AZSB"). He 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 focus on AZSB.

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

During the financial year ended 31 December 2014, he attended 10 out of 10 Board meetings held.

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

DSAP, DSSA

Dato' Wan Zakariah, a Malaysian, aged 55, 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 Employees' Share Scheme Committee, and is an ordinary member of the Remuneration Committee.

Dato' Wan Zakariah obtained a Bachelor of Science degree in Quantity Surveying from the Thames Polytechnic, United Kingdom (now known as University of Greenwich) in 1986. He started his career as Quantity Surveyor with the construction subsidiary, AZSB and in 1996 was promoted to the post of Managing Director of AZSB until 2003.

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

During the financial year ended 31 December 2014, he attended 10 out of 10 Board meetings held.

DATO' HAJI MUSTAFFA BIN MOHAMAD

DPMT, PJK

Dato' Haji Mustaffa, a Malaysian, aged 64, was appointed an Executive Director of the Company on 24 March 1999 and is an ordinary member of the Establishment Committee.

Dato' Haji Mustaffa 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 an Advocate & Solicitor in the High Courts of Malaya in 1994. He also holds a Post Graduate Diploma in Port and Shipping Administration from University of Wales, Institute of Science and Technology, Cardiff (1985); and been a member of the Chartered Institute of Logistic and Transport, UK since 1986. In 1985 he was awarded a Diploma in Syariah Law and Practice by the International Islamic University, Malaysia.

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

During the financial year ended 31 December 2014, he attended 9 out of 10 Board meetings held.

DATO' W ZULKIFLI BIN HAJI W MUDA

DSAP, DIMP

Dato' W Zulkifli, a Malaysian, aged 53, 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.

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

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

During the financial year ended 31 December 2014, he attended 9 out of 10 Board meetings held.

DATO' HAJI ROSLAN BIN TAN SRI JAFFAR

DIMP, AMP

Dato' Roslan, a Malaysian, aged 39, was appointed an Executive Director of the Company on 8 January 2015. He sits on the Establishment Committee and Employees' Share Scheme Committee as an ordinary member.

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

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

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

Since Dato' Roslan was only appointed as a Director of the Company in January 2015, the disclosure on the number of board meetings attended during the financial year ended 31 December 2014 is not applicable.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

PSM, DPMT, ASM, JP

Tan Sri Dato' Lau, a Malaysian, aged 66, 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 formerly a Senator of Dewan Negara, appointed by Seri Paduka Baginda Yang diPertuan Agong, Malaysia.

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

During the financial year ended 31 December 2014, he attended 10 out of 10 Board meetings held.

DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH

PJN, DPMT, JSM, SMT, AMN

Datuk (Prof.) A Rahman, a Malaysian, aged 69, was appointed an Independent Non-Executive Director on 1 January 2003. He sits on the Audit Committee, Remuneration Committee and Nomination Committee as an ordinary member.

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

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

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

During the financial year ended 31 December 2014, he attended 10 out of 10 Board meetings held.

DATO' HAJI ISMAIL @ MANSOR BIN SAID

DPMT, AMN

Dato' Haji Ismail, a Malaysian, aged 66, 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.

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

Dato' Haji Ismail had served as an Independent Non-Executive Director of Lion Diversified Holdings Berhad. He sits on the board of directors of several private limited companies and has no directorship in other public companies.

During the financial year ended 31 December 2014, he attended 9 out of 10 Board meetings held.

DATO' WAN AHMAD FARID BIN HAJI WAN SALLEH

DPMT

Dato' Wan Ahmad Farid, a Malaysian, aged 53, was appointed as an Independent Non-Executive Director of the Company on 12 July 2013.

Dato' Wan Ahmad Farid graduated with a Bachelor of Laws (Hons) degree from the University of West London in 1985. He obtained his Certificate in Legal Practice (Hons) in 1986 and was admitted to the Malaysian Bar as an Advocate & Solicitor in 1987.

Dato' Wan Ahmad Farid is currently the Managing Partner in Messrs Wan Farid & Surin. He has no directorship in other public companies.

During the financial year ended 31 December 2014, he attended 9 out of 10 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 siblings, and Dato' Haji Roslan Bin Tan Sri Jaffar who is the son-in-law of Dato' Sri Haji Wan Zaki, none of the other Directors are related to one another, nor with any major shareholder.

CONFLICT OF INTEREST
Save as dislosed in the related party transactions on page 157 to 158 (Note 39) of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

CONVICTIONS OF OFFENCES
None of the Directors have been convicted of any offence (other than traffic offence) within the last 10 years.

Ayer@8, Putrajaya

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In compliance with the Main Market Listing Requirements Paragraph 15.26(b), which requires inclusion of a statement about the state of internal control of the listed issuer as a group and fulfilling the revised guideline requirement, the Board is pleased to provide the Statement on Risk Management and Internal Control for the financial year under review.

A. RESPONSIBILITY

The Board is fully committed to its responsibility in establishing a sound risk management and internal control system for the Group with few main objectives such as to promote good governance practices, enhancing transparency, proper management of Group's assets and ultimately to safeguard shareholders' interest.

Nevertheless, due to the inherent limitations of any risk management approach and internal control system, the actions taken in managing the risks and implementing internal control system throughout the business activities could only provide reasonable and not absolute assurance against any material losses, frauds, misstatements or violations of laws or regulations in achieving the Group's objectives.

B. CONTROL ENVIRONMENT AND ACTIVITIES

Enterprise Risk Management Policy

The Group has continued with its policy in managing the risks by implementing the Enterprise Risk Management Policy ("ERMP") to ensure that business risks are properly identified, assessed and managed.

The key objectives of the Group's ERMP are as follows:

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

Internal Audit Function

- The Internal Audit function of the Group is performed in-house by its Internal Audit Department. The Internal Audit Department reports directly to the Audit Committee. The Internal Audit adopts risk-based audit approach when executing each audit assignment which is carried out in accordance with the annual audit plan. The annual audit plan covers the major subsidiaries of the Group.
- The principal role of the Internal Audit is to provide independent and objective reports on the effectiveness of the system of internal controls within the major subsidiaries of the Group. The audit findings were discussed with Management of respective entities for their corrective actions and presented to the Audit Committee.
- The total cost incurred for the internal audit function for the financial year ended 31 December 2014 was RM306,545.

- A summary of the Internal Audit activities during the financial year under review is as follows:

  i. Performed 10 audit reviews on major subsidiaries of the Group to ascertain the adequacy and compliance with the system of internal controls and made recommendations for improvement where weaknesses were found.

  ii. Conducted 8 follow-up audits to determine the adequacy, effectiveness and timeliness of action taken by the Management on audit recommendations and provided updates on their status to the Audit Committee.

Board of Directors

- The Board meets quarterly at a minimum, and more frequently when required, to review and evaluate the Group's operations and performance to address key issues.
- The pre-requisite to decisions made in the meeting is the deliberation and discussion by the Board, together with recommendations and feedbacks from Management. In addition to quarterly financial results, project tender status and progress reports on business operations are also tabled at the Board's quarterly meetings.

Independence of the Audit Committee

- The Audit Committee comprises four (4) Independent Non-Executive Directors. The Audit Committee has full access to both Internal Auditors and External Auditors and has the right to convene meetings with auditors without the presence of Executive Directors and senior management.
- The Audit Committee reviews the reports of the Internal Auditors, their findings and recommendations to ensure that it obtains the necessary level of assurance in respect to the adequacy of the internal controls.

Business Plan and Budget

- Annual business plan and budget are prepared by the Group's major subsidiaries, and are reviewed and approved by the Board. The performance of each major subsidiary is assessed against budget by the Chief Financial Officer with explanation on significant variances presented to the Board on a quarterly basis.

Documented Policies and Procedures

- Policies and procedures of business processes are documented and set out in a series of Standard Operating Procedures ("SOP") or Integrated Management System ("IMS") and implemented throughout the Group. These policies and procedures are subject to reviews, updates and improvements to reflect the changing business risks and operational needs.
- Policies and procedures developed and implemented during the year are Deductions against Sub Contractor for Cost Recovery and Application for Procurement from Non-GST Registered Companies.

Human Resource Policy

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

Performance Management

- Performance appraisals are carried out annually in a Performance Management System to gauge the employee's performance for any promotion, bonus payment and annual increment exercise.
- In order to nurture the quality and competencies of employees, training and development programmes are established.

Business Ethics

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

The Board believes that the development of the internal control system is an on-going process. The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively.

The Board is satisfied with the risk management and internal control system implemented throughout the Group. Nonetheless, the Board shall continue to review and monitor the effectiveness of the Group's risk management and internal control system in ensuring continuous and acceptable level of assurance in conducting daily business activities.

Based on the assessment of the Group's risk management and internal control system for the financial year under review and up to the approval date of this statement, there were no significant control failures or weaknesses that would result in material losses, contingencies or uncertainties requiring separate disclosure in the Group's Annual Report.

This statement, prepared for inclusion in the Annual Report of the Company for the year ended 31 December 2014 has been reviewed by the Audit Committee prior to their recommendation to the Board for approval.

This statement is made on the recommendation of the Audit Committee to the Board of Directors and as per the Board's resolution dated 30 April 2015.

The Board of Directors of Ahmad Zaki Resources Berhad ("AZRB") is committed towards the adoption of principles and best practices as enshrined in the Malaysian Code of Corporate Governance ("MCCG") 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 adopted and complied with the principles and Best Practices set out in MCCG 2012 throughout the financial year ended 31 December 2014.

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

BOARD OF DIRECTORS

Board Composition

The Board is currently led by an Independent Non-Executive Chairman and has ten (10) members comprising five (5) Executive Directors and five (5) Independent Non-Executive Directors. The Board is composed of members with experience in business, construction, legal and finance, required for effective and independent decision-making at the Board level. The Board considers its current size adequate given the present scope and nature of the Group's business operations. A brief description on the background of each Director is presented on pages 9 to 18 of the Annual Report.

The five (5) Independent Non-Executive Directors do not participate in the day-to-day management or in the daily business of the Company or Group. They provide unbiased, independent views and judgment in the decision-making process at the Board level and ensure that the interests of minority shareholders are safeguarded.

The MCCG 2012 has recommended that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Based on the independent assessment made, the independence of Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad, Datuk (Prof.) A Rahman @ Omar Bin Abdullah and Dato' Haji Ismail @ Mansor Bin Said, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years each, remain objective and independent-minded in their participation in deliberations and decision making of the Board and Audit Committee. The length of their service does not in any way interfere with their exercise of independent judgment. Hence, the Board has recommended to retain those independent directors whose tenure has exceeded nine (9) years and shall seek shareholders' approval at the forthcoming Annual General Meeting ("AGM").

The positions of the Chairman and the Managing Director are held by two (2) 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 ("Listing Requirements").

Roles and Responsibilities

The Board recognises its roles and responsibilities in discharging its fiduciary and leadership functions. The Board is also firmly committed to ensuring the highest standards of corporate governance and corporate conduct are adhered to. The Board delegates the day-to-day management of the Company to the Executive Directors but reserves for its consideration pertaining to significant matters, amongst others as follows:-

(a) Reviewing and adopting a strategic plan for the Company and for the Group;

(b) Overseeing the conduct of the Company and the Group's businesses and to evaluate whether the businesses are being properly managed;

(c) Identifying principal risks affecting the Company and the Group and ensuring the implementation of appropriate internal controls and mitigation measures;

(d) To approve succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;

(e) Overseeing the development and implementation of a shareholder and stakeholder communications policy for the Company and the Group;

(f) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

(g) Preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the income statement for the year then ended. Ensuring that the Company has used appropriate accounting policies, consistently applied and supported with reasonable and prudent judgments and estimates, and all accounting standards which are applicable to the Company.

(h) Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act,1965;

(i) Disclosing in the Annual Report the following statements:-

    (i) Statement of Corporate Governance in compliance with the MCCG and in accordance with the provisions of the Listing Requirements;

    (ii) Statement of Board's responsibility for preparing the annual financial statements; and

    (iii) Statement of Internal Control with regards to the state of internal control of the Company as a group.

(j) Reviewing monthly/quarterly budget reports/other reports presented by Management, including quarterly results prior to submission to Bursa Malaysia Securities Berhad ("Bursa Securities").

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 Board delegates and confers some of the Board's authorities and discretion on the Executive Vice Chairman as well as the Managing Director. The Managing Director is also responsible to ensure that the Management adheres to the guidelines and policies set by the Board.

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

The Board has 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 on procedural and regulatory requirements such as statutory obligations, Listing Requirements or other regulatory requirements. The Company Secretary plays an important role in supporting the Board by ensuring adherence to Board policies and procedures. 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.

Board Appointment Process

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

Directors' Re-election

In accordance with the Company's Articles of Association, one-third (1/3) 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 (3) years. Retiring Directors may offer themselves for re-election at the AGM. Any Director who is appointed by the Board during the year is also required to retire and seek re-election by shareholders at the following AGM held following his appointment. Any Director of or 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.

Board Meetings

During the financial year ended 31 December 2014, ten (10) Board meetings were held. The Directors' attendance of each Board meeting held are as follows:-

Executive Directors	Total Meetings Attended	% of Attendance
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	10/10	100%
Dato' Wan Zakariah bin Haji Wan Muda	10/10	100%
Dato' Haji Mustaffa bin Mohamad	9/10	90%
Dato' W Zulkifli bin Haji W Muda	9/10	90%

Non-Executive Directors		
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	10/10	100%
Datuk (Prof.) A Rahman @ Omar bin Abdullah	10/10	100%
Dato' Haji Ismail @ Mansor bin Said	9/10	90%
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	10/10	100%
Dato' Wan Ahmad Farid bin Haji Wan Salleh	9/10	90%

Directors' Remuneration

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

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

	Salaries* RM	Allowances RM	Fees RM	Bonuses RM	Benefits-in-kind RM	Total RM
Executive Directors	3,237,730	658,700	252,000	746,872	252,795	5,148,097
Non-Executive Directors	-	40,700	608,000	-	32,000	680,700

* The salaries are inclusive of statutory employer contributions to the Employees' Provident Fund.

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	1
RM50,001 – RM100,000	-	2
RM100,001 – RM200,000	-	-
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	-	1
RM300,001- RM900,000	-	-
RM900,001- RM1,000,000	1	-
RM1,000,001 – RM1,100,000	-	-
RM1,100,001 – RM1,200,000	1	-
RM1,200,001 – RM1,300,000	1	-
RM1,300,001 - RM1,600,000	-	-
RM1,600,001 – RM1,750,000	1	-

Directors' Training

Every Director of the Company undergoes continuous training as an on-going process to equip himself to effectively discharge his duties as a Director. For that purpose, he ensures that he attends such training programs to continually develop and update himself 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.

Conferences, seminars and training programmes attended by Directors in 2014 included the following areas:

Board Leadership	• Creating a Culture of Candor – Developing a Values System Workshop
Risk Management	• Risk Management and Internal Control Workshop • Managing Business Risk and Creating Opportunities with GST Implementation
Corporate Governance	• Corporate Governance Statement Reporting • Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Integrating Corporate Governance with Business Acumen and Corporate Disclosure
Finance & Taxation	• Financial Services Act 2013 and Islamic Financial Services Act 2013 • BNM – FIDE Forum Dialogue with Governor: Economic and Financial Services (Sector: Trend and Challenges Moving Forward) • GST Briefing • 2014 MASB Roundatable on Financial Reporting
Others	• Briefing on Construction Industry Payment and Adjudication Act • Update on Chapter 14A of the Hong Kong Listing Rules – Connected Transactions • Malaysian Media Conference 2014 • PNB Nominee Directors Convention 2014 • Anti-Money Laundering and Anti-Terrorism Financing for Directors and Senior Management

Board Charter

The Board Charter was established in year 2002 to set out the strategic intent and outlines the Board's structure and procedures, roles and responsibilities and relationship of the Board to Management. The Board has assessed the current Board Charter and its conformity in accordance with MCCG 2012. The Board is of the opinion that the Board Charter conforms in all material aspects to the MCCG 2012. Nevertheless, the Board recognises the importance of the Board Charter thus, will take steps to enhance the Board Charter to bridge any gaps that may arise out of the MCCG 2012 so as to ensure its continuous relevance in the corporate governance of the Group.

BOARD COMMITTEES

1. NOMINATION COMMITTEE

Primary function

The Nomination Committee was established on 16 January 2002 and operates within clearly defined terms of reference. The Nomination Committee is primarily responsible for constantly assessing the overall effectiveness of the Board and Board committees and make recommendations to the Board for any new candidate as Board member or Board committee member. Due consideration is given to the required mix of skills, expertise and experience of the new candidate to meet the needs and complement the Board, having due regard for the benefits of diversity on the Board, including gender, ethnicity and age, and recommends for appointment to the Board. 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 new Board member undergoes the necessary Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities.

The decision as to who shall be appointed as Board member will be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Board aspires to increase the aspect of diversity, including gender, ethnicity and age of Directors in order to bring a diversity of skills, experience and perspective of the Group. The Board recognises that the evolution of the mix of skills, experience and diversity is a long-term process and weighs the various factors relevant to Board balance when vacancies arise.

Member

The present members of the Nomination Committee who are the Independent Non-Executive Directors of the Company are as follows:

- Dato' Haji Ismail @ Mansor Bin Said (Chairman)
- Raja Tan Sri Dato Seri Aman Bin Raja Haji Ahmad
- Datuk (Prof.) A Rahman @ Omar Bin Abdullah

The Company Secretary is the secretary of the Nomination Committee.

2. REMUNERATION COMMITTEE

Primary function

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

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

Member

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

- Dato' Sri Haji Wan Zaki Bin Haji Wan Muda (Chairman)
- Raja Tan Sri Dato Seri Aman Bin Raja Haji Ahmad
- Dato' Wan Zakariah Bin Haji Wan Muda
- Datuk (Prof.) A Rahman @ Omar Bin Abdullah
- Dato' Haji Ismail @ Mansor Bin Said

The Company Secretary is the secretary of the Remuneration Committee.

3. ESTABLISHMENT COMMITTEE

Primary function

The Establishment Committee was established on 16 January 2002. The main purpose for setting up this committee is to assist the Board in formulating the Group's policy and procedures with regard to employees' benefits and the execution of the whole spectrum of Human Resource Management for the Group as well as to administer Employees' Shares Scheme ("ESS") launched by the Company within the jurisdiction of the ESS By-laws.

Member

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

- Dato' Wan Zakariah Bin Haji Wan Muda (Chairman)
- Dato' Haji Mustaffa Bin Mohamad
- Dato' W Zulkifli Bin Haji W Muda
- Dato' Haji Roslan Bin Tan Sri Jaffar

The Director of Human Capital and Corporate Services is the secretary of the Establishment Committee.

4. BOARD RISK COMMITTEE

Primary Function

The Board Risk Committee ("BRC") was established on 18 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 including its associated companies, significant joint ventures and where management responsibility is vested to AZRB. Apart from setting and approving the Group's Risk Management Strategy, Policy and Guidelines, the BRC also receives and reviews 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.

Member

The present members of the Committee are as follows:

- Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad (Chairman)
- Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
- Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
- Dato' Haji Ismail @ Mansor Bin Said

The Company Secretary is the secretary of the Board Risk Committee.

5. EMPLOYEES' SHARE SCHEME COMMITTEE

Primary Function

The Employees' Share Scheme ("ESS") Committee was established on 18 August 2014 with the primary responsibility of formulating, implementing and administering the ESS in accordance with the By-Laws as approved by the Board and shareholders of AZRB.

Member

The present members of the Committee are as follows:

- Dato' Wan Zakariah Bin Haji Wan Muda (Chairman)
- Dato' Haji Roslan Bin Tan Sri Jaffar
- Khairudin Bin Hj Mohd Ali
- Mohd Zaki Bin Hamdan
- Seuhailey Binti Shamsudin

The Director of Human Capital and Corporate Services is the secretary of the ESS.

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

The Board maintains effective communications 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 values its dialogue with shareholders, public, media, authorities and private investors and recognises that equal and timely dissemination of relevant information be provided to them.

The AGM serves as an important means for shareholders communication. Notice of the AGM and Annual Report are sent to shareholders twenty one (21) days prior to the meeting. At each AGM, the Board provides shareholders with the opportunity to raise questions pertaining to the Group. The AGM is also an avenue for the Chairman and the Board to respond personally to all queries and undertake to provide clarification on issues and concerns raised by the shareholders.

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

Other mediums of communication used by the Group to communicate information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public are as follows:-

(a) 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;

(b) various announcements made to Bursa Securities, which includes announcements on quarterly results; and

(c) the Company's website at http://www.azrb.com.

The Board is fully committed in providing and presenting a true and fair view of the financial performances and future prospects in the industry. This is provided through the quarterly, half yearly and annual financial statements as well as the Annual Report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board, which is assisted by the 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 Bursa Securities.

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

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

Internal Control and Risk Management

The Statement on Risk Management and Internal Control furnished on pages 20 to 22 of this Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the External Auditors

Through the Audit Committee, 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 Corporate Governance Statement is made in accordance with the resolution of the Board dated 30 April 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN PREPARING THE FINANCIAL STATEMENTS

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

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

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with; and
- prepared the financial statements 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 30 April 2015.

MEMBERSHIP

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

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

TERMS OF REFERENCE

Membership

1. The Audit Committee shall be appointed by the Board of Directors amongst its members and consist of at least three (3) members, all whom must be a Non-Executive Director, with a majority of them being Independent Directors.
2. At least one (1) member of the Audit Committee must be:
   - a member of the Malaysian Institute of Accountants ("MIA"); or
   - if he is not a member of the MIA, he must have at least three (3) years' working experience; and
     i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
     ii. he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.
3. In the event of any vacancy in the Audit Committee resulting in the non-compliance with Paragraph 15.10 of the Listing Requirements of Bursa Malaysia, the Board shall appoint a new member within three (3) months.
4. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years.
5. No alternate Director shall be appointed as a member of the Audit Committee.

Meetings

1. Meetings shall be held at least four (4) times a year.
2. The Audit Committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary.
3. The Committee shall meet with the external auditors at least once a year without Executive Board members present. Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

Quorum

The quorum shall be at least two (2) persons, both of whom are to be Independent Directors.

Secretary

The Company Secretary shall act as secretary of the Audit Committee.

Reporting Procedure

The Audit Committee regulates its own procedures:-

1. the notice to be given of such meetings;
2. the voting and proceedings of such meetings;
3. the keeping of minutes; and
4. the custody, protection and inspection of such minutes

Minutes of the meetings were tabled for confirmation at the following Audit Committee meeting. In 2014, the Chairman presented the recommendations of the Audit Committee to the Board for approval of the annual and quarterly financial statements. The Chairman also conveyed to the Board matters of significant concern as and when raised by the external or internal auditors.

Duties and Responsibilities

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

1. to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. to discuss with the external auditors before the audit commences, the nature and scope of the audit;
3. 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;
4. 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;
5. 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.
6. 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);
7. to review the external auditor's management letter and the management's response;
8. 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.
9. to consider any related party transactions that may arise within the Company or the Group;
10. to consider the major findings of internal investigations and the management's response; and
11. to consider other topics as defined by the Board.

Authority

In carrying out their duties and responsibilities, the Audit Committee shall:

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external and internal auditors;
5. be able to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Review

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 (3) 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 member at the Audit Committee meetings held during the financial year ended 31 December 2014 are as follows:

Name of Members	Meetings						Total Attendance
	27.1	27.2	28.4	27.5	26.8	27.11	
Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	√	√	√	√	√	√	6/6 (100%)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	√	√	√	√	√	√	6/6 (100%)
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	√	√	√	√	√	√	6/6 (100%)
Dato' Haji Ismail @ Mansor Bin Said	√	√	x	√	√	√	5/6 (83%)

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee met six (6) times. Activities carried out by the Audit Committee included the deliberation and review of:

1. the Group's year end audited financial results presented by the external auditors prior submission to the Board for approval;
2. the Group's quarterly financial results presented by the management prior submission to the Board for approval;
3. the Audit Planning Memorandum of the external auditors in a meeting to discuss their audit strategy, audit focus and resources prior to commencement of their annual audit;
4. matters arising from the audit of the Group in a meeting with the external auditors without the presence of any executive directors or members of the Group's management;
5. related party transactions within the Group pursuant to Bursa Malaysia Listing Requirements prior to submission for the Board's consideration and, where appropriate, shareholders' approval; and
6. the internal audit plan, consider the major findings of internal audit reports and recommendations in relation to weaknesses in the internal control and discussed with management on corrective actions to be taken.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

As at 30 April 2015, the status of utilisation of the proceeds raised from the Right Issues which was completed on 16 May 2014 are as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	Explanations
(a) Funding projects	74,446	50,479	Within 18 months	NA	Not yet fully utilised
(b) Repayment of borrowings	15,000	15,000	Within 6 months	-	Completed
(c) Working capital	12,053	12,000	Within 12 months	NA	Completed
(d) Estimated expenses	1,800	1,666	Within 6 months	NA	Completed
Total	**103,299**	**79,145**			

SHARE BUY BACK

During the financial year, there was no share buy back transacted, resale or cancellation of treasury shares. As at 31 December 2014, 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 CONVERTIBLE SECURITIES

The Company had on 18 August 2014 implemented the Employees' Share Scheme. No allocations had been granted to eligible employees and Directors during the financial year.

On 14 May 2014, a total of 103,299,033 warrants had been issued to the warrantholders in accordance with the Deed Poll dated 18 March 2014 pursuant to a rights issue exercise.

During the financial year, the Company did not implement any other 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/OR PENALTIES

Since the end of the previous financial year, there were no material sanctions and/or penalty imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year.

STATEMENT OF VALUATION POLICY ON LANDED PROPERTIES

Landed properties are held for long term investment purpose.

AUDIT FEES

The amount of audit fees and non-audit fees paid to the external auditors and their affiliated companies by the Group for the financial year ended 31 December 2014 are as follows:-

	Deloitte RM '000	Non Deloitte RM '000
Audit fees	402	97
Non-audit fees	37	-

VARIATION IN RESULTS

There is no significant difference between the Audited and Unaudited Results released to Bursa Securities in respect of financial year ended 31 December 2014.

MATERIAL 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 into by the Company and its subsidiaries involving Directors' and major shareholders' interests either subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

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

Nature of the transactions with related party	Entered by	Period covered from 1 January to 30 June of Year 2014 RM'000	Period covered from 1 July to 31 December of Year 2014 RM'000
a) Purchase of building materials from subsidiaries of CHRB			
i) Chuan Huat Industrial Marketing Sdn Bhd	AZSB	4,260	6,068
ii) Chuan Huat Steel Sdn Bhd (formerly known as Chuan Huat Hardware Sdn Bhd)	AZSB	256	165
b) (Sales)/Purchase of building materials from subsidiaries of ZHSB			
i) Kemaman Quarry Sdn Bhd	AZSB	-	(316)
ii) QMC Sdn Bhd	AZSB	17	-
c) Insurance premium paid/payable to ZHSB	AZRB AZSB ICSB AMSB	463	260
d) Administrative charges paid/payable to ZHSB	AZSB	60	60

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
ii) Zaki Holdings (M) Sdn Bhd ("ZHSB")	Holding company of Ahmad Zaki Resources Berhad

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Quality, Health, Safety and Environment ("QHSE") has always been a key focus area for our Engineering and Construction Division ("Division"). It has become more imperative in the recent organisational restructuring where the QHSE Department is now reporting directly to the Managing Director of the Division.

We place great emphasis on all staffs or employees, regardless whether at project site or Headquarters, to perform their roles in prioritising the QHSE elements for the group's benefits.

QHSE PERFORMANCE

The Division is very committed to the implementation of our Integrated Management System ("IMS"). Our main objective is to continually improve the QHSE performance, reduce business risks and consistently implementing the QHSE requirements. The policies and procedures developed in the IMS are a set of mandatory requirements for all operating units with the intent to fortify our Management System implementation and foster a culture of sustainable approach in the organisation.

Further to that, with the goal for continual improvement, QHSE programme for 2014 has been implemented by the Division as follows but not limited to:

1. IMS briefing and awareness amongst new senior management and refresher training for other staffs involving all department at Headquarters and Project Site.
2. Safety Talk regarding to Safety & Health Management at Construction Site by DOSH Officer to the senior management and staffs from all departments in the Division.
3. In house training Working At Height and First Aid Training conducted at IIUM Teaching Hospital Project site.
4. Internal audit was carried out as part of ISO requirement and for continual improvement.
5. Menara AZRB was announced as the winner for Malaysian Construction Industry Excellence Awards ("MCIEA") 2013 for The Best Project Category - Building Award.

In 2014, the division achieved 5,476,673 man hours without lost time due to work related injuries. This achievement spanned across all projects and included subcontractors working on both east coast and central region projects for AZRB Group. This was accomplished through:

1. Providing, as a minimum, one training event per employee per year. These training events included internal and external training for continual improvement.
2. Participation in the OSH National Award for PNB project in order to evaluate our system from a different point of view.

Our commitment to improve our Safety & Health performance was recognised by receiving 5 stars in SHASSIC assessment for KVMRT V6 and IIUM Teaching Hospital Project.

Although our primary concern is to promote the implementation and improvement of health, safety and environment practices in our daily operation, we have not neglected the need to meet our client's expectations with respect to the quality of our products and services.

With the regards to the client's satisfaction achievement, AZRB has successfully completed various projects in the year 2014 such as Program Perumahan Rakyat Chabang Tiga, Kuala Terengganu, Kompleks Kerja Raya 2, Kuala Lumpur and Lebuhraya Pantai Timur (Package 2), Terengganu to our clients.

Cumulative Loss Time Injuries (LTI)

PROJECT	MAN-HOURS WITHOUT LTI (CUMMULATIVE)
UTM Student Accommodation Complex, Kuala Lumpur	198,500
Royal Malaysian Police Air Wing Unit, Subang	236,248
PNB Hotel & Office Tower, Kuala Lumpur	976,938
MY Rapid Transit Package V6	3,139,195
MY Rapid Transit Package S6	443,452
IIUM Teaching Hospital, Kuantan, Pahang	482,340
TOTAL	**5,476,673**

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), it is my pleasure and privilege to present the Annual Report and Financial Statements of Ahmad Zaki Resources Berhad ("AZRB" or "the Group") for the year ended 31 December 2014.

Overview

The year under review was a year of progress for the Group. It was a year where the Group forged ahead in terms of business performance and business direction. On 21 January 2015, the Group entered into a Sub-Lease and Throughput Agreement ("the Agreement") with TB Supply Base Sdn Bhd and TB Realty Sdn Bhd, the owners and operators of the new Tok Bali Supply Base in Kelantan. The Agreement is effective for 32 years, which in turn allows the Group, via its wholly-owned subsidiary, Astral Far East Sdn Bhd ("AFE"), to provide bunkering services to all vessels calling at the Tok Bali Supply Base.

The Tok Bali Supply Base ("TBSB") is strategically located to serve the existing oil and gas fields ("oil fields") off the east coast of Peninsular Malaysia. TBSB has been established with the support of the Federal Government and the national oil company, Petroliam Nasional Berhad ("Petronas") to relieve the existing Kemaman Supply Base ("KSB") in Terengganu, which has for many years experienced congestion at its wharves due to the high level of oil and gas activity in the region. In addition to helping to relieve the congestion at KSB, TBSB also promises to offer some cost savings to many of Petronas' Production Sharing Contract operators ("PSC") operating in the more northern oil fields, mainly due to the shorter steaming time between TBSB and the oil and gas rigs. Apart from serving the Malaysian oil fields, TBSB is also ideally located to serve the Malaysia-Thailand Joint Development Area ("MTJDA") and Commercial Arrangement Area ("CAA") between Malaysia and Vietnam.

The Agreement at TBSB is effectively an extension to our existing oil and gas business at KSB, which has been in operation since 1993. Although we expect many of our customers at TBSB to be those customers of ours that have shifted operations from KSB to TBSB, this new venture at TBSB will still provide the Group with opportunities to grow the Oil and Gas Division further. Firstly, it establishes our expertise in operating bunkering services to serve vessels calling at the supply base, which can be further replicated in other ports in the region as and when the opportunity arises. Secondly, due to the strategic location of TBSB vis-a-vis MTJDA and CAA, this will encourage vessels from these two areas to relocate their bases from their current ports in Songkhla, Thailand and Vung Tau, Vietnam respectively to TBSB. The relocation promises to give significant cost savings to the PSC operators operating the said vessels. We are very confident that our operations at TBSB will give positive returns from inception and we are also very bullish on the long term prospects of our operations at TBSB. We have no doubt that AFE will prove to be a

significant earnings contributor to the Group for the next 32 years.

Another significant milestone in 2014 was our new planting program for our oil palm plantation. During the last quarter of 2014, the Group's Plantation Division started a new planting program which saw close to 1,000 ha of new palm oil fields planted. With this new planting program, our planted area at our estate in Kalimantan Barat, Indonesia now stands at about 5,500 ha. We will be continuing with our new planting program in 2015 and 2016 where we plan to plant an additional 5,000 ha to bring our total planted area to 10,500 ha.

The new planting program marks the point where the Plantation Division was finally able to move forward and forge ahead after years of missed opportunities and under performance. The Board was cognisant of the fact that the Plantation Division was not performing to the Group's initial expectation and had to take critical steps in ensuring the Plantation Division was moving in the right direction. This culminated in the appointment of new management personnel in 2012 to oversee the Plantation Division both at operational and strategic level. Whilst the Board is pleased with the progress that the Plantation Division is showing, the Board is also keenly aware that there is still plenty of work left to do to enable the Plantation Division to be a positive and significant contributor to the Group's results.

Our final main achievement for the year under review was obtaining the approval from the State Government of Selangor ("State Government") for the excision and conversion of forest reserve into a federal road reserve along our proposed East Klang Valley Expressway ("EKVE") alignment ("the Approval"). The Approval was the last condition precedent set out in our Concession Agreement ("CA") for the EKVE project with the Government. Having obtained the Approval in December 2014, the Federal Government duly notified EKVE that the Effective Date ("ED") was set on 12 February 2015. With the ED, EKVE has fulfilled all condition precedents set out in its CA of 13 February 2013 and is now able to commence works in developing and building the EKVE. With the commencement of works, the Group is on track to complete EKVE by 2019 thereby giving the Group a stable and recurring income stream from its newly formed Infrastructure Division of which EKVE will be part of.

Financial Performance

The year under review saw the Group improve on its 2013 results in all key areas. For 2014, the Group recorded a revenue of RM662.4 million (2013: RM594.2 million), a profit before tax of RM25.7 million (2013: RM24.5 million), a profit for the year of RM12.3 million (2013: RM5.4 million) and total comprehensive income for the year of RM11.9 million (2013: RM10.5 million). Our Engineering and Construction Division continues to be the main spearhead and driver for the Group with revenues of RM601.1 million (2013: RM523.8 million), representing 91% of total Group consolidated revenue, and profit before tax of RM 52.6 million (2013: RM49.1 million). The increase in reported results for the Engineering and Construction Division is mainly due to the higher volume of work done by the division during the year under review.

The Oil and Gas Division continues to contribute strongly to the Group with revenues of RM45.6 million (2013: RM53.7 million) or 7% of total Group consolidated revenue, and profit before tax of RM14.0 million (2013: RM20.2 million). The year under review saw a moderation of oil and gas activities off the east coast of Peninsular Malaysia that resulted in a decrease in volume for our throughput revenue with Petronas.

Artist Impression of 2 Blocks of Office Building and Retail Space, Putrajaya.

The Plantation Division saw its revenue in 2014 improve to RM5.4 million (2013: RM4.1 million) but losses widened to RM33.8 million (2013: RM27.1 million). The higher losses were mainly due to higher costs incurred in terms of financing and effects of increased minimum wage in Indonesia. The losses were also due to rehabilitation costs incurred in early 2014 for which the benefit will only be seen in late 2015 onwards. The Board and Management continue to monitor the division closely and are encouraged by the improvements shown in the latter half of 2014 and are confident the division will continuously improve and be a valued part of the Group in the near future.

Forging ahead

2014 saw the Group's Engineering and Construction Division secure two new notable projects. The first was the award on 16 April 2014 for the development of the Langat 2 Water Treatment Plant ("Langat 2") to the Salcon-MMCB-AZSB JV ("the JV") valued at RM993.9 million. The Group has a 30% interest in the JV and is an active participant in the management of the JV. The second project was the award for the construction and completion of 2 blocks of office building in Putrajaya ("Putrajaya offices") for Putrajaya Holdings Berhad. The award was obtained on 23 July 2014 and is valued at RM185.1 million. The Putrajaya offices project also marks our continuing participation in the development of Putrajaya that has seen us complete notable buildings like the Sultan Mizan Mosque, Putrajaya Auditorium and Ayer @ 8 commercial complex in the past. Both the Langat 2 and Putrajaya Offices projects were awarded on an open tender basis and reaffirms the Group's competitive edge and reputation in the market.

The year under review also saw the Group successfully undertaking a corporate exercise which saw the successful listing of a rights issue of new ordinary shares with free detachable warrants on 16 May 2014. In total, the Group issued 206,598,066 new rights shares, which was oversubscribed by 17.64%, and 103,299,033 warrants. The rights issue and warrants is meant to fund the Group's expansion plans, in particular provide equity financing for the development and construction of the EKVE and the International Islamic University of Malaysia's ("IIUM") teaching hospital ("IIUM Hospital"), which is being developed by the Group's wholly owned subsidiary, Peninsular Medical Sdn Bhd under the Private Finance Initiative ("PFI") scheme. The IIUM Hospital is currently under construction in Bandar Indera Mahkota, Kuantan, Pahang and is due for completion by January 2016. Thereafter, the Group will maintain and lease the IIUM Hospital to IIUM over a period of 21.5 years.

The Group's undertakings at EKVE and IIUM Hospital are part of the Group's strategy to gain better leverage and value on the Group's engineering and construction expertise. To this end, the Group is continuously looking for opportunities for growth that is centred on the expertise and capabilities of the Group's Engineering and Construction Division. Areas being considered include further concessions particularly that under the Infrastructure Division like EKVE, and property development. The Group's property development business is currently centred on its Paka Industrial Park project in Terengganu. In 2015, the Group has plans to elevate its property development business into a full fledged business division. Going forward, the new Property Division will be looking to launch the residential phases of the Paka Industrial Park with a gross development value ("GDV") of RM385 million. Additionally, the division plans to launch a 67 acre new township in Marang, Terengganu with an overall GDV of over RM180 million as well as start the first phase of its Prince's Gardens City Centre project in Kuantan, Pahang with a GDV of about RM300 million. Other than these locations, the Group is in active discussions with partners and landowners for joint development opportunities. It is hoped that the Property Division will be a significant contributor to the Group's earnings over the next 5 years and beyond.

Beyond the construction and development activities, the Group is also keen to expand both its Oil and Gas Division and Plantation Division. As I've mentioned above, both divisions have made great strides in 2014 with the Agreement at TBSB and new planting program respectively. In 2015, the Oil and Gas Division will invest close to RM14 million in building a tank farm to support its operations at TBSB and it expects to make immediate returns from its operations at TBSB.

The Plantation Division will continue to improve the condition and output of its existing estate whilst continuing the new planting program throughout 2015 and into early 2016. It will also commence construction of its highly anticipated palm oil mill at its present estate. The division expects to resolve all planning submissions for the mill in 2015 before commencing construction by early 2016 in time for operations to begin in 2017. The division is also on the lookout for new opportunities to expand its available land bank so as to add value to the division and Group going forward.

The Board is fully supportive of the Group's expansion plans and looks forward to the returns these plans will bring to the shareholders. The Board is always mindful to not only ensure the smooth running of the Group's present operations but to also encourage continuous improvement in the way the Group operates. Having experienced various challenges from the past, the Board is cognisant of the need to apply the lessons learnt in directing the Group's future path. The Board is very aware of the many challenges that may be faced by the Group; amongst others, the new Goods and Services Tax ("GST"), which came into force on 1 April 2015. The Group will ensure compliance with the GST and for certain there will be some period of adjustment that the Group as a whole will have to go through. Nevertheless, the Board is encouraged by the proactive steps that have been taken by the Management in the preparation of and in managing the GST compliance.

Special Mention

I take pleasure in welcoming Y.Bhg Dato' Haji Roslan bin Tan Sri Jaffar as an Executive Director to our Board of Directors.

Dato' Roslan is presently the Group Chief Operating Officer and has been with the Group since 2010. Since he joined, he has contributed significantly to strengthening and enhancing the Group's corporate support structure, particularly in areas of Finance and Strategy. He has brought with him the wealth of experience he gained from working for over 11 years in the assurance and advisory lines of PricewaterhouseCoopers, a leading global professional services firm.

We look forward to Dato' Roslan's continuing contribution to the Group for many years ahead.

Note of Appreciation

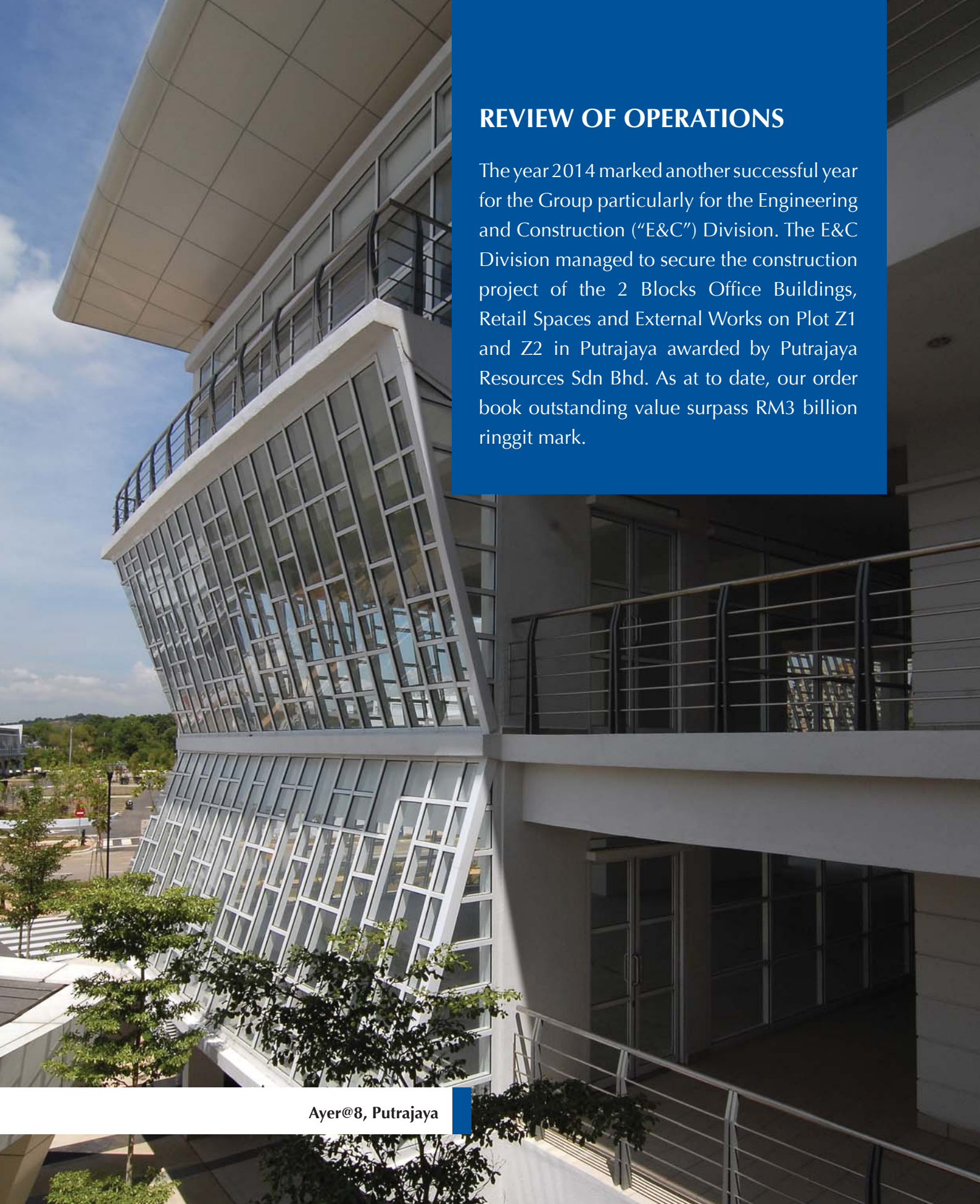
On behalf of the Board, I wish to express my sincerest gratitude and appreciation to the shareholders, various government agencies, clients, consultants, suppliers and business partners who have contributed significantly to our success and for the continuous support and confidence in the AZRB Group.

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

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

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

Universiti Sultan Zainal Abidin ("UniSZA"), Besut Campus, Terengganu



REVIEW OF OPERATIONS

The year 2014 marked another successful year for the Group particularly for the Engineering and Construction ("E&C") Division. The E&C Division managed to secure the construction project of the 2 Blocks Office Buildings, Retail Spaces and External Works on Plot Z1 and Z2 in Putrajaya awarded by Putrajaya Resources Sdn Bhd. As at to date, our order book outstanding value surpass RM3 billion ringgit mark.

Ayer@8, Putrajaya

ENGINEERING AND CONSTRUCTION DIVISION

The E&C Division continued to be the major contributor to the Group's results by recording revenue of RM601 million in 2014 (2013: RM524 million); an increase of 14.7% over the previous year. The increase was mainly attributable to larger volume of works done by the division during the year under review.

Profit before tax increased to RM52.6 million (2013: RM49.1 million) as a result of differences in the project mix and stages of completion of the various projects of the Group in 2013 and 2014.

In 2014, the landmark project secured by the Group is the 2 Blocks Office Buildings, Retail Spaces and External Works on Plot Z1 and Z2 in Putrajaya with a contract value worth RM185 million which is expected to contribute positively to the Group. With the Group's continued participation in tenders of high impact and large scale projects, the E&C Division is in a prime position to take advantage of Malaysia's economic growth.

The Group is confident that the construction industry will continue to grow particularly in public transportation and new infrastructure projects by the Malaysian Government, which will spur the Group's performance in the future.

The existing ongoing projects include:

No.	Project Name (as at 30 April 2015)	Type of Work	Contract Value (RM' million)	Balance of Contract Value (RM' million)
1	MY Rapid Transit Package V6 & S6	Infrastructure – Viaduct & Station	607	227
2	PNB Hotel & Office Tower, Jalan Sultan Ismail, Kuala Lumpur	Building – Hotel & High Rise Office	673	628
3	IIUM Teaching Hospital, Kuantan, Pahang	Building – Hospital	413	138
4	Universiti Teknologi Malaysia ("UTM"), Jalan Semarak, Kuala Lumpur	Building – Student Complex	172	140
5	Royal Malaysian Police Air Wing Unit, Subang	Building – Hangar & 5-storey building	162	139
6	Langat 2 Water Treatment Plant	Infrastructure – Water treatment & reticulation plant	298*	288*
7	2 Blocks of Office Building and Retails Spaces on Plot Z1 and Z2, Putrajaya	Building – Office and Retail Spaces	185	180
8	East Klang Valley Expressway (Phase 1)	Infrastructure – Expressway	1,551	1,535

* Based on 30% shareholding in the JV

OIL AND GAS DIVISION

The Oil & Gas Division recorded a decrease in revenue for the year 2014 compared to the previous year. For year 2014, revenue was RM45.6 million, a decrease of 15.1% from RM53.7 million recorded in 2013. The Division continues to contribute positively to the bottom line of the Group. Profit before tax contribution was RM14.0 million (2013: RM20.2 million).

The Oil & Gas Division saw its results affected by the lower volume of throughput revenue with Petronas due to reduction in the drilling activities within North Malay Basin area during 2014.

Although the world markets witnessed a sharp drop in oil prices in the second half of 2014 and early 2015, we have since seen a recovery in the global oil prices.

As a result, it is expected that the demand and consumption of oil and oil related products to further recover in 2015. We expect our Oil & Gas Division to maintain its performance in 2015 and with the continuing improvement in the industry outlook, we foresee some growth from 2016 onwards.

PLANTATION DIVISION

The Division contributed a revenue of RM5.4 million (2013: RM4.1 million) and a loss before taxation of RM33.8 million (2013: RM27.1 million). The losses are generally resulted from higher interest costs and rehabilitation costs incurred in 2014. We are confident that the contributions from this Division will improve over the next few years as the trees become more mature.

The Group has steered the Division's activities to be geared towards enhancing productivity throughout the value-chain to achieve process and performance excellence. The Group is committed to embrace continuous improvement which involves innovations in implementing best management practices. Together with the plans currently being put in place, the Group believes that the Division will improve progressively and will be an important contributor to the Group's results in the future.

PROPERTY DEVELOPMENT DIVISION

The Group, via its subsidiary, Kemaman Technology & Industrial Park Sdn Bhd ("KTIP") has continued to develop Paka Industrial Park in Terengganu as the preferred choice of area for local and international oil & gas companies to set up their offices and facilities with total gross development value worth RM385 million.

The Division is currently finalising a residential and commercial project in Marang, Terengganu via its new subsidiary, Temala Development Sdn Bhd. The development will commence in 2015 and the total estimated gross development value is worth RM180 million over the five (5) years period.

The Group believes that this Division can be developed into a major division of the Group once all the plans in place are executed.

CALENDAR OF EVENTS

CORPORATE EVENTS

Handing Over Ceremony of Maternity Complex, Hospital Sultanah Nur Zahirah Kuala Terengganu (January)

Extraordinary General Meeting (March)

Best Student Awards Ceremony (May)

Handing Over Ceremony of Universiti Sultan Zainal Abidin ("UniSZA"), Besut Campus (June)

17th Annual General Meeting (June)

AZRB Staff Breaking Fast at Menara Kuala Lumpur (July)

AZRB Hari Raya Open House at Saloma Bistro (August)

Handing Over Ceremony of Projek Perumahan Rakyat ("PPR") Hiliran, Kuala Terengganu (October)

Public Private Partnership Unit ("UKAS") Visit to IIUM Teaching Hospital Site Office (November)

Directors & Senior Management Retreat at Residence Inn Cherating (December)

CORPORATE SOCIAL RESPONSIBILITIES ("CSR") EVENTS

UM Career Path (March)

'Baju Raya' Shopping with the children from Baitul Ummah & Kasih Murni (July)

Breaking Fast with the children of Rumah Baitul Ummah (July)

Study Visit by USM Students (November)

UPM Career & Internship Talk (December)

AZRB Flood Relief Operation (January 2015)

AZRB RECREATIONAL & SPORTS CLUB EVENTS

Badminton Tournament (September)

Bowling Tournament (January 2015)

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Universiti Sultan Zainal Abidin ("UniSZA"), Besut Campus, Terengganu

DIRECTORS' REPORT
for the year ended 31 December 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The Company is principally engaged in investment holding, providing management services and as contractor of civil and structural works, whilst the principal activities of the subsidiaries are as stated in Note 10 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) for the year attributable to:		
Owners of the Company	13,508,221	(6,563,637)
Non-controlling interests	(1,251,675)	-
	12,256,546	(6,563,637)

Reserves and provisions

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

Dividends

Since the end of the previous financial year, no dividend has been paid or declared by the Company. The Directors also do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

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

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad

Dato' Sri Haji Wan Zaki bin Haji Wan Muda

Dato' Wan Zakariah bin Haji Wan Muda

Dato' Haji Mustaffa bin Mohamad

Dato' W Zulkifli bin Haji W Muda

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng

Datuk (Prof.) A Rahman @ Omar bin Abdullah

Dato' Haji Ismail @ Mansor bin Said

Dato' Wan Ahmad Farid bin Haji Wan Salleh

Dato' Haji Roslan bin Tan Sri Jaffar (appointed on 8 January 2015)

Directors' interests in shares

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

	Ordinary Shares of RM0.25 each				
	At 01.01.2014	Allotted[1]	Bought	Sold	At 31.12.2014
Direct interest in the Company					
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	2,069,660	1,752,315	-	-	3,821,975
Dato' Wan Zakariah bin Haji Wan Muda	2,351,096	1,763,322	-	-	4,114,418
Dato' Haji Mustaffa bin Mohamad	1,937,148	1,362,861	-	-	3,300,009
Dato' W Zulkifli bin Haji W Muda Muda	3,697,696	2,973,272	-	-	6,670,968
Datuk (Prof.) A Rahman @ Omar bin Abdullah	1,200,000	900,000	-	-	2,100,000
Dato' Haji Ismail @ Mansor bin Said	102	75	-	(100)	77
Indirect interest in the Company					
Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	163,811,136	123,105,852	907,500	(577,500)	287,246,988
Dato' Haji Mustaffa bin Mohamad*	1,050,000	532,900	-	(100,000)	1,482,900
Dato' Haji Ismail @ Mansor bin Said*	10,000	7,500	100	-	17,600

Directors' interests in shares (cont'd)

	Warrants 2014/2024				
	At 1.1.2014	Allotted[2]	Bought	Sold	At 31.12.2014
Direct interest in the Company					
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	-	876,157	-	-	876,157
Dato' Wan Zakariah bin Haji Wan Muda	-	881,661	-	-	881,661
Dato' Haji Mustaffa bin Mohamad	-	681,430	-	-	681,430
Dato' W Zulkifli bin Haji W Muda	-	1,486,636	-	-	1,486,636
Datuk (Prof.) A Rahman @ Omar bin Abdullah	-	450,000	-	-	450,000
Dato' Haji Ismail @ Mansor bin Said	-	38	-	-	38
Indirect interest in the Company					
Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	-	61,552,926	123,750	(123,750)	61,552,926
Dato' Haji Mustaffa bin Mohamad*	-	266,450	-	(266,400)	50
Dato' Haji Ismail @ Mansor bin Said*	-	3,750	-	-	3,750

	Ordinary Shares of RM1.00 each			
	At 01.01.2014	Bought	Sold	At 31.12.2014
Direct interest in the ultimate holding company				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	-	-	500,001
Dato' Wan Zakariah bin Haji Wan Muda	100,000	-	-	100,000
Dato' W Zulkifli bin Haji W Muda Muda	100,000	-	-	100,000

(1) Allotment of ordinary shares pursuant to the renounceable rights issue on the basis of 6 rights shares together with 3 free warrants for every 8 existing ordinary shares of RM0.50 each held in the Company ("Rights Issue").

(2) Allotment of warrants pursuant to the Rights Issue.

* Deemed interest in securities held through persons connected with the Director

Directors' interests in shares (cont'd)

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

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 39 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital from RM69,235,547.25 to RM120,885,063.75 by way of:-

(a) reducing its issued and paid-up share capital via the cancellation of RM0.25 of the par value of each existing ordinary share of RM0.50 each in the Company; and

(b) rights issue of 206,598,066 new ordinary shares of RM0.25 each in the Company together with 103,299,033 free warrants at an issue price of RM0.50 per rights share on the basis of 6 rights shares together with 3 free warrants for every 8 existing ordinary shares in the Company.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

Issue of warrants

During the financial year, the Company issued 103,299,033 warrants pursuant to the Rights Issue. The warrants are constituted by a Deed Poll dated 18 March 2014. Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 14 May 2014 till 13 May 2024 at an exercise price of RM0.70 per ordinary share for every warrant held in accordance with the provisions in the Deed Poll. Any warrants not exercised at the date of maturity will lapse and cease to be valid for any purpose.

Employees' Share Scheme

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

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

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

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

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

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

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

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

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

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

vii) If the ESS Shares Award is not accepted in the manner as set out in the Bylaw, the ESS Shares Award shall automatically lapse upon the expiry and be null and void.

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

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

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

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

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

As at the date of this report, no Awards have been awarded yet.

Treasury shares

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

As at 31 December 2014, the Company held a total of 1,478,100 ordinary shares as treasury shares out of its issued and paid-up share capital of 483,540,255 ordinary shares. Such treasury shares are held at carrying amount of RM1,025,787 and further relevant details are disclosed in Note 19 to the financial statements.

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, other than as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

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

Subsequent events after the year end

Subsequent events after the year end are disclosed in Note 41 to the financial statements.

Holding company

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

Auditors

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

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

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad

Dato' Wan Zakariah bin Haji Wan Muda

Kuala Lumpur,
30 April 2015

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 2014 of the Group and of the Company, and the statements of profit or loss and other 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 69 to 160.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;

(b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, as shown in Note 10 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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 as required by us for those purposes; and

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under sub-section (3) of Section 174 of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 161 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

(a) 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 towards any other person for the contents of this report.

(b) The financial statements of the Group and of the Company for the year ended 31 December 2013 were audited by another firm of auditors, whose report dated 30 April 2014 expressed an unmodified opinion, and are presented here merely for comparative purposes.

DELOITTE
AF 0080
Chartered Accountants

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN
Partner - 2903/11/15 (J)
Chartered Accountant
30 April 2015

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2014

	Note	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
Assets					
Property, plant and equipment	3	96,273,850	80,897,559	1,259,378	2,110,544
Prepaid lease payments	4	8,045,685	8,398,951	-	-
Land held for development	5	8,958,539	8,958,539	-	-
Biological assets	6	124,968,527	123,251,574	-	-
Investment property	7	-	18,000,000	-	-
Intangible assets	8	16,409,759	2,796,085	-	-
Goodwill	9	6,158,155	3,747,557	-	-
Investments in subsidiaries	10	-	-	87,002,077	86,002,077
Investments in associates	11	165,005	160,885	-	-
Interests in joint ventures	12	447,525	(254,352)	34,000	34,000
Available-for-sale investments	13	115,500	115,500	68,000	68,000
Deferred tax assets	22	24,694,953	10,911,561	-	-
Trade and other receivables	14	87,591,176	11,573,208	37,130,333	-
Total non-current assets		373,828,674	268,557,067	125,493,788	88,214,621
Inventories	15	13,176,419	12,314,854	-	-
Property development costs	16	11,942,888	11,994,798	-	-
Current tax assets		6,519,134	4,771,079	2,378,325	4,759,292
Trade and other receivables	14	660,710,453	450,548,485	188,617,826	226,411,140
Cash and deposits	17	132,005,159	102,840,044	41,657,935	4,004,268
Total current assets		824,354,053	582,469,260	232,654,086	235,174,700
Total assets		1,198,182,727	851,026,327	358,147,874	323,389,321

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Equity					
Share capital	18	120,885,064	138,471,095	120,885,064	138,471,095
Reserves	19	207,862,683	75,616,563	15,336,190	(96,812,942)
Equity attributable to owners of the Company		328,747,747	214,087,658	136,221,254	41,658,153
Non-controlling interests		3,993,522	5,326,675	-	-
Total equity		332,741,269	219,414,333	136,221,254	41,658,153
Liabilities					
Loans and borrowings	20	403,809,897	230,155,175	565,042	1,143,409
Employee benefits	21	1,720,862	1,294,851	-	-
Deferred tax liabilities	22	45,854,278	23,663,382	1,216,749	2,510,979
Total non-current liabilities		451,385,037	255,113,408	1,781,791	3,654,388
Loans and borrowings	20	82,756,885	60,724,745	567,866	700,064
Trade and other payables	23	325,954,004	304,451,913	219,576,963	277,376,716
Current tax liabilities		5,345,532	11,321,928	-	-
Total current liabilities		414,056,421	376,498,586	220,144,829	278,076,780
Total liabilities		865,441,458	631,611,994	221,926,620	281,731,168
Total equity and liabilities		1,198,182,727	851,026,327	358,147,874	323,389,321

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	24	662,358,562	594,233,380	10,883,668	18,686,692
Cost of sales	25	(547,843,355)	(491,347,870)	-	-
Gross profit		114,515,207	102,885,510	10,883,668	18,686,692
Other operating income		4,708,942	4,481,297	3,063	27,503
Administrative expenses		(55,620,242)	(55,620,263)	(13,514,096)	(12,024,085)
Other operating expenses		(20,076,965)	(15,465,287)	(2,755,408)	(27,901,836)
Results from operating activities		43,526,942	36,281,257	(5,382,773)	(21,211,726)
Finance income	26	3,457,227	2,551,203	1,174,529	73,245
Finance costs	27	(21,692,322)	(14,370,137)	(3,649,623)	(4,138,794)
Net finance costs		(18,235,095)	(11,818,934)	(2,475,094)	(4,065,549)
Share of profit of joint ventures	12	371,877	-	-	-
Share of gain of equity-accounted investees, net of tax		4,120	1,770	-	-
Profit/(Loss) before tax	28	25,667,844	24,464,093	(7,857,867)	(25,277,275)
Income tax (expense)/credit	30	(13,411,298)	(19,060,885)	1,294,230	(5,344,148)
Profit/(Loss) for the year		12,256,546	5,403,208	(6,563,637)	(30,621,423)
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Actuarial (loss)/gain from employee benefits		(117,734)	211,561	-	-
Foreign currency translation differences for foreign operations		(216,295)	4,901,134	(277,681)	191,380
Total other comprehensive (loss)/income for the year		(334,029)	5,112,695	(277,681)	191,380
Total comprehensive income/(loss) for the year		11,922,517	10,515,903	(6,841,318)	(30,430,043)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Profit/(Loss) attributable to:					
Owners of the Company		13,508,221	5,525,874	(6,563,637)	(30,621,423)
Non-controlling interests		(1,251,675)	(122,666)	-	-
Profit/(Loss) for the year		12,256,546	5,403,208	(6,563,637)	(30,621,423)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		13,255,670	10,515,762	(6,841,318)	(30,430,043)
Non-controlling interests		(1,333,153)	141	-	-
Total comprehensive income/(loss) for the year		11,922,517	10,515,903	(6,841,318)	(30,430,043)
Basic earnings per ordinary share (sen)	31	3.32	2.00		
Diluted earnings per ordinary share (sen)	31	3.31	-		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Group	Note(s)	Share capital RM	Share premium RM	Capital reserve RM	Warrant reserve RM	Foreign exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company									
		Non-distributable						Distributable			
At 1 January 2014		138,471,095	24,636	-	-	3,506,815	(1,025,787)	73,110,899	214,087,658	5,326,675	219,414,333
Foreign currency translation differences for foreign operations		-	-	-	-	(140,704)	-	-	(140,704)	(75,591)	(216,295)
Actuarial loss from employee benefits		-	-	-	-	-	-	(111,847)	(111,847)	(5,887)	(117,734)
Total other comprehensive loss for the year		-	-	-	-	(140,704)	-	(111,847)	(252,551)	(81,478)	(334,029)
Profit/(Loss) for the year		-	-	-	-	-	-	13,508,221	13,508,221	(1,251,675)	12,256,546
Total comprehensive (loss)/income for the year		-	-	-	-	(140,704)	-	13,396,374	13,255,670	(1,333,153)	11,922,517
Par value reduction	18&19	(69,235,547)	-	7,667,033	-	-	-	61,568,514	-	-	-
Right issue with free warrants	18&19	51,649,516	23,758,778	-	27,890,739	-	-	-	103,299,033	-	103,299,033
Total contribution from owners of the Company		(17,586,031)	23,758,778	7,667,033	27,890,739	-	-	61,568,514	103,299,033	-	103,299,033
Right issue expenses		-	(1,894,614)	-	-	-	-	-	(1,894,614)	-	(1,894,614)
At 31 December 2014		120,885,064	21,888,800	7,667,033	27,890,739	3,366,111	(1,025,787)	148,075,787	328,747,747	3,993,522	332,741,269

Group	Note(s)	Attributable to owners of the Company									
		Non-distributable						Distributable			
		Share capital RM	Share premium RM	Capital reserve RM	Warrant reserve RM	Foreign exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2013		138,471,095	24,636	-	-	(1,282,090)	(1,025,787)	71,516,003	207,703,857	5,345,872	213,049,729
Foreign currency translation differences for foreign operations		-	-	-	-	4,788,905	-	-	4,788,905	112,229	4,901,134
Actuarial gain from employee benefits		-	-	-	-	-	-	200,983	200,983	10,578	211,561
Total other comprehensive income for the year		-	-	-	-	4,788,905	-	200,983	4,989,888	122,807	5,112,695
Profit for the year		-	-	-	-	-	-	5,525,874	5,525,874	(122,666)	5,403,208
Total comprehensive income for the year		-	-	-	-	4,788,905	-	5,726,857	10,515,762	141	10,515,903
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	172,062	172,062
Dividend paid by subsidiary		-	-	-	-	-	-	-	-	(191,400)	(191,400)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	-	(19,338)	(19,338)
Dividends to owners of the Company	32	-	-	-	-	-	-	(4,131,961)	(4,131,961)	-	(4,131,961)
Total contribution from owners of the Company		-	-	-	-	-	-	(4,131,961)	(4,131,961)	-	(4,131,961)
At 31 December 2013		138,471,095	24,636	-	-	3,506,815	(1,025,787)	73,110,899	214,087,658	5,326,675	219,414,333

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Company	Note(s)	Attributable to owners of the Company							
		Non-distributable							
		Share capital RM	Share premium RM	Capital reserve RM	Warrant reserve RM	Foreign exchange translation reserve RM	Treasury shares RM	(Accumulated losses) RM	Total equity RM
At 1 January 2013		138,471,095	24,636	-	-	318,727	(1,025,787)	(61,568,514)	76,220,157
Foreign currency translation differences for foreign operations		-	-	-	-	191,380	-	-	191,380
Total other comprehensive income for the year		-	-	-	-	191,380	-	-	191,380
Loss for the year		-	-	-	-	-	-	(30,621,423)	(30,621,423)
Total comprehensive loss for the year		-	-	-	-	191,380	-	(30,621,423)	(30,430,043)
Dividends to owners of the Company	32	-	-	-	-	-	-	(4,131,961)	(4,131,961)
Total distribution to owners of the Company		-	-	-	-	-	-	(4,131,961)	(4,131,961)
At 31 December 2013/1 January 2014		138,471,095	24,636	-	-	510,107	(1,025,787)	(96,321,898)	41,658,153
Foreign currency translation differences for foreign operations		-	-	-	-	(277,681)	-	-	(277,681)
Total other comprehensive loss for the year		-	-	-	-	(277,681)	-	-	(277,681)
Loss for the year		-	-	-	-	-	-	(6,563,637)	(6,563,637)
Total comprehensive loss for the year		-	-	-	-	(277,681)	-	(6,563,637)	(6,841,318)
Par value reduction	18 & 19	(69,235,547)	-	7,667,033	-	-	-	61,568,514	-
Right issue with free warrants	18 & 19	51,649,516	23,758,778	-	27,890,739	-	-	-	103,299,033
Total contribution from owners of the Company		(17,586,031)	23,758,778	7,667,033	27,890,739	-	-	61,568,514	103,299,033
Right issue expenses		-	(1,894,614)	-	-	-	-	-	(1,894,614)
At 31 December 2014		120,885,064	21,888,800	7,667,033	27,890,739	232,426	(1,025,787)	(41,317,021)	136,221,254

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash flows from operating activities					
Profit/(Loss) before tax		25,667,844	24,464,093	(7,857,867)	(25,277,275)
Adjustments for:-					
Amortisation of prepaid lease payments	4	436,406	445,616	-	-
Depreciation of property, plant and equipment		8,883,411	9,904,692	841,256	814,644
Amortisation of land application costs		61,661	-	-	-
Amortisation of biological assets		4,587,074	8,566,761	-	-
Amortised cost adjustment on non-current receivables - net		8,468,207	3,403	4,589,142	-
Bad debts written off		1,002,845	11,980,978	1,000,000	11,159,305
Property, plant and equipment written off		28	6	-	-
Interest expense	27	20,735,534	13,221,707	3,649,623	4,138,794
(Gain)/Loss on foreign exchange - unrealised		(307,721)	2,945,698	(2,481,738)	114,108
Negative goodwill recognised		-	(608,245)	-	-
Planting expenditures written off		4,567,887	-	-	-
Employees benefits provision		356,621	1,784,233	-	-
Impairment loss on investment in subsidiary		-	-	-	12,034,610
Impairment loss on amount due from a subsidiary		-	-	-	3,911,500
Intangible assets written off		-	2,484,611	-	-
Dividend income		-	-	-	(13,176,692)
(Gain)/Loss on disposal of property, plant and equipment - net		(288,540)	(1,283,942)	(3,063)	1
Amortisation of transaction costs		120,098	121,825	-	-
Interest income	26	(3,457,227)	(2,551,203)	(1,174,529)	(73,245)
Share of gain of joint ventures,net of tax		(371,877)	-	-	-
Share of gain of equity-accounted investees, net of tax		(4,120)	(1,770)	-	-
Operating profit/(loss) before working capital changes		70,458,131	71,478,463	(1,437,176)	(6,354,250)
Changes in working capital:					
(Increase)/Decrease in inventories		(819,225)	2,340,107	-	-
(Increase)/Decrease in amount due from contract customers		(275,153,666)	(83,317,692)	14,177,997	7,497,547
(Decrease)/Increase in property development costs		51,909	(3,171,175)	-	-
Increase in intangible assets	8	(13,613,674)	(278,150)	-	-
Decrease in amount due to contract customers		(17,747,458)	(1,855,583)	-	-
(Increase)/Decrease in trade and other receivables		(7,617,018)	(53,060,871)	5,038,487	15,799,298
Increase/(Decrease) in trade and other payables		35,870,835	497,029	(17,698,772)	(6,494,232)
Employee retirement benefits paid	21	(114,558)	-	-	-
Cash (used in)/generated from operations		**(208,684,724)**	**(67,367,872)**	**80,536**	**10,448,363**

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash (used in)/generated from operations (cont'd)		**(208,684,724)**	**(67,367,872)**	**80,536**	**10,448,363**
Interest paid		(18,458,117)	(12,532,507)	(3,649,623)	(4,138,794)
Interest received		3,463,102	2,546,528	1,184,306	73,665
Income tax paid		(12,424,486)	(15,692,535)	2,380,969	(1,087,957)
Net cash (used in)/from operating activities		(236,104,225)	(93,046,386)	(3,812)	5,295,277
Cash flows from investing activities					
Effect of acquisition of subsidiaries, net of cash paid	10	31,344	30,498	-	-
Investment in joint venture	12	(330,000)	(34,000)	-	(34,000)
New planting expenditure incurred	6	(14,858,718)	(4,597,491)	-	-
Addition of land held for development	5	-	(301,106)	-	-
Increase in investments in subsidiaries	10	-	-	(1,000,000)	(499,998)
Proceeds from disposal of property, plant and equipment		356,696	1,384,747	13,001	1
Acquisition of property, plant and equipment	(i)	(3,405,350)	(1,891,587)	-	(49,865)
Net cash used in investing activities		(18,206,028)	(5,408,939)	(986,999)	(583,862)
Cash flows from financing activities					
Repayments to ultimate holding company		(3,442,360)	(127,724)	(36,293)	(149)
Advances from/(Repayments to) affiliates		126,297	(449,942)	-	-
Repayments to subsidiaries		-	-	(61,735,372)	(119,822)
Advances to joint ventures		(2,700,000)	-	-	-
Decrease/(Increase) in pledged fixed deposits		6,409,217	18,206,682	(75,627)	(72,641)
Dividend paid	32	-	(4,131,961)	-	(4,131,961)
Repayments of finance lease liabilities		(4,002,577)	(4,966,149)	(710,566)	(641,684)
Proceeds from drawdown of loans and borrowings		223,465,177	153,209,122	-	-
Repayments of loans and borrowings		(32,525,221)	(43,841,642)	-	-
Proceeds from issuance of shares		103,299,033	-	103,299,033	-
Right issue expenses		(1,894,614)	-	(1,894,614)	-
Net cash from/(used in) financing activities		288,734,952	117,898,386	38,846,561	(4,966,257)
Net increase/(decrease) in cash and cash equivalents		34,424,699	19,443,061	37,855,750	(254,842)
Effects of exchange rate fluctuations on cash held		(2,368,186)	5,249,260	(277,710)	191,420
Cash and cash equivalents at beginning of the year		40,639,274	15,946,953	1,110,043	1,173,465
Cash and cash equivalents at end of the year	(ii)	72,695,787	40,639,274	38,688,083	1,110,043

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate costs of RM4,407,350 (2013: RM4,020,467) and NIL (2013: RM511,665) respectively, which were satisfied as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Finance lease liabilities	1,002,000	2,128,880	-	461,800
Cash payments	3,405,350	1,891,587	-	49,865
	4,407,350	4,020,467	-	511,665

ii) Cash and cash equivalents

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

Cash and cash equivalents	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Deposits placed with licensed banks	17	47,029,068	63,492,697	2,975,168	2,899,384
Cash and bank balances	17	84,976,091	39,347,347	38,682,767	1,104,884
		132,005,159	102,840,044	41,657,935	4,004,268
Less: Bank overdrafts	20	(21,081,888)	(17,564,069)	-	-
Pledged deposits	17	(38,227,484)	(44,636,701)	(2,969,852)	(2,894,225)
		72,695,787	40,639,274	38,688,083	1,110,043

The accompanying notes form an integral part of these financial statements.

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

Registered office/Principal place of business
Menara AZRB
No. 71, Persiaran Gurney
54000 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

The Company is principally engaged in investment holding, providing management services and as contractor of civil and structural works, whilst the principal activities of the subsidiaries are as stated in Note 10. There has been no significant change in the nature of these activities during the financial year.

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

These financial statements were authorised for issue by the Board of Directors on 30 April 2015.

1. Basis of preparation

(a) Statement of compliance

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

Adoption of the Malaysia Financial Reporting Standards

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

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ending 31 December 2017, being the first set of financial statements prepared in accordance with the new MFRS Framework.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of the Malaysia Financial Reporting Standards (cont'd)

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

Adoption of new and revised Financial Reporting Standards

During the year, the Group and the Company have adopted all the applicable new and revised FRSs, amendments to FRSs and IC Interpretations issued by the Malaysian Accounting Standards Board (MASB) that are relevant to their operations and effective for annual financial periods beginning on or after 1 January 2014 as follows:

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The application of the above Amendments to FRSs and IC Interpretation has no material impact on the disclosures or on the amount recognised in these financial statements.

Standards and amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the relevant new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are listed below.

- FRS 9 — Financial Instruments (IFRS 9 issued by IASB in July 2014)[4]
- Amendments to FRS 10 and FRS 128 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
- Amendments to FRS 10 FRS12 and FRS 128 — Investment Entities: Applying the Consolidation Exception[2]
- Amendments to FRS 11 — Accounting for Acquisitions of Interests in Joint Operations[3]
- Amendments to FRS 101 — Disclosure Initiative[3]
- Amendments to MFRS 119 — Defined Benefit Plans: Employee Contributions[1]
- Amendments to FRS 127 — Equity Method in Separate Financial Statements[3]
- Amendments to FRSs — Annual Improvements to FRSs 2010-2012 Cycle[2]
- Amendments to FRSs — Annual Improvements to FRSs 2011-2013 Cycle[1]
- Amendments to FRSs — Annual Improvements to FRSs 2012 -2014 Cycle[3]
- Amendments to FRS 116 And FRS 138 — Clarification of Acceptable Methods of Depreciation and Amortisation[3]

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards and amendments in issue but not yet effective (cont'd)

[1] Effective for annual periods beginning on or after 1 July 2014 with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with limited exception. Early application is permitted.

[3] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The initial application of the applicable accounting standards, amendments or Interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

FRS 9 *Financial Instruments*

FRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of FRS 9.

Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception

The amendments to FRS 10, FRS 12 and FRS 128 address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments make changes aimed at clarifying the following aspects:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by FRS 12.

As the Company is not an investment entity (assessed based on the criteria set out in FRS 10) and not an investor in an investment entity, the application of these amendments is not expected to have any impact on the disclosures or the amounts recognised in these financial statements.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to FRS 10 and FRS 128 address a conflict between the requirements of FRS128 Investments in Associates and Joint Ventures and FRS 10 Consolidated Financial Statements and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. According to the amendment, a full gain or loss should be recognised on the loss of control of a business, whether the business is housed in a subsidiary or not. At the same time, the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in FRS 3 Business Combinations to an associate or joint venture should only be recognised to the extent of unrelated investors' interests in the associate or joint venture.

The Directors of the Company do not anticipate that the application of these amendments to FRS 10 and FRS 128 will have a significant impact on these financial statements.

Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in FRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in FRS 3 and other standards (e.g. FRS 136 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by FRS 3 and other standards for business combinations. The amendments to FRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to FRS 11 will have a material impact on these financial statements.

Amendments to FRS 101 Disclosure Initiative

The amendments to FRS 101 aim at clarifying FRS 101 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments make the following changes:

- They clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.
- They introduce a clarification that the list of line items to be presented in the statement of financial position and the statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- Additional examples were added of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The Directors of the Company do not anticipate that the application of these amendments to FRS 101 will have a material impact on these financial statements as these amendments deal with the presentation of financial statements.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to FRS 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors of the Company do not anticipate that the application of these amendments to FRS 116 and FRS 138 will have a material impact on these financial statements.

Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors of the Company do not anticipate that the application of these amendments to FRS 119 will have a significant impact on these financial statements.

Amendments to FRS 127 Equity Method in Separate Financial Statements

The amendments to FRS 127 reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The Directors of the Company do not anticipate that the application of these amendments to FRS 127 will have an impact on these financial statements as it is not envisaged that there will be a change in its existing accounting policy for investments in subsidiaries, joint ventures and associates in the Company's separate financial statements.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Annual Improvements to FRSs 2010-2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below.

The amendments to FRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to FRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to FRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to FRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to FRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of FRS 13 clarify that the issue of FRS 13 and consequential amendments to FRS 139 and FRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to FRS 116 and FRS 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to FRS 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Annual Improvements to FRSs 2011-2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below.

The amendments to FRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to FRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, FRS 139 or FRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 132.

The amendments to FRS 140 clarify that FRS 140 and FRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of FRS 140; and

(b) the transaction meets the definition of a business combination under FRS 3.

The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

Annual Improvements to FRSs 2012-2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below.

The amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operation adds specific guidance in FRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to FRS 7 Financial Instruments: Disclosures clarify the applicability of the amendments to FRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to FRS 119 Employee Benefits clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendments to FRS 134 Interim Financial Reporting clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

1. Basis of preparation (cont'd)

(b) Basis of measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value in use in FRS 136.

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

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 2(h)(ii) - valuation of investment property
- Note 2(i)(ii) - goodwill
- Note 2(n) - impairment of financial and other assets
- Note 2(r)(ii) - construction contracts revenue
- Note 2(t) - recognition of deferred tax assets

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

Control is defined as follows:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- Potential voting rights are considered when assessing control only when such rights are substantive.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

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

(ii) Business combinations

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

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

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

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

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

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

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Associates

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

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

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

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

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

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

(iv) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(v) Non-controlling interests

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

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

(vi) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

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

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

(b) Available-for-sale financial assets

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

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

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

(b) Available-for-sale financial assets (cont'd)

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

All financial assets are subject to review for impairment (see note 2(n)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Equity Instruments

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

(a) Ordinary Shares

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

(b) Warrants

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

(iii) Derecognition

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

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

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

2. Significant accounting policies (cont'd)

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

(iii) Depreciation

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

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

The estimated useful lives for the current and comparative periods are at the following annual rates:

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

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

(e) Leased assets

(i) Finance lease

As lessee

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

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

2. Significant accounting policies (cont'd)

(e) Leased assets (cont'd)

(i) Finance lease (cont'd)

As lessor

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

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

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

(ii) Operating lease

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

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

(f) Land held for development

Land held for development consists of land or such portions thereof on which no development activity has been carried out or where development activities are not expected to be completed within the Company's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses.

Land held for development is classified as development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

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

2. Significant accounting policies (cont'd)

(g) Biological assets

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

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

(h) Investment property

(i) Investment property carried at fair value

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

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

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

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

(ii) Determination of fair value

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

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

2. Significant accounting policies (cont'd)

(i) Intangible assets

(i) Concession asset

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

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

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

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, the carrying amount of the highway concession is assessed and written down immediately to its recoverable amount. Accounting policy on the impairment of other assets is as stated in Note 2(n)(ii).

(ii) Goodwill

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

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

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

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

(j) Inventories

(i) Marine fuels and lubricants

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

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

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

2. Significant accounting policies (cont'd)

(j) Inventories (cont'd)

(ii) Completed properties held for sale

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

(k) Construction work-in-progress

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

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

(l) Property development costs

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

When the financial outcome of a development activity can be reliably estimated, development revenue and costs are recognised in the profit or loss by reference to the stage of development activity 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 profit or loss over billings to purchasers. Progress billings as current liabilities represent the excess of billings to purchasers over revenue recognised in the profit or loss.

(m) Cash and cash equivalents

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

2. Significant accounting policies (cont'd)

(n) Impairment

(i) Financial assets

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

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

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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

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

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each period at the same time.

2. Significant accounting policies (cont'd)

(n) Impairment (cont'd)

(ii) Other assets (cont'd)

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

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

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

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

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

(o) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (cont'd)

(o) Equity instruments (cont'd)

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

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

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

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

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

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

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

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

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

2. Significant accounting policies (cont'd)

(p) Employee benefits (cont'd)

(iv) Shared-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(v) Termination benefits

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

(q) Provisions

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

(i) Performance guarantees and bonds

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

(ii) Onerous contracts

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

2. Significant accounting policies (cont'd)

(r) Revenue and other income recognition

(i) Goods sold

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

(ii) Construction contracts

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

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

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

(iii) Property development

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

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

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

(iv) Sales of completed properties

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreements by the end of the financial year and when the risks and rewards of ownership have been passed to the customers.

(v) Rental income

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

2. Significant accounting policies (cont'd)

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

(vi) Dividend income

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

(vii) Interest income

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

(viii) Management Fees

Management fees are recognised when services are rendered.

(s) Borrowing costs

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

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

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

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

(t) Income tax

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

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

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

2. Significant accounting policies (cont'd)

(t) Income tax (cont'd)

When investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(u) Earnings per ordinary share

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

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

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

(v) Operating segments

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

(w) Contingent liabilities

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

3. Property, plant and equipment

Group	Freehold land RM	Buildings and renovation RM	Machinery and equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Building under construction RM	Total RM
Cost							
At 1 January 2013	11,731,241	57,889,398	38,717,738	36,179,999	6,581,244	-	151,099,620
Reclassification	-	-	3,776,899	(3,776,899)	-	-	-
Acquisition of new subsidiary	-	-	887,056	229,161	44,516	-	1,160,733
Additions	-	107,047	1,316,931	2,193,746	298,343	104,400	4,020,467
Disposals	-	-	(1,496,900)	(5,177,723)	-	-	(6,674,623)
Written off	-	(45,365)	(498,070)	-	(161,118)	-	(704,553)
Effect of movements in exchange rates	-	(582,420)	(111,359)	(120,084)	(67,172)	-	(881,035)
At 31 December 2013/ 1 January 2014	11,731,241	57,368,660	42,592,295	29,528,200	6,695,813	104,400	148,020,609
Reclassification	-	104,400	-	-	-	(104,400)	-
Transfer from investment property (Note 7)	793,912	17,206,088	-	-	-	-	18,000,000
Acquisition of new subsidiary	-	239,345	160,144	197,658	2,782,892	-	3,380,039
Additions	262,600	736,788	825,615	1,965,606	616,741	-	4,407,350
Disposals	-	-	(165,000)	(1,351,797)	-	-	(1,516,797)
Written off	-	-	-	-	(93,191)	-	(93,191)
Effect of movements in exchange rates	-	150,415	480,827	49,523	50,407	-	731,172
At 31 December 2014	12,787,753	75,805,696	43,893,881	30,389,190	10,052,662	-	172,929,182

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

Group	Freehold land RM	Buildings and renovation RM	Machinery and equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Building under construction RM	Total RM
Accumulated depreciation							
At 1 January 2013	-	4,748,458	34,487,715	20,841,496	4,908,774	-	64,986,443
Reclassification	-	-	758,468	(758,468)	-	-	-
Depreciation for the year	-	1,378,000	3,968,948	3,997,361	560,383	-	9,904,692
Disposals	-	-	(1,461,852)	(5,111,966)	-	-	(6,573,818)
Written off	-	(45,364)	(498,070)	-	(161,113)	-	(704,547)
Effect of movements in exchange rates	-	(222,756)	(139,290)	(59,934)	(67,740)	-	(489,720)
At 31 December 2013/ 1 January 2014	-	5,858,338	37,115,919	18,908,489	5,240,304	-	67,123,050
Acquisition of new subsidiary	-	51,039	-	106,793	1,406,559	-	1,564,391
Depreciation for the year	-	1,756,753	2,271,960	4,327,496	527,202	-	8,883,411
Disposals	-	-	(165,000)	(1,283,641)	-	-	(1,448,641)
Written off	-	-	-	-	(93,163)	-	(93,163)
Effect of movements in exchange rates	-	68,700	475,518	35,836	46,230	-	626,284
At 31 December 2014	-	7,734,830	39,698,397	22,094,973	7,127,132	-	76,655,332
Carrying amounts							
At 31 December 2013	11,731,241	51,510,322	5,476,376	10,619,711	1,455,509	104,400	80,897,559
At 31 December 2014	12,787,753	68,070,866	4,195,484	8,294,217	2,925,530	-	96,273,850

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

Company	Machinery and equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Cost				
At 1 January 2013	45,315	4,960,522	361,181	5,367,018
Additions	-	511,665	-	511,665
Disposals	-	(919,227)	-	(919,227)
Effect of movements in exchange rates	(2,212)	-	(1,604)	(3,816)
At 31 December 2013/1 January 2014	43,103	4,552,960	359,577	4,955,640
Disposals	-	(85,176)	-	(85,176)
Effect of movements in exchange rates	1,608	-	1,167	2,775
At 31 December 2014	44,711	4,467,784	360,744	4,873,239
Accumulated depreciation				
At 1 January 2013	45,315	2,557,133	351,007	2,953,455
Depreciation for the year	-	805,249	9,395	814,644
Disposals	-	(919,225)	-	(919,225)
Effect of movements in exchange rates	(2,944)	-	(834)	(3,778)
At 31 December 2013/1 January 2014	42,371	2,443,157	359,568	2,845,096
Depreciation for the year	-	841,256	-	841,256
Disposals	-	(75,238)	-	(75,238)
Effect of movements in exchange rates	1,581	-	1,166	2,747
At 31 December 2014	43,952	3,209,175	360,734	3,613,861
Carrying amounts				
At 31 December 2013	732	2,109,803	9	2,110,544
At 31 December 2014	759	1,258,609	10	1,259,378

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

Included in property, plant and equipment are:

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

Group	Machinery and equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
2014				
Cost	6,362,405	19,636,939	54,123	26,053,467
Net carrying amount	3,099,056	8,690,671	31,988	11,821,715
2013				
Cost	6,961,260	20,614,776	54,123	27,630,159
Net carrying amount	4,083,140	10,474,480	42,813	14,600,433

Company	Machinery and equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
2014				
Cost	-	3,665,877	-	3,665,877
Net carrying amount	-	1,258,603	-	1,258,603
2013				
Cost	-	4,348,443	-	4,348,443
Net carrying amount	-	2,109,798	-	2,109,798

(ii) freehold land and buildings of the Group with total net carrying amounts of RM76,757,122 (2013: RM60,065,625) are charged to financial institutions as securities for banking facilities granted to its subsidiaries as disclosed in Note 20(a)(ii).

4. Prepaid lease payments

	Group	
	2014 RM	2013 RM
Cost		
At 1 January	11,622,635	12,014,517
Effect of movements in exchange rates	97,910	(391,882)
At 31 December	11,720,545	11,622,635
Accumulated amortisation		
At 1 January	3,223,684	2,824,175
Amortisation during the year	436,406	445,616
Effect of movements in exchange rates	14,770	(46,107)
At 31 December	3,674,860	3,223,684
Carrying amount		
At 31 December	8,045,685	8,398,951
Analysed as follows:		
Short-term leasehold land	8,045,685	8,398,951

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

5. Land held for development

The land held for development represents freehold land that was acquired in 2012 and earmarked for future commercial development. It is pledged to a bank for the term loan facility granted to the Group as disclosed in Note 20(a)(vi).

	Group Freehold land	
	2014 RM	2013 RM
At 1 January	8,958,539	8,657,433
Addition	-	301,106
At 31 December	8,958,539	8,958,539

6. Biological assets

Biological assets are in respect of expenditure incurred by a subsidiary on new planting of oil palm in a plantation located in the Republic of Indonesia.

	Group	
	2014 RM	2013 RM
Cost		
At 1 January	137,530,755	131,428,182
Additions	14,858,718	4,597,491
Reversal to Mitra recoverable account (Note a)	(9,947,408)	-
Written off during the year (Note a)	(4,567,887)	-
Effect of movement in exchange rates	6,532,879	1,505,082
At 31 December	144,407,057	137,530,755
Accumulated amortisation		
At 1 January	14,279,181	5,842,305
Amortisation during the year	4,587,074	8,566,761
Effect of movement in exchange rates	572,275	(129,885)
At 31 December	19,438,530	14,279,181
Carrying amount		
At 31 December	124,968,527	123,251,574

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

	Group	
	2014 RM	2013 RM
Staff costs	922,831	1,055,671

Note a

In accordance with the Plantation Law of Republic of Indonesia, oil palm companies that develop plantations are required to have certain portion of their plantation areas to be developed and thereafter to be transferred to small land owners for their management under the supervision of the Company. Such assistance to local owners is known as "Mitra" program. Excess costs incurred on the Mitra development was written off during the year.

7. Investment property

	Group	
	2014 RM	2013 RM
At fair value		
At 1 January	18,000,000	18,000,000
Transfer to property plant and equipment (Note 3)	(18,000,000)	-
At 31 December	-	18,000,000

Included in the above are:

	Group	
	2014 RM	2013 RM
Hotel property		
Freehold land	-	793,912
Hotel buildings	-	17,206,088
At 31 December	-	18,000,000

Investment property in 2013 comprised a hotel property that was leased to a third party. The lease contained an initial non-cancellable period of ten (10) years. Subsequent renewals were negotiated with the lessee and on average renewal periods were for three (3) years. The lease had a minimum base rental and a contingent rental based on an agreed percentage of the net profit of the lessee. The fair value of investment property was determined based on market value.

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

	2014 RM	2013 RM
Rental income	-	(24,000)
Direct operating expenses	-	134,884

In 2014, the Group acquired the entire equity interests of the said third party as disclosed in Note 10. Consequently, the Group classifies the hotel property as its property, plant and equipment. The hotel property is charged to financial institutions as security for facilities granted to a subsidiary as disclosed in Note 20(c).

Fair value information

Fair value of investment property is categorised as follows:

	2013			
	Level 1	Level 2	Level 3	Total
Group				
Freehold land and Hotel buildings	-	-	18,000,000	18,000,000

7. Investment property (cont'd)

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment property was determined by independent property valuers, having appropriate recognised professional qualifications, using the comparison approach where comparison was made of the property under valuation with sale of other similar properties. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. The independent property valuer provides the fair value of the Group's investment property portfolio every twelve (12) months. Changes in Level 3 fair values are analysed by the management every twelve (12) months after obtaining valuation report from the independent property valuer.

8. Intangible assets

	Group	
	Highway concession	
	2014	2013
At cost	RM	RM
At 1 January	2,796,085	5,002,546
Additions	13,613,674	278,150
Write off	-	(2,484,611)
At 31 December	16,409,759	2,796,085

This represents the expenditure incurred to procure the concession rights (license) for collection of toll over a concession period of fifty (50) years from the Government of Malaysia in exchange for services to be rendered in connection with the design, construction, completion, operation, management and maintenance of the East Klang Valley Expressway ("EKVE") pursuant to the Concession Agreement signed on 13 February 2013. The total estimated construction costs of EKVE project is approximately RM1,551,130,000.

9. Goodwill

	Group	
	2014	2013
At cost	RM	RM
At 1 January	3,747,557	3,747,557
Addition arising from acquisition of new subsidiary during the year	2,410,598	-
At 31 December	6,158,155	3,747,557

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

9. Goodwill (cont'd)

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

	Group	
	2014 RM	2013 RM
Malaysian quarry business unit	2,893,983	2,893,983
Malaysian hotel operator unit	2,410,598	-
Multiple business units without significant goodwill	853,574	853,574
	6,158,155	3,747,557

The recoverable amount of the Malaysian quarry business unit is calculated at fair value less costs of disposal using the quarry land held as basis. The fair value less costs of disposal is estimated based on the bid price of other quarry land within the vicinity of where the Group's quarry land is located.

The recoverable amount of the Malaysian hotel operator unit is determined based on value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five (5) year period and a discount rate of 6% per annum.

10. Investments in subsidiaries

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost		
At 1 January	98,036,687	97,536,689
Addition of new subsidiary	1,000,000	80,000
Capital injection for existing subsidiary/(ies)	-	419,998
At 31 December, at cost	99,036,687	98,036,687
Less : Allowance for impairment loss	(12,034,610)	(12,034,610)
Net	87,002,077	86,002,077

10. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power hold by the Group 2014 %	2013 %
Ahmad Zaki Sdn. Bhd.	Contractors of civil and structural construction works	Malaysia	100	100
Inter-Century Sdn. Bhd.	Dealer of marine fuels	Malaysia	100	100
Tadok Granite Manufacturing Sdn. Bhd.	Dormant	Malaysia	100	100
AZRB International Ventures Sdn. Bhd.	Investment holding	Malaysia	100	100
Trend Vista Development Sdn. Bhd.	Dormant	Malaysia	100	100
P.T. Ichtiar Gusti Pudi*	Oil palm cultivation	Republic of Indonesia	95	95
Ahmad Zaki Saudi Arabia Co. Ltd.*@	Contractors of civil and structural works	Kingdom of Saudi Arabia	95	95
Peninsular Medical Sdn. Bhd	Undertake design, development and the construction of a teaching hospital as well as to carry out the related maintenance services subsequent to the completion of teaching hospital	Malaysia	100	100
AZRB Properties Sdn. Bhd.	Dormant	Malaysia	100	100
EKVE Sdn. Bhd.	Engaged in the business of construction, establishment, operation, maintenance and management of highway	Malaysia	100	100
Unggul Energy & Construction Sdn. Bhd.	Dormant	Malaysia	100	100
Temala Development Sdn. Bhd.*	Property development	Malaysia	70	70
Betanaz Properties Sdn. Bhd.	Property development	Malaysia	51	51
Peninsular Prokonsult Sdn. Bhd.	Project management services	Malaysia	100	100

10. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power hold by the Group 2014 %	2013 %
Residence Inn & Motels Sdn. Bhd.*	Hotel operators and consultants	Malaysia	100	-
Held through Ahmad Zaki Sdn. Bhd.				
Kemaman Technology & Industrial Park Sdn. Bhd.*	Property development	Malaysia	60	60
AZSB Machineries Sdn. Bhd.	Rental of machineries	Malaysia	100	100
Peninsular Precast Sdn. Bhd.	Fabricating and marketing of Industrial Building Products and System ("IBS")	Malaysia	80	80
Held through Inter-Century Sdn. Bhd.				
Astral Far East Sdn. Bhd.	Dealer of lubricants and petroleum-based products	Malaysia	100	100
Held through AZRB International Ventures Sdn. Bhd.				
AZRB Construction (India) Pvt. Ltd.*	Dormant	India	100	100
Ahmad Zaki Saudi Arabia Co. Ltd.*@	Contractors of civil and structural works	Kingdom of Saudi Arabia	5	5

* Not audited by Deloitte Malaysia.

@ Wholly-owned subsidiary of the Group. The disposal in prior year was in respect of the transfer of 5,000 shares of Saudi Riyal 500 each in Ahmad Zaki Saudi Arabia Co. Ltd. to its wholly-owned subsidiary, AZRB International Ventures Sdn. Bhd. The transfer of shares is still in progress.

In 2014, the Group and the Company acquired 100% of equity interest in Residence Inn & Motel Sdn. Bhd.

The cash inflow on acquisition of subsidiaries is as follows:

	Group 2014 RM	2013 RM
Cash and cash equivalent balances acquired	1,031,344	110,500
Less: Consideration paid in cash	(1,000,000)	(80,002)
	31,344	30,498

10. Investments in subsidiaries (cont'd)

The goodwill/(negative goodwill) on acquisition of subsidiaries is as follows:

	Group	
	2014 RM	2013 RM
Purchase consideration on 100% of equity investment	1,000,000	80,002
Add: Fair value of net liabilities/(assets) acquired	1,410,598	(860,309)
Add: Minority interest share of fair value of net assets acquired	-	172,062
	1,410,598	(688,247)
	2,410,598	(608,245)

11. Investments in associates

	Group	
	2014 RM	2013 RM
Unquoted shares, at cost		
At 1 January/31 December	110,000	110,000
Share of post-acquisition reserves	55,005	50,885
	165,005	160,885

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

	Group	
	2014 RM	2013 RM
Goodwill on acquisition		
At 1 January/31 December	8,056	8,056

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

Name of associate	Principal activities	Proportion of ownership interest and voting power hold by the Group	
		2014 %	2013 %
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.	Dormant	50	50
Maxi Heritage Sdn. Bhd.	Dormant	20	20

11. Investments in associates (cont'd)

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

	Effective ownership interest	Revenue (100%) RM	Profit (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2014					
Fasatimur Sdn. Bhd.	50%	-	8,240	595,585	(295,674)
Maxi Heritage Sdn. Bhd.	20%	-	-	119,408	(84,400)
2013					
Fasatimur Sdn. Bhd.	50%	-	3,539	586,345	(294,674)
Maxi Heritage Sdn. Bhd.	20%	-	-	119,408	(84,400)

12. Interests in joint ventures

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Investment cost:				
At 1 January	34,000	-	34,000	-
Investment during the year	330,000	34,000	-	34,000
At 31 December	364,000	34,000	34,000	34,000
Share of post-acquisition results in joint ventures	83,525	(288,352)	-	-
At 31 December	447,525	(254,352)	34,000	34,000

12. Interests in joint ventures (cont'd)

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

Name	Project or Principal activities	Proportion of ownership interest and voting power hold by the Group 2014 %	2013 %
i) BumiHiway - Ahmad Zaki Joint Venture	Realignment of the route from Putrajaya to Cyberjaya, Selangor	50	50
ii) Ahmad Zaki - Jasa Bakti Joint Venture	Design and building of "Sekolah Menengah Sains Hulu Terengganu" in Terengganu	70	70
iii) Peninsular IFM Sdn. Bhd.	Integrated facilities management services	34	34
iv) Salcon MMCB AZSB JV Sdn. Bhd.	Langat 2 water treatment plant and water reticulation system in Selangor Darul Ehsan/ Wilayah Persekutuan Kuala Lumpur	30	-
v) Salcon MMCES AZSB JV Sdn. Bhd.	Langat 2 water treatment plant and water reticulation system in Selangor Darul Ehsan/ Wilayah Persekutuan Kuala Lumpur	30	-

(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 2014 RM	2013 RM
Current assets		
Other receivables, deposits and prepayments	12,848,252	7,860
Cash and cash equivalents	1,978,605	1,328,646
	14,826,857	1,336,506
Current liabilities		
Trade payables	11,919,352	1,575,072
Other payables and accruals	2,459,980	15,786
	14,379,332	1,590,858
Share of net assets/(liabilities) of the joint ventures	447,525	(254,352)

12. Interests in joint ventures (cont'd)

(ii) Share of the revenue and expenses

	Group	
	2014 RM	2013 RM
Attributable contract revenue	7,406,658	-
Attributable contract costs	(6,904,891)	-
Income tax expense	(129,890)	-
Share of profit for the year	371,877	-

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

13. Available-for-sale investments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares in Malaysia, at cost				
At 1 January	8,547,500	8,547,500	8,500,000	8,500,000
Less: Allowance for impairment losses	(8,500,000)	(8,500,000)	(8,500,000)	(8,500,000)
At 31 December	47,500	47,500	-	-
Club membership	68,000	68,000	68,000	68,000
	115,500	115,500	68,000	68,000

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

14. Trade and other receivables

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current					
Trade receivable	(a)	13,111,341	11,573,208	-	-
Other receivable	(b)	74,479,835	-	37,130,333	-
		87,591,176	11,573,208	37,130,333	-

(a) Trade receivable consists of capital expenditure incurred on behalf of a customer for the construction of a teaching hospital under the Private Financing Initiative that are only due for payment upon completion of the teaching hospital which is expected to be in year 2016.

(b) Other receivables of the Group and of the Company consist of the award issued by the sole arbitrator of the International Court of Arbitration under the International Chamber of Commerce in 2013 pertaining to the arbitration initiated by the Group in year 2011 against a particular contract customer in respect of the development of a university campus in Saudi Arabia. The Group, through its external legal counsels in Saudi Arabia, has filed the arbitrator award with the local Saudi court on 2 February 2014 in order to obtain an enforcement order. Based on the advice from its external legal counsels, the whole process of obtaining an enforcement order and recovering the award will take approximately 2 years.

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current					
Trade					
External parties	a	35,243,658	35,961,943	-	2,822,831
Amount due from contract customers	b	601,356,176	326,202,512	1,917,823	16,095,820
Amount due from a joint venture	c	2,749,773	49,773	-	-
		639,349,607	362,214,228	1,917,823	18,918,651
Non-trade					
Amount due from:					
Ultimate holding company	d	641,563	333,744	171,145	134,867
Subsidiaries	d	-	-	172,017,537	150,383,145
Associate	e	20,000	20,000	-	-
Affiliates	f	244,750	705,753	3,709	3,697
		906,313	1,059,497	172,192,391	150,521,709
Other receivables		13,146,382	82,805,224	14,195,921	55,838,019
Deposits		5,282,630	2,278,353	47,866	47,861
Prepayments		2,025,521	2,191,183	263,825	1,084,900
		660,710,453	450,548,485	188,617,826	226,411,140

14. Trade and other receivables (cont'd)

Note a

The Group's and the Company's normal credit term granted to customers ranges from 60 to 90 days (2013: 60 to 90 days).

Included in trade receivables from external parties at 31 December 2014 are retention sums of the Group and of the Company of RM26,516,184 (2013: RM18,687,580) and RM nil (2013: RM2,822,831) respectively relating to construction work-in-progress.

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Within 1 year	1,499,725	2,822,831	-	2,822,831
1 - 2 years	-	2,999,450	-	-
2 - 3 years	-	-	-	-
3 - 4 years	111,021	-	-	-
More than 5 years	24,905,438	12,865,299	-	-
	26,516,184	18,687,580	-	2,822,831

Note b

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Aggregate costs incurred to-date		3,813,724,172	3,328,177,859	352,149,160	417,502,189
Add: Attributable profits		393,829,684	303,784,703	28,643,330	30,864,016
Less: Foreseeable lossess		-	(1,450,000)	-	-
		4,207,553,856	3,630,512,562	380,792,490	448,366,205
Less: Progress billings		(3,608,159,550)	(3,324,019,379)	(378,874,667)	(432,270,385)
		599,394,306	306,493,183	1,917,823	16,095,820
Represented by:					
Amount due from contract customers		601,356,176	326,202,512	1,917,823	16,095,820
Amount due to contract customers	23	(1,961,870)	(19,709,329)	-	-
		599,394,306	306,493,183	1,917,823	16,095,820

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Staff costs	22,046,522	25,038,384	-	-
Rental of premises and land	707,286	463,168	-	-
Running cost of machinery	13,049,682	22,206,081	-	-
Rental of motor vehicles	3,570	4,499	-	-

14. Trade and other receivables (cont'd)

Note c

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

Note d

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

Note e

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

Note f

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

15. Inventories

	Group	
	2014	2013
At cost:	RM	RM
Completed properties	6,193,096	2,543,238
Marine fuels and lubricants	6,207,808	8,961,703
Consumable goods	775,515	809,913
	13,176,419	12,314,854
Recognised in profit or loss:		
Inventories recognised as cost of sales	55,854,233	61,146,280

16. Property development costs

	Group	
	2014	2013
Development costs:	RM	RM
At 1 January	27,512,729	19,439,671
Costs incurred during the year	8,300,402	8,073,058
At 31 December	35,813,131	27,512,729
Costs recognised in profit or loss		
- prior years	(15,517,931)	(10,616,048)
- current year	(4,709,668)	(4,901,883)
	(20,227,599)	(15,517,931)
	15,585,532	11,994,798
Transfer to inventories of completed units	(3,642,644)	-
At 31 December	11,942,888	11,994,798

17. Cash and deposits

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits placed with licensed banks	47,029,068	63,492,697	2,975,168	2,899,384
Cash and bank balances	84,976,091	39,347,347	38,682,767	1,104,884
	132,005,159	102,840,044	41,657,935	4,004,268

Included in deposits placed with licensed banks of the Group are deposits of RM38,227,484 (2013: RM44,636,701) which have been pledged to financial institutions as security for bank guarantee and credit facilities granted to the Group as disclosed in Note 20.

Included in deposits placed with licensed banks of the Company are deposits of RM2,969,852 (2013: RM2,894,225) which have been pledged to financial institutions as securities for the overdraft facility granted to its subsidiary as disclosed in Note 20(c).

The deposits placed with licensed banks of the Group and of the Company bear interest at effective interest rates ranging from 2.50% to 3.68% (2013: 2.50% to 3.68%) and 2.55% to 3.05% (2013: 2.55% to 3.05%) per annum respectively.

18. Share capital

	Group and Company			
	Amount 2014 RM	Number of shares 2014	Amount 2013 RM	Number of shares 2013
Authorised:				
Ordinary shares of RM0.25 each (2013: RM0.50 each)				
At 1 January/31 December	250,000,000	1,000,000,000	500,000,000	1,000,000,000
Issued and fully paid-up:				
At 1 January	138,471,095	276,942,189	138,471,095	276,942,189
Reduction of par value	(69,235,547)	-	-	-
Rights issues with warrant	51,649,516	206,598,066	-	-
At 31 December	120,885,064	483,540,255	138,471,095	276,942,189

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the financial year, the Company reduced the par value of its shares by RM0.25 for each existing ordinary share of RM0.50 in issue prior to the rights issue of 206,598,066 shares at an issue price of RM0.50 each as stated in Note 40(a)(i&ii).

19. Reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable:				
Share premium	21,888,800	24,636	21,888,800	24,636
Capital reserve	7,667,033	-	7,667,033	-
Warrant reserve	27,890,739	-	27,890,739	-
Foreign exchange translation reserve	3,366,111	3,506,815	232,426	510,107
	60,812,683	3,531,451	57,678,998	534,743
Treasury shares	(1,025,787)	(1,025,787)	(1,025,787)	(1,025,787)
Distributable:				
Retained earnings/(Accumulated losses)	148,075,787	73,110,899	(41,317,021)	(96,321,898)
	207,862,683	75,616,563	15,336,190	(96,812,942)

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

Share premium

Share premium arose from the issuance of shares at a premium as follows:

	Group/Company	
	2014 RM	2013 RM
As at 1 January	24,636	24,636
Rights issue	23,758,778	-
Rights issue expenses	(1,894,614)	-
As at 31 December	21,888,800	24,636

Capital reserve

Capital reserve represents the credit surplus arising from the cancellation of par value of RM0.25 each amounting to RM69,235,547 after setting off the Company's accumulated losses of RM61,568,514 as at 31 December 2012.

	Group RM	Company RM
As at 31 December 2012	71,516,003	(61,568,514)
Credit arising from Par Value Reduction during the year	61,568,514	61,568,514
After the Par Value Reduction	133,084,517*	-

* *Retained earnings*

19. Reserves (cont'd)

Capital reserve (cont'd)

Capital reserve	Group RM	Company RM
As at 1 January 2013	-	-
Credit arising from Par Value Reduction during the year	7,667,033	7,667,033
After the Par Value Reduction	7,667,033	7,667,033

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Warrant reserve

Warrant reserve relates to the fair value of warrants in relation to the right shares issued during the year. During the financial year, the Company issued 103,299,033 new detachable warrants ("Warrant(s)") pursuant to the rights shares issued during the year as mentioned in Notes 18 and 40 (a)(ii).The fair value of the warrant was determined based on its quoted price at the issuance date.

Treasury shares

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

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

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 483,540,255 (2013: 276,942,189) issued and fully paid-up ordinary shares as at 31 December 2014, 1,478,100 (2012: 1,478,100) shares are held as treasury shares by the Company. As at 31 December 2014, the number of outstanding ordinary shares in issue after the set off is therefore 482,062,155 (2013: 275,464,089) ordinary shares of RM0.25 (2013: RM0.50) each.

20. Loans and borrowings

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current					
Term loans	a	398,817,653	222,817,850	-	-
Finance lease liabilities	b	4,992,244	7,337,325	565,042	1,143,409
		403,809,897	230,155,175	565,042	1,143,409
Current					
Term loans	a	15,623,340	15,664,968	-	-
Finance lease liabilities	b	3,801,436	4,371,506	567,866	700,064
Bank overdrafts	c	21,081,888	17,564,069	-	-
Trust receipts	d	5,413,874	1,168,602	-	-
Revolving credits and Murabahah facilities	e	36,836,347	21,955,600	-	-
		82,756,885	60,724,745	567,866	700,064
		486,566,782	290,879,920	1,132,908	1,843,473

Note a

	Note	Group 2014 RM	Group 2013 RM
Term loan - I	(i)	69,535,236	28,993,824
Term loan - II	(ii)	22,113,967	26,002,290
Term loan - III	(iii)	63,886,000	75,318,396
Term loan - IV	(iv)	239,483,034	92,629,684
Term loan - V	(v)	11,545,994	7,602,735
Term loan - VI	(vi)	6,795,360	6,795,360
Term loan - VII	(vii)	1,081,402	1,140,529
		414,440,993	238,482,818

The term loans of the Group comprise the followings:

(i) **Term loan I** is denominated in IDR and USD and bears interest at 11.25% and 4.64% (2013: 10.25% and 5.04%) per annum respectively. The term loan is repayable within a period of 108 months upon full disbursement and is secured by corporate guarantee from the Company.

(ii) **Term loan II** bears interest at 5.65% (2013: 5.35%) per annum. The term loan was refinanced during the year with monthly repayable tenure extended to 84 instalments which commenced from July 2013 and is secured and supported by:

(a) first legal charge on freehold land and buildings of its subsidiary as disclosed in Note 3; and

(b) corporate guarantee from the Company.

20. Loans and borrowings (cont'd)

The term loans of the Group comprise the followings: (cont'd)

(iii) **Term loan III** bears interest at 5.35% (2013: 5.05%) per annum. The term loan is repayable in equal quarterly instalments over 9 years which commenced from September 2011 and is secured and supported by:

(a) corporate guarantee from the Company; and

(b) memorandum of charge on the shares of a subsidiary.

(iv) **Term loan IV** bears interest at rates ranging from 5.77% - 6.10% (2013: 5.40% - 5.80%) per annum and is repayable on quarterly basis by 44 installments commencing on the 51st month from the first date of loan disbursement in July 2012.

(v) **Term loan V** bears interest at rates ranging from 5.77% - 6.06% (2013: 5.40% - 5.80%) per annum and is repayable on lump sum basis either on the 60th month from the first date of loan disbursement in July 2012 or upon receipt of reimbursable cost from contract customer, whichever is earlier.

Both Terms loan IV and V are secured and supported by:

(a) fixed and floating charges over all present and future assets of a subsidiary;

(b) legal assignment over designated bank accounts and rights, titles, interests and benefits under applicable insurance policies; and

(c) corporate guarantee from the Company until the expiry of the defect liability period of the project.

(vi) **Term loan VI** bears interest at 5.08% (2013: 4.80%) per annum. The term loan is repayable on semi-annual basis by sixteen (16) installments commencing from May 2015.

The above term loan is secured by way of:

(a) a first party legal charge over the land held for development as disclosed in Note 5;

(b) legal assignment of rights in rental proceeds to be derived from the future commercial development on the land; and

(c) corporate guarantee from the Company.

(vii) **Term loan VII** is interest free and repayable by sixty (60) monthly instalments commencing from July 2014.

The above term loan is secured by way of:

(a) a debenture on a subsidiary's current and future fixed and floating assets,

(b) deposit placed with a financial institution of a subsidiary; and

(c) personal guarantee from the Directors of a subsidiary.

20. Loans and borrowings (cont'd)

Note b

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments 2014 RM	Interest 2014 RM	Present value of minimum lease payments 2014 RM	Future minimum lease payments 2013 RM	Interest 2013 RM	Present value of minimum lease payments 2013 RM
Less than one year	4,178,009	(376,573)	3,801,436	4,876,650	(505,144)	4,371,506
Between one and five years	5,283,542	(291,298)	4,992,244	7,818,541	(481,216)	7,337,325
	9,461,551	(667,871)	8,793,680	12,695,191	(986,360)	11,708,831
Company						
Less than one year	606,079	(38,213)	567,866	770,554	(70,490)	700,064
Between one and five years	574,090	(9,048)	565,042	1,209,232	(65,823)	1,143,409
	1,180,169	(47,261)	1,132,908	1,979,786	(136,313)	1,843,473

Note c

The bank overdraft facilities are repayable on demand and bear interest at rates ranging from 7.80% - 8.35% (2013: 6.65% - 8.10%) per annum. One of the bank overdraft facilities is secured by freehold land and hotel building as disclosed in Note 7 and deposits placed with licensed banks of the Company and a subsidiary; while the other bank overdraft facility is secured by a corporate guarantee from the Company.

Note d

The trust receipts of the Group are repayable within 120 - 180 days and bear interest at 8.10% (2013: 7.40% - 7.90%) per annum. These facilities are secured and supported by:

(i) deposits placed with licensed banks of a subsidiary; and

(ii) corporate guarantee from the Company.

Note e

The revolving credits and murabahah facilities are repayable on demand and bear profit at rates ranging from 5.62%-6.02% (2013: 5.41% - 6.16%) per annum. These facilities are secured by corporate guarantee from the Company and assignment of projects proceeds of a subsidiary.

21. Employee benefits

Retirement benefits

	Group	
	Group RM	Company RM
Net defined benefit liability	1,720,862	1,294,851

The Group's subsidiary in Indonesia makes provision for non-contributory defined benefit plan that provide pension benefits for employees upon retirement, death, disability and voluntary resignation as required under Labour Law No. 13/2003 of the Republic of Indonesia. The plan entitles an employee to receive payment according to the years of service.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk and interest rate risk.

Movement in net defined benefit obligations

	Defined benefit obligation	
	2014 RM	2013 RM
Group		
At 1 January	1,294,851	-
Included in profit and loss		
Current service cost	244,266	1,652,416
Past service cost	112,355	131,817
	356,621	1,784,233
Included in other comprehensive income		
Remeasurement loss/(gain)		
- Actuarial (gain)/loss arising from		
- Financial assumptions	-	(398,517)
- Experience adjustments	117,736	186,956
Effect of movements in exchange rate	66,212	(277,821)
	183,948	(489,382)
Less : benefit paid	(114,558)	-
At 31 December	1,720,862	1,294,851

21. Employee benefits (cont'd)

Post-employee benefits obligations as per 31 December 2014 and 2013 are calculated by Padma Radya Aktuaria, an independent actuary based on report dated 30 March 2015, using the Project Unit Credit method.

The key assumptions used are as follows:

	2014	2013
Discount rate (per annum)	8.00%	8.75%
Future salary/wage increment (% p.a)	5.00%	5.00%
Mortality rate	100% of TMI3	100% of TMI3
Morbidity rate	5% of TMI3	5% of TMI3
Resignation rate		
- Executive	5% per year until age 34 then decrease linearly and become 0% at age 55	5% per year until age 34 then decrease linearly and become 0% at age 55
- Non Executive	10% per year until age 34 then decrease linearly and become 0% at age 55	10% per year until age 34 then decrease linearly and become 0% at age 55
Proportion of early retirement take-up	N/A	N/A
Proportion of normal retirement take-up	100%	100%
Normal retirement age	55 years	55 years

22. Deferred tax assets/(liabilities)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
At 1 January		12,751,821	10,484,013	2,510,979	4,613,348
Arising from acquisition of new subsidiary		-	91,377	-	-
Recognised in profit or loss:					
- Origination and reversal of temporary differences	30	8,965,495	(419,240)	-	(2,100,048)
- Under/(Over) provision in prior year	30	(23,150)	1,331,677	(1,294,230)	(2,321)
Effect of movements in exchange rates		(534,841)	1,263,994	-	-
At 31 December		21,159,325	12,751,821	1,216,749	2,510,979

22. Deferred tax assets/(liabilities) (cont'd)

Recognised deferred tax assets/(liabilities)

	Assets		Liabilities		Net	
Group	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Tax loss carry-forward	27,059,779	10,684,027	-	-	27,059,779	10,684,027
Taxable temporary differences	-	-	(38,516,408)	(14,176,655)	(38,516,408)	(14,176,655)
Property, plant and equipment	721,522	319,993	(4,187,975)	(2,151,838)	(3,466,453)	(1,831,845)
Fair value adjustment of investment property	-	-	-	(494,140)	-	(494,140)
Employee benefits	964,214	267,249	-	-	964,214	267,249
Fair value adjustment in respect of acquisition of subsidiary	-	-	(2,610,777)	(2,610,777)	(2,610,777)	(2,610,777)
Derecognition of results of joint venture in MCHJV*	-	-	(4,589,680)	(4,589,680)	(4,589,680)	(4,589,680)
Tax assets/(liabilities)	28,745,515	11,271,269	(49,904,840)	(24,023,090)	(21,159,325)	(12,751,821)
Set off of tax	(4,050,562)	(359,708)	4,050,562	359,708	-	-
Net tax assets/(liabilities)	24,694,953	10,911,561	(45,854,278)	(23,663,382)	(21,159,325)	(12,751,821)

	Assets		Liabilities		Net	
Company	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Property, plant and equipment	-	-	(23,669)	(23,668)	(23,669)	(23,668)
Tax loss carry-forward	3,396,600	2,102,369	-	-	3,396,600	2,102,369
Derecognition of results of joint venture in MCHJV*	-	-	(4,589,680)	(4,589,680)	(4,589,680)	(4,589,680)
Net tax assets/(liabilities)	3,396,600	2,102,369	(4,613,349)	(4,613,348)	(1,216,749)	(2,510,979)

*Malaysia China Hydro Joint Venture

22. Deferred tax assets/(liabilities) (cont'd)

Unrecognised deferred tax assets

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unabsorbed capital allowances	-	5,810,459	-	5,810,459
Tax losses carry forward	-	3,920,560	-	3,920,560
	-	9,731,019	-	9,731,019

Deferred tax assets were not recognised in respect of those items because it was not probable that sufficient future taxable profit would be available against which the Group could utilise the benefits therefrom.

The unabsorbed capital allowances and tax losses carry-forward do not expire under current tax legislation.

23. Trade and other payables

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade					
External parties	a	283,129,968	245,924,055	3,519	3,519
Amount due to contract customers	14	1,961,870	19,709,329	-	-
Advance payments received	b	28,857,304	29,419,421	-	-
		313,949,142	295,052,805	3,519	3,519
Non-trade					
Amount due to:					
Subsidiaries	c	-	-	218,541,211	275,891,138
Associate	c	53,089	53,089	-	-
		53,089	53,089	218,541,211	275,891,138
Accruals and other payables	d	11,951,773	9,346,019	1,032,233	1,482,059
		12,004,862	9,399,108	219,573,444	277,373,197
		325,954,004	304,451,913	219,576,963	277,376,716

23. Trade and other payables (cont'd)

Note a

The normal credit term granted by suppliers of the Group and of the Company ranges from 30 to 90 days (2013: 30 to 90 days).

Included in trade payables of the Group are:

i) retention sums of RM84,845,883 (2013: RM80,668,723).

ii) amount due to affiliates as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amount due to subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has a substantial financial interest and also a Director				
- Chuan Huat Industrial Marketing Sdn. Bhd.	1,074,229	1,662,149	-	-
- Chuan Huat Hardware Sdn. Bhd.	129,991	52,170	-	-

The amount due to affiliates is subject to normal credit terms.

Note b

Advance payments received are in respect of interest free advances received by the subsidiaries for mobilisation of its construction contracts. These advances are to be set off against the subsidiaries progress billings on the related contracts.

Note c

This amount is unsecured, interest-free and repayable on demand.

Note d

Included in accruals and other payables of the Group is interest on borrowings amounting to RM3,689,837 (2013: RM1,199,491).

24. Revenue

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Dividend income	-	-	-	13,176,692
Attributable contract revenue	601,120,555	523,828,255	3,538,668	-
Sale of goods	45,623,576	53,726,884	-	-
Sale of properties	7,530,904	11,499,160	-	-
Sale of fresh fruit bunches	5,381,270	4,076,852	-	-
Management fees	588,000	1,102,229	7,345,000	5,510,000
Hotel Room and F&B revenue	2,114,257	-	-	-
	662,358,562	594,233,380	10,883,668	18,686,692

25. Cost of sales

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Attributable contract costs	490,612,013	429,868,583	-	-
Cost of goods sold	29,464,545	33,918,715	-	-
Costs of developed properties	5,533,308	6,820,356	-	-
Direct operating costs-plantation	21,448,240	20,740,216	-	-
Operating cost of Hotel and F&B	785,249	-	-	-
	547,843,355	491,347,870	-	-

26. Finance income

Recognised in the profit or loss:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest income of financial assets that are not at fair value through profit or loss	3,457,227	2,551,203	1,174,529	73,245

27. Finance costs

Recognised in the profit or loss:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	17,409,670	9,927,001	-	-
- overdrafts	1,356,475	1,325,877	-	-
- other borrowings	1,969,389	1,968,829	3,649,623	4,138,794
	20,735,534	13,221,707	3,649,623	4,138,794
- other finance costs	956,788	1,148,430	-	-
	21,692,322	14,370,137	3,649,623	4,138,794

28. Profit/(Loss) before tax

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

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Auditors' remuneration:					
Audit fees:					
- Auditors of the Company		402,000	428,000	150,000	150,000
- Over provision in prior year		(19,000)	(7,000)	-	-
- Other auditors		96,744	118,860	-	6,159
Non-audit fees		36,935	30,000	31,935	30,000
Amortisation of prepaid lease payments		436,406	445,616	-	-
Impairment loss on :					
- investments in subsidiaries		-	-	-	12,034,610
- amount due from a subsidiary		-	-	-	3,911,500
Amortisation of biological assets		4,587,074	8,566,761	-	-
Amortised cost adjustments on non-current receivables		9,091,915	593,425	4,589,142	-
Amortisation of transaction cost		120,098	121,825	-	-
Bad debts written off		1,002,845	11,980,978	1,000,000	11,159,305
Depreciation of property, plant and equipment	3	8,883,411	9,904,692	841,256	814,644
Interest expense	27	20,735,534	13,221,707	3,649,623	4,138,794
Intangible assets written off		-	2,484,611	-	-
(Gain)/Loss on foreign exchange - unrealised		(307,721)	2,945,698	(2,481,738)	114,108
Property, plant and equipment written off		28	6	-	-
Rental of motor vehicles		19,966	120,729	-	159
Rental of land and premises		3,447,578	2,075,532	32,698	-
Rental of machinery and equipment		13,643,011	20,538,208	-	-
Employee benefits expense		51,733,277	60,934,552	9,782,023	7,956,209
Dividend income - unquoted shares		-	-	-	(13,176,692)
(Gain)/Loss on disposal of property, plant and equipment - net		(288,540)	(1,283,942)	(3,063)	1
Interest income		(2,833,519)	(1,961,181)	(1,174,529)	(73,245)
Accretion of fair value on non-current receivables		(623,708)	(590,022)	-	-
Planting expenditure written off		4,567,887	-	-	-
Amortisation of land application costs		61,661	-	-	-

28. Profit/(Loss) before tax (cont'd)

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

Included in employee benefits expense is:

Employee benefits expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Contributions to defined contribution plan	6,241,440	6,550,230	2,296,605	1,038,932
Retirement benefits	356,621	1,784,233	-	-
	6,598,061	8,334,463	2,296,605	1,038,932

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM4,895,302 (2013: RM4,616,667) and RM2,577,675 (2013: RM2,322,741) respectively as further disclosed in Note 29.

29. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors				
- fees	252,000	419,000	-	-
- emoluments	4,643,302	4,197,667	2,577,675	2,322,741
Total remuneration (excluding benefit-in-kind)	4,895,302	4,616,667	2,577,675	2,322,741
Estimated monetary value of benefit-in-kind	252,795	291,833	93,959	156,998
	5,148,097	4,908,500	2,671,634	2,479,739
Non-Executive Directors				
- fees	608,000	593,476	608,000	593,476
- emoluments	40,700	32,500	37,100	28,300
Total remuneration (excluding benefit-in-kind)	648,700	625,976	645,100	621,776
Estimated monetary value of benefit-in-kind	32,000	66,350	18,300	35,200
Total remuneration (including benefit-in-kind)	680,700	692,326	663,400	656,976

30. Income tax expense/(credit)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Recognised in profit or loss					
Current tax expense					
Malaysia					
- current year		4,818,497	18,771,211	-	4,926,667
- (over)/under provision in prior year		(349,544)	(622,763)	-	2,519,850
		4,468,953	18,148,448	-	7,446,517
Deferred tax expense					
- origination and reversal of temporary differences	22	8,965,495	(419,240)	-	(2,100,048)
- (over)/under provision in prior year	22	(23,150)	1,331,677	(1,294,230)	(2,321)
Total income tax expense/(credit)		13,411,298	19,060,885	(1,294,230)	5,344,148

Reconciliation of tax expense:

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Profit/(Loss) for the year	12,256,546	5,403,208	(6,563,637)	(30,621,423)
Total income tax expense/(credit)	13,411,298	19,060,885	(1,294,230)	5,344,148
Profit/(Loss) before tax	25,667,844	24,464,093	(7,857,867)	(25,277,275)
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)	6,416,961	6,116,023	(1,964,467)	(6,319,319)
Non-taxable income	(155,927)	-	-	-
Non-deductible expenses	9,955,713	13,402,422	4,397,222	10,318,610
Utilisation of deferred tax assets previously not recognised	(2,432,755)	(1,166,474)	(2,432,755)	(1,172,672)
(Over)/Under provision of current tax in prior year	(349,544)	(622,763)	-	2,519,850
Under/(Over) provision of deferred tax in prior year	(23,150)	1,331,677	(1,294,230)	(2,321)
Total income tax expense/(credit)	13,411,298	19,060,885	(1,294,230)	5,344,148

31. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders of RM13,508,221 (2013: RM5,525,874) and weighted average number of ordinary shares outstanding during the year of 407,127,272 (2013: 276,942,189).

Weighted average number of ordinary shares

	Group	
	2014 RM	2013 RM
Issued ordinary shares at 1 January	276,942,189	276,942,189
Effect of rights issue during the year	130,185,083	-
Weighted average number of ordinary shares at 31 December	407,127,272	276,942,189

Diluted earnings per ordinary share

	Group 2014 RM
Weighted average number of ordinary shares (basic) at 31 December	407,127,272
Effect of warrants issue	1,454,916
Weighted average number of ordinary shares (diluted) at 31 December	408,582,188

There was no dilutive potential ordinary shares as at 31 December 2013.

32. Dividends

Dividend recognised and paid by the Company during the year was:

	Sen per share (net of tax)	Amount RM	Date of payment
2014			
Interim dividend	-	-	-
2013			
Interim dividend	1.50	4,131,961	23 August 2013

33. Operating segments

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

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

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

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

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

Segment assets

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

Segment liabilities

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

Segment capital expenditure

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

Geographical segments

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

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

33. Operating segments (cont'd)

Major segment by activity

	Note	Construction RM	Trading in Oil & Gas & Other Related Products RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2014							
Revenue							
External revenue		601,120,555	45,623,576	5,381,270	10,233,161	-	662,358,562
Inter-segment revenue		-	5,340,325	-	7,345,000	(12,685,325)	-
Total revenue		601,120,555	50,963,901	5,381,270	17,578,161	(12,685,325)	662,358,562
Results							
Segment results		52,603,237	13,977,275	(33,796,730)	(7,367,793)	251,855	25,667,844
Interest income		2,119,283	113,799	10,397	1,213,748	-	3,457,227
Interest expense		(14,609,336)	(53,007)	(2,079,026)	(3,994,165)	-	(20,735,534)
Share of results in joint ventures		371,877	-	-	-	-	371,877
Share of profit of associates		4,120	-	-	-	-	4,120
Other non-cash expenses	(i)	(9,091,915)	(28)	(5,136,633)	(1,172,416)	162,626	(15,238,366)
Depreciation		(6,106,574)	(1,001,520)	(736,013)	(1,039,304)	-	(8,883,411)
Other Information							
Segment assets		870,516,557	26,900,832	169,120,222	152,166,603	(20,521,487)	1,198,182,727
Additions to non-current assets	(ii)	2,268,376	483,372	16,263,444	250,875	-	19,266,067
Investment in joint ventures		447,525	-	-	-	-	447,525
Investments in associates		165,005	-	-	-	-	165,005

33. Operating segments (cont'd)

Major segment by activity (cont'd)

	Note	Construction RM	Trading in Oil & Gas & Other Related Products RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2013							
Revenue							
External revenue		523,828,255	53,726,884	4,076,852	12,601,389	-	594,233,380
Inter-segment revenue		-	8,704,325	-	5,510,000	(14,214,325)	-
Total revenue		523,828,255	62,431,209	4,076,852	18,111,389	(14,214,325)	594,233,380
Results							
Segment results		49,100,454	20,175,034	(27,094,599)	(9,399,989)	(8,316,807)	24,464,093
Interest income		2,365,276	87,652	3,288	94,987	-	2,551,203
Interest expense		(8,045,515)	(71,512)	(632,674)	(4,472,006)	-	(13,221,707)
Share of profit of associates		1,770	-	-	-	-	1,770
Other non-cash expenses	(i)	(12,203,030)	(3,776)	(12,821,407)	(3,537,596)	3,911,500	(24,654,309)
Depreciation		(7,068,311)	(1,026,632)	(908,352)	(901,397)	-	(9,904,692)
Other Information							
Segment assets		553,861,056	33,037,921	154,366,255	114,348,077	(4,586,982)	851,026,327
Additions to non-current assets	(ii)	2,337,732	704,055	4,927,419	648,752	-	8,617,958
Investments in associates		160,885	-	-	-	-	160,885

33. Operating segments (cont'd)

Major segment by geographical area

	Malaysia RM	Republic of Indonesia RM	India RM	Kingdom of Saudi Arabia RM	Eliminations RM	Consolidated RM
2014						
Total revenue from external customers	664,322,292	5,381,270	-	-	(7,345,000)	662,358,562
Segment assets	1,009,029,404	169,120,222	2,264,619	38,289,969	(20,521,487)	1,198,182,727
Additions to non-current assets (ii)	3,002,623	16,263,444	-	-	-	19,266,067
Investment in joint ventures	447,525	-	-	-	-	447,525
Investments in associates	165,005	-	-	-	-	165,005
2013						
Total revenue from external customers	595,666,528	4,076,852	-	-	(5,510,000)	594,233,380
Segment assets	658,367,330	154,366,255	2,218,425	40,661,300	(4,586,983)	851,026,327
Additions to non-current assets (ii)	3,690,539	4,927,419	-	-	-	8,617,958
Investments in associates	160,885	-	-	-	-	160,885

33. Operating segments (cont'd)

Major segment by activity (cont'd)

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

	Group	
	2014 RM	2013 RM
Bad debts written off	1,002,845	11,980,978
Amortisation of planting expenditures	4,587,074	8,566,761
Amortisation of prepaid lease payments	436,406	445,616
Amortisation of transaction costs	120,098	121,825
Amortised cost adjustment on non-current receivables	9,091,915	593,425
Property, plant and equipment written off	28	6
Loss on foreign exchange - unrealised	-	2,945,698
	15,238,366	24,654,309

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

	Group	
	2014 RM	2013 RM
Property, plant and equipment	4,407,350	4,020,467
Planting expenditure incurred	14,858,717	4,597,491
	19,266,067	8,617,958

34. Financial instruments

34.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R");

(b) Available-for-sale financial assets ("AFS"); and

(c) Other financial liabilities measured at amortised cost ("FL").

34. Financial instruments (cont'd)

34.1 Categories of financial instruments (cont'd)

	Group			Company		
	Carrying amount RM	L&R/(FL) RM	AFS RM	Carrying amount RM	L&R/(FL) RM	AFS RM
2014						
Financial assets						
Club membership and unquoted shares	115,500	-	115,500	68,000	-	68,000
Trade and other receivables, excluding prepayments	746,276,108	746,276,108	-	225,484,334	225,484,334	-
Cash and cash equivalents	132,005,159	132,005,159	-	41,657,935	41,657,935	-
	878,396,767	878,281,267	115,500	267,210,269	267,142,269	68,000
2013						
Financial assets						
Club membership and unquoted shares	115,500	-	115,500	68,000	-	68,000
Trade and other receivables	459,930,510	459,930,510	-	225,326,240	225,326,240	-
Cash and cash equivalents	102,840,044	102,840,044	-	4,004,268	4,004,268	-
	562,886,054	562,770,554	115,500	229,398,508	229,330,508	68,000
2014						
Financial liabilities						
Trade and other payables	(325,954,004)	(325,954,004)	-	(219,576,963)	(219,576,963)	-
Loans and borrowings	(486,566,782)	(486,566,782)	-	(1,132,908)	(1,132,908)	-
	(812,520,786)	(812,520,786)	-	(220,709,871)	(220,709,871)	-
2013						
Financial liabilities						
Trade and other payables	(304,451,913)	(304,451,913)	-	(277,376,716)	(277,376,716)	-
Loans and borrowings	(290,879,920)	(290,879,920)	-	(1,843,473)	(1,843,473)	-
	(595,331,833)	(595,331,833)	-	(279,220,189)	(279,220,189)	-

34. Financial instruments (cont'd)

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Net gains/(losses) on:				
Loans and receivables	2,762,103	(12,375,473)	2,656,267	(11,200,168)
Financial liabilities measured at amortised costs	(20,735,534)	(13,221,707)	(3,649,623)	(4,138,794)
	(17,973,431)	(25,597,180)	(993,356)	(15,338,962)

34.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

34.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, bank balances and deposits placed with licensed banks, amount due from joint venture and advances to ultimate holding company, associate and affiliates. The Company's exposure to credit risk arises principally from trade and other receivables, bank balances and deposits placed with licensed banks and advances to ultimate holding company, subsidiaries and affiliates.

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

34. Financial instruments (cont'd)

34.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables (current and non-current) as at the end of the reporting period was:

Group	Gross RM	Individual impairment RM	Net RM
2014			
Not past due	42,733,355	-	42,733,355
Past due 0 – 30 days	2,149,835	-	2,149,835
Past due 31– 120 days	225,705	-	225,705
Past due more than 120 days	3,246,104	-	3,246,104
	48,354,999	-	48,354,999
2013			
Not past due	33,008,386	-	33,008,386
Past due 0 – 30 days	7,123,007	-	7,123,007
Past due 31– 120 days	5,723,340	-	5,723,340
Past due more than 120 days	1,680,418	-	1,680,418
	47,535,151	-	47,535,151

Company	Gross RM	Individual impairment RM	Net RM
2014			
Not past due	-	-	-
Past due 0 – 30 days	-	-	-
Past due 31– 120 days	-	-	-
Past due more than 120 days	-	-	-
	-	-	-
2013			
Not past due	2,822,831	-	2,822,831
Past due 0 – 30 days	-	-	-
Past due 31– 120 days	-	-	-
Past due more than 120 days	-	-	-
	2,822,831	-	2,822,831

There is no allowance made for impairment losses of trade receivables for the Group and the Company during the financial year.

34. Financial instruments (cont'd)

34.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM758,577,395 (2013: RM559,436,003) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as shown in Note 14.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts due from ultimate holding company, subsidiaries, associate, joint venture and affiliates are not recoverable, except for an amount due from a subsidiary of RM3.9 million which has been fully impaired.

34.5 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34. Financial instruments (cont'd)

34.5 Liquidity risk (cont'd)

Maturity analysis

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

Group	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
2014							
Financial liabilities							
Trade and other payables	325,954,004	-	325,954,004	325,954,004	-	-	-
Bank overdrafts	21,081,888	6.65% - 8.60%	22,784,768	22,784,768	-	-	-
Trust receipts	5,413,874	7.60 - 8.10%	5,614,900	5,614,900	-	-	-
Finance lease liabilities	8,793,680	2.29% - 7.62%	9,461,553	4,178,009	2,709,899	2,533,881	39,764
Revolving credit/ Murabahah facilities	36,836,347	5.62% - 6.02%	37,276,766	37,276,766	-	-	-
Term loans	414,440,993	0% - 5.80%	578,003,147	40,767,101	44,108,670	219,818,970	273,308,406
	812,520,786		979,095,138	436,575,548	46,818,569	222,352,851	273,348,170
2013							
Financial liabilities							
Trade and other payables	304,451,913	-	304,451,913	304,451,913	-	-	-
Bank overdrafts	17,564,069	6.65% - 8.10%	18,940,605	18,940,605	-	-	-
Trust receipts	1,168,602	7.40 - 7.90%	1,193,234	1,193,234	-	-	-
Finance lease liabilities	11,708,831	2.15% - 6.98%	12,695,191	4,876,650	3,783,593	3,736,576	298,372
Revolving credit/ Murabahah facilities	21,955,600	5.41% - 6.16%	22,221,783	22,221,783	-	-	-
Term loans	238,482,818	0% - 5.80%	318,107,902	28,563,990	28,557,210	106,066,726	154,919,976
	595,331,833		677,610,628	380,248,175	32,340,803	109,803,302	155,218,348

34. Financial instruments (cont'd)

34.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

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

Company	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
2014							
Financial liabilities							
Trade and other payables	219,576,963	-	219,576,963	219,576,963	-	-	-
Finance lease liabilities	1,132,908	2.29% - 3.50%	1,180,169	606,079	233,092	340,998	
	220,709,871		220,757,132	220,183,042	233,092	340,998	-
2013							
Financial liabilities							
Trade and other payables	277,376,716	-	277,376,716	277,376,716	-	-	-
Finance lease liabilities	1,843,473	2.29% - 3.50%	1,979,786	770,554	616,587	286,368	306,277
	279,220,189		279,356,502	278,147,270	616,587	286,368	306,277

34. Financial instruments (cont'd)

34.6 Market risk

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

34.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

Group	**2014 USD**	**2013 USD**
In RM		
Loans and borrowings	(59,562,265)	(22,583,011)
Exposure in the statement of financial position	(59,562,265)	(22,583,011)

Currency risk sensitivity analysis

A 10% (2013: 10%) strengthening of RM against the following currency at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchase

34. Financial instruments (cont'd)

34.6 Market risk (cont'd)

34.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis (cont'd)

	2014		2013	
	Equity	Profit or loss	Equity	Profit or loss
USD	4,467,170	4,467,170	1,693,726	1,693,726

A 10% (2013: 10%) weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

34.6.2 Interest rate risk

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

The Group's excess cash is invested in fixed deposits with tenure of less than twelve (12) months, hence exposure to risk of change in their fair values due to changes in interest rates is not significant.

Risk management objectives, policies and processes for managing the risk

The Company does not have a formal policy for managing interest rate risk. The exposure to interest rate risk is monitored closely by the management.

Exposure to interest rate risk

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
Financial assets	47,029,068	63,492,697	2,975,168	2,899,384
Financial liabilities	(15,288,956)	(14,017,962)	(1,132,908)	(1,843,473)
	31,740,112	49,474,735	1,842,260	1,055,911
Floating rate instruments				
Financial liabilities	(471,277,826)	(276,861,958)	-	-

34. Financial instruments (cont'd)

34.6 Market risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Group			
	Equity		Profit or loss	
	1% increase	1% decrease	1% increase	1% decrease
2014	RM	RM	RM	RM
Floating rate instruments				
Term loans	(3,102,600)	3,102,600	(3,102,600)	3,102,600
Bank overdrafts	(158,114)	158,114	(158,114)	158,114
Revolving credits/Murabahah facilities	(276,272)	276,272	(276,272)	276,272
Cash flow sensitivity (net)	(3,536,986)	3,536,986	(3,536,986)	3,536,986
2013				
Floating rate instruments				
Term loans	(1,782,470)	1,782,470	(1,782,470)	1,782,470
Bank overdrafts	(131,731)	131,731	(131,731)	131,731
Revolving credits/Murabahah facilities	(164,667)	164,667	(164,667)	164,667
Cash flow sensitivity (net)	(2,078,868)	2,078,868	(2,078,868)	2,078,868

34.7 Fair value information

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

34. Financial instruments (cont'd)

34.7 Fair value information (cont'd)

Group

	Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Fair Value	amount
2014	RM	RM	RM	RM	RM	RM
Financial asset						
Club membership	-	-	100,000	100,000	100,000	68,000
Financial liabilities						
Term loans	-	-	410,892,503	410,892,503	410,892,503	414,440,993
Finance lease liabilities	-	-	8,699,985	8,699,985	8,699,985	8,793,680

	Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Fair Value	amount
2013	RM	RM	RM	RM	RM	RM
Financial asset						
Club membership	-	-	100,000	100,000	100,000	68,000
Financial liabilities						
Term loans	-	-	235,814,268	235,814,268	235,814,268	238,482,818
Finance lease liabilities	-	-	11,907,798	11,907,798	11,907,798	11,708,831

Company

	Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Fair Value	amount
2014	RM	RM	RM	RM	RM	RM
Financial asset						
Club membership	-	-	100,000	100,000	100,000	68,000
Financial liabilities						
Finance lease liabilities	-	-	1,163,324	1,163,324	1,163,324	1,132,908

	Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Fair Value	amount
2013	RM	RM	RM	RM	RM	RM
Financial asset						
Club membership	-	-	100,000	100,000	100,000	68,000
Financial liabilities						
Finance lease liabilities	-	-	1,846,522	1,846,522	1,846,522	1,843,473

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer

34. Financial instruments (cont'd)

34.7 Fair value information (cont'd)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of finance lease liabilities and term loans are estimated using discounted cash flows at the following interest rates:

Group	**2014**	**2013**
Finance lease liabilities	3.18%	2.56%
Term loans	4.80% - 6.70%	5.05% - 6.70%
Company		
Finance lease liabilities	3.18%	2.56%

35. Capital management

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

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

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

The net debt-to-capital ratio at 31 December 2014 and 31 December 2013 were as follows:

	Note	2014 RM	2013 RM
Total loans and borrowings	20	486,566,782	290,879,920
Less: Cash and cash equivalents	17	(132,005,159)	(102,840,044)
Net debt		354,561,623	188,039,876
Total equity		332,741,268	219,414,333
Debt-to-equity ratio		1.07	0.86

36. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2014 RM	2013 RM
Less than one year	129,124	131,024
Between one and five years	265,208	324,182
	394,332	455,206

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

Leases as lessor

The Group leases out its investment property (see Note 7). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2014 RM	2013 RM
Less than one year	24,000	24,000
Between one and five years	36,000	36,000
	60,000	60,000

37. Capital commitments

	Group	
	2014 RM	2013 RM
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	-	968,250

38. Contingent liabilities

Group

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

Company

	2014 RM	2013 RM
Unsecured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	23,885,679	13,486,844
Secured		
Corporate guarantee given to financial institutions in respect of credit facilities granted to subsidiaries	734,691,716	546,504,169
	758,577,395	559,991,013

39. Related parties

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, joint ventures, affiliates, Directors and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 29), are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Subsidiaries				
Dividend income receivable	-	-	-	(13,176,692)
Management fees receivable	-	-	(7,345,000)	(5,510,000)
Ultimate holding company				
Administrative service payable	120,000	120,000	-	-
Insurance premium paid or payable	723,286	894,863	58,300	55,306

39. Related parties (cont'd)

Significant related party transactions (cont'd)

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

	Group	
	2014	**2013**
	RM	**RM**
Purchases from subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interests and is also a Director		
- Chuan Huat Industrial Marketing Sdn. Bhd.	10,328,429	6,677,542
- Chuan Huat Hardware Sdn. Bhd.	420,889	1,261,077
Rental income receivable from related company, Residence Inn & Motels Sdn. Bhd.	-	24,000
Rental of land paid to a Director Dato' Sri Haji Wan Zaki bin Haji Wan Muda	795,137	36,000
Deposit and prepayment rental of land paid to a Director, Dato' Sri Haji Wan Zaki bin Haji Wan Muda	1,778,143	-
Sale of motor vehicle to a Director, Dato' Sri Haji Wan Zaki bin Haji Wan Muda	-	1
Professional fees paid to a Director, Dato' Haji Ismail @ Mansor bin Said	18,000	18,000
Professional fees paid to a Director, Dato' Wan Ahmad Farid bin Wan Salleh	5,000	5,000
(Sales)/Purchase of materials (to)/from subsidiaries of ultimate holding company	(298,983)	285,094

The outstanding balances arising from the above transactions have been disclosed in Notes 14 and 23.

40. Significant events during the year

The significant events during the year are as follows:

(a) On 15 January 2014, the Company announced the following corporate proposals (collectively referred to as the "Proposals"):

(i) proposed reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.25 of the par value of each existing ordinary share of RM0.50 each in the Company ("Proposed Par Value Reduction");

(ii) proposed renounceable rights issue of up to 207,706,641 new ordinary shares of RM0.25 each in the Company ("Rights Shares") together with up to 103,853,320 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of six Rights Shares together with three free Warrants for every eight existing ordinary shares held after the Proposed Par Value Reduction;

(iii) proposed establishment of an employees' share scheme of up to fifteen percent of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Directors of the Company and its subsidiaries which are not dormant at any point in time; and

(iv) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction.

The Company obtained approval from Bursa Securities on 19 February 2014 and shareholders on 17 March 2014 on the Proposals. On 15 April 2014, the Company obtained court order from the High Court of Malaysia in relation to the Proposed Par Value Reduction.

The above proposals was completed on 16 May 2014.

(b) On 2 February 2014, the Group, through its external legal counsels in Saudi Arabia, has filed the award with the local Saudi court in order to obtain an enforcement order as mentioned in Note 14 (b).

(c) On 25 February 2014, the Company entered into a Sale of Shares Agreement to acquire 750,000 ordinary shares of RM1.00 each representing the entire equity interest in Residence Inn & Motels Sdn Bhd from Zaki Holdings (M) Sdn Bhd at a purchase consideration of RM1,000,000 as mentioned in Note 10.

(d) On 16 April 2014, Salcon MMCB AZSB JV Sdn Bhd, in which the Company's wholly-owned subsidiary, Ahmad Zaki Sdn Bhd ("AZSB") is a joint venture partner, was awarded a project with a total value of approximately RM994 million for the proposed development of Langat 2 water treatment plant and water reticulation system in Selangor Darul Ehsan/Wilayah Persekutuan Kuala Lumpur.

(e) On 7 May 2014, AZSB had been served with Writs of Summons and Statement of Claims dated 2 May 2014 by its subcontractor, Multiglow Corporation Sdn Bhd ("Multiglow") claiming for the sum of RM9,860,691.78 in relation to Kertih Polymer Park ("KPP") Phase 1 Project and KPP Phase 2 Project and for the sum of RM2,722,476.33 in relation to Lebuhraya Pantai Timur Phase 2 5A Project in Terengganu.

(f) On 23 July 2014, AZSB received a Letter of Award from Putrajaya Resources Sdn Bhd ("the Award") for a project known as "The Proposed Construction and Completion of 2 Blocks of Office Buildings, Retails Spaces and External Works on Plots Z1 and Z2, 3 levels of Basement Parking and Access Road on Plots Z1, Z2, Z3 and Z4; and Upgrading Works to Jalan Alamanda with Associated Infrastructures and Landscaping Works at Precinct 1, Wilayah Persekutuan Putrajaya.

(g) On 11 August 2014, the Company entered into a Supplemental Agreement in respect of the Malaysian-China Hydro Joint Venture ("MCH JV") with the other parties to the MCH JV. Pursuant to the Supplemental Agreement, each of the parties to the MCH JV has agreed to release, waive, relinquish, withdraw and discharge any and all claims, actions, causes of actions, obligations, liabilities, judgments, orders and demands whatsoever nature whether known or unknown, related to and/or arising out of the MCHJV and/or the CW2 Contract which it had instituted or may now have or may hereafter have against each other in accordance with and subject to the terms under the Supplemental Agreement.

40. Significant events during the year (cont'd)

(h) On 20 October 2014, the Company received a Notice of Arbitration from Cobrain Holdings Sdn Bhd ("CHSB") to commence arbitration proceedings against it. CHSB is a sub-contractor appointed by the Company to undertake the sub-contract work to "Supply, Install, Testing and Commissioning of Electrical High Tension, Low Voltage and Structure Cabling Services for the Construction of Phase 1 and Phase 2" for the project known as "Al-Faisal University Campus Development Project" in Riyadh, Kingdom of Saudi Arabia.

The arbitration proceeding is commenced against the Company to seek relief in respect of its alleged full payment of the final claim totalling SAR14,370,941.28 (approximately RM12,485,653) and all cost and expenses in and occasioned by these proceedings and such further relief as may be expedient to the principal relief claimed. The Company has consulted its solicitors who will defend the case on its behalf. Based on the surrounding facts of the case, the Company believes that it has good and reasonable grounds to defend the alleged suit.

41. Events after the year end

a) On 20 January 2015, Trend Vista Development Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement for the proposed acquisition of a piece of freehold land in Kuantan, Pahang Darul Makmur measuring approximately 6.25 acres from Zaki Holdings (M) Sdn Bhd for a total purchase consideration of RM4,640,193.

b) On 21 January 2015, Astral Far East Sdn Bhd ("AFE"), a wholly-owned subsidiary of Inter-Century Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, entered into a Sub-Lease and Throughput Agreement ("the Agreement") with TB Supply Base Sdn Bhd and TB Realty Sdn Bhd (jointly referred to as "the Sub-Lessors") for granting to AFE, a sub-lease of parcels of land at Kg Tok Bali, Mukim Semarak, Pasir Puteh, Kelantan ("the Demised Premises") together with fuel and water bunkering facilities to be erected on the Demised Premises and the supply base from time to time for a period of 32 years, commencing from 2 January 2015 to 1 January 2047. Under the Agreement, AFE will be allowed to undertake bunkering activities and to deliver or sell marine oil and portable water through or from the supply base during the entire duration of the lease.

c) On 12 February 2015, the Company's wholly owned subsidiary EKVE Sdn Bhd ("EKVE") received a letter from the Government of Malaysia as represented by the Ministry of Works, confirming that EKVE has met all conditions precedent as set out in the Concession Agreement. In this respect, the Government has confirmed the Effective Date for the Concession of the East Klang Valley Expressway ("Expressway") to be on 12 February 2015. With this confirmation, EKVE will commence physical works on the Expressway with immediate effect.

d) On 17 February 2015, AZRB Construction (India) Pvt Ltd ("AZRB Construction"), a wholly-owned subsidiary of AZRB International Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, applied to the Registrar of Companies ("Registrar") in India for striking off pursuant to Section 560 of the India Companies Act, 1956. The Registrar has replied enclosing a notice dated 2 March 2015 that AZRB Construction will be dissolved at the expiration of 30 days from the date of the notice. On 1 April 2015, AZRB Construction name was struck off from the register by the Registrar.

e) On 28 April 2015, AZSB and Multiglow had reached an amicable settlement to the suits and there shall be no other or further claim by Multiglow in respect of the suits.

42. Supplementary financial information on the breakdown of realised and unrealised profits or losses

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- realised	183,075,647	112,501,866	(39,986,166)	(93,696,813)
- unrealised	(14,730,145)	(11,121,905)	(1,330,855)	(2,625,085)
	168,345,502	101,379,961	(41,317,021)	(96,321,898)
Total share of retained earnings of associated companies				
- realised	55,005	50,885	-	-
Total share of accumulated losses of joint ventures				
- realised	83,525	(254,352)	-	-
Less: Consolidation adjustments	(20,408,245)	(28,065,595)	-	-
Total retained earnings/(accumulated losses)	148,075,787	73,110,899	(41,317,021)	(96,321,898)

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

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 69 to 160 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 on page 161 has been properly compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad

Dato' Wan Zakariah bin Haji Wan Muda

Kuala Lumpur,
30 April 2015

STATUTORY DECLARATION

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

I, **Khairudin bin Hj Mohd Ali**, the officer primarily responsible for the financial management of Ahmad Zaki Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 161 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 by the above named in the Federal territory of Kuala Lumpur on 30 April 2015.

Khairudin bin Hj Mohd Ali

Before me:

Projek Perumahan Rakyat ("PPR") Hiliran, Kuala Terengganu

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

as at 30 April 2015

Authorised Share Capital	: RM250,000,000.00
Issued and Fully Paid-up Share Capital	: RM120,885,063.75
Class of Shares	: Ordinary Share of RM0.25 each
Voting Rights	: One vote per share

Statement of Director's Shareholdings

The Company Ahmad Zaki Resources Berhad	Number of Ordinary Shares of RM0.25 each			
	Direct Interest	%	Deemed Interest	%
Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	0	0	0	0
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	3,821,975	0.79	287,246,988*	59.59*
Dato' Wan Zakariah Bin Haji Wan Muda	4,114,418	0.85	0	0
Dato' Haji Mustaffa Bin Mohamad	3,300,009	0.68	1,482,900*	0.31*
Dato' W Zulkifli Bin Haji W Muda	6,670,968	1.38	0	0
Dato' Haji Roslan Bin Tan Sri Jaffar	577,500	0.12	437,500*	0.09*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	0	0	0	0
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	2,100,000	0.44	0	0
Dato' Haji Ismail @ Mansor Bin Said	77	#	17,600*	#*
Dato' Wan Ahmad Farid Bin Haji Wan Salleh	0	0	0	0

Ultimate Holding Company

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	500,001	50.00	0	0
Dato' Wan Zakariah Bin Haji Wan Muda	100,000	10.00	0	0
Dato' W Zulkifli Bin Haji W Muda	100,000	10.00	0	0

Statement of Director's Shareholdings (cont'd)

The Company Ahmad Zaki Resources Berhad	Warrants 2014/2024			
	Direct Interest	%	Deemed Interest	%
Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	0	0	0	0
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	876,157	0.85	61,552,926*	59.59*
Dato' Wan Zakariah Bin Haji Wan Muda	881,661	0.85	0	0
Dato' Haji Mustaffa Bin Mohamad	681,430	0.66	50*	#*
Dato' W Zulkifli Bin Haji W Muda	1,486,636	1.44	0	0
Dato' Haji Roslan Bin Tan Sri Jaffar	123,750	0.12	93,750*	0.09*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	0	0	0	0
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	450,000	0.44	0	0
Dato' Haji Ismail @ Mansor Bin Said	38	#	3,750*	#*
Dato' Wan Ahmad Farid Bin Haji Wan Salleh	0	0	0	0

* Securities held through persons connected with the Director
\# negligible

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 30 April 2015.

ANALYSIS OF SHAREHOLDINGS

as at 30 April 2015

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Shareholders		No. of Shareholdings		% of Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
LESS THAN 100 SHARES	160	1	3,674	28	0.00	0.00
100 TO 1,000 SHARES	352	2	218,037	1,500	0.05	0.00
1,001 TO 10,000 SHARES	2,336	21	13,843,203	140,940	2.87	0.03
10,001 TO 100,000 SHARES	1,711	38	51,087,070	1,450,619	10.60	0.30
100,001 TO LESS THAN 5% OF ISSUED SHARES	220	9	128,438,466	4,471,630	26.64	0.93
5% AND ABOVE OF ISSUED SHARES	3	0	282,406,988	0	58.58	0.00
TOTAL	4,782	71	475,997,438	6,064,717	98.74	1.26

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

	No. of Ordinary Shares of RM0.25 each			
	Direct Interest	%	Deemed Interest	%
1. ZAKI HOLDINGS (M) SDN BHD	184,406,988	38.25	0	0
2. AMSEC NOMINES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD	98,000,000	20.33	0	0
3. DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	3,821,975	0.79	287,246,988 *	59.59 *
4. AMMB NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD	2,950,000	0.61	0	0

** Shares held through persons connected with the Director*

LIST OF 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Shareholder	Shares held	%
1.	ZAKI HOLDINGS (M) SDN BHD	184,406,988	38.25
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD*	98,000,000	20.33
3.	LEMBAGA TABUNG HAJI	18,485,500	3.83
4.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	6,125,400	1.27
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD *AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)*	3,395,025	0.70
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TANG SING LING*	2,978,200	0.62
7.	AMMB NOMINEES (TEMPATAN) SDN BHD *AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD*	2,950,000	0.61
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' W ZULKIFLI BIN HAJI W MUDA (006111262)*	2,858,000	0.59
9.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	2,786,100	0.58
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' W ZULKIFLI BIN HAJI W MUDA (SMART)*	2,562,772	0.53
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA (007480896)*	2,469,660	0.51
12.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD *PACIFIC PREMIER FUND*	2,440,900	0.51
13.	NEOH CHOO EE & COMPANY, SDN. BERHAD	2,400,000	0.50
14.	LIM BOON LIAT	2,333,200	0.48
15.	DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH	2,100,000	0.44
16.	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' HAJI MUSTAFFA BIN MOHAMAD*	2,100,000	0.44

LIST OF 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (cont'd)

No.	Shareholder	Shares held	%
17.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' WAN ZAKARIAH BIN HAJI WAN MUDA*	2,094,418	0.43
18.	DATO' WAN ZAKARIAH BIN HAJI WAN MUDA	2,020,000	0.42
19.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (PACIFIC6939-407)*	2,000,600	0.42
20.	HSBC NOMINEES (ASING) SDN BHD *TNTC FOR APS FUND*	2,000,000	0.41
21.	NG TECK LONG	2,000,000	0.41
22.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC TREASURES GROWTH FUND*	1,950,700	0.40
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SU TIING UH*	1,836,500	0.38
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD *AMTRUSTEE BHD FOR GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)*	1,629,300	0.34
25.	NAIMAH BINTI HASHIM	1,482,900	0.31
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	1,456,875	0.30
27.	DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	1,352,315	0.28
28.	DATO' W ZULKIFLI BIN HAJI W MUDA	1,250,196	0.26
29.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC RECOVERY FUND*	1,223,725	0.25
30.	DATO' HAJI MUSTAFFA BIN MOHAMAD	1,200,009	0.25

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 shares as at 30 April 2015.

ANALYSIS OF WARRANTHOLDINGS

as at 30 April 2015

DISTRIBUTION OF WARRANTHOLDINGS

Category	No. of Warrantholders		No. of Warrantholdings		% of Warrantholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
LESS THAN 100 WARRANTS	110	2	5,491	100	0.01	0.00
100 TO 1,000 WARRANTS	260	1	148,042	850	0.14	0.00
1,001 TO 10,000 WARRANTS	1,081	13	4,165,969	70,327	4.03	0.07
10,001 TO 100,000 WARRANTS	410	14	13,873,267	490,479	13.43	0.48
100,001 TO LESS THAN 5% OF ISSUED WARRANTS	67	1	24,912,782	107,550	24.12	0.10
5% AND ABOVE OF ISSUED WARRANTS	1	0	59,524,176	0	57.62	0.00
TOTAL	1,929	31	102,629,727	669,306	99.35	0.65

LIST OF 30 LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS

No.	Warrantholder	Warrants held	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ZAKI HOLDINGS (M) SDN BHD*	59,524,176	57.62
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TANG SING LING*	1,814,200	1.76
3.	ZAKI HOLDINGS (M) SDN BHD	1,623,750	1.57
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD *AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)*	1,540,162	1.49
5.	TAN LEE CHIN	1,063,500	1.03
6.	HO YIT LIN @ HO YUET LING	1,020,000	0.99
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SU TIING UH*	946,200	0.92
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' W ZULKIFLI BIN HAJI W MUDA (SMART)*	931,386	0.90
9.	NG TECK LONG	924,550	0.90

LIST OF 30 LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS (cont'd)

No.	Warrantholder	Warrants held	%
10.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' WAN ZAKARIAH BIN HAJI WAN MUDA*	881,661	0.85
11.	DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA	876,157	0.85
12.	LIM GAIK BWAY @ LIM CHIEW AH	696,200	0.67
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KEK LIAN LYE*	500,000	0.48
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEY HEONG TIONG (E-TCS)*	500,000	0.48
15.	NG BEE WEE	488,800	0.47
16.	DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH	450,000	0.44
17.	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' HAJI MUSTAFFA BIN MOHAMAD*	450,000	0.44
18.	SOO AI WAH	430,300	0.42
19.	CHUAH CHIE YI	420,000	0.41
20.	CHO HAN WOON	411,000	0.40
21.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEN NGAU (REM 636)*	360,000	0.35
22.	CHIONH CHIONG YEONG	352,700	0.34
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	312,187	0.30
24.	LOW CHU MOOI	300,000	0.29
25.	TAN YEET KUANG	300,000	0.29
26.	DATO' W ZULKIFLI BIN HAJI W MUDA	294,450	0.29
27.	KAM SIONG CHEE	276,437	0.27
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SHIN KONG KEW @ CHIN KONG KEW (R25 MARGIN)*	247,100	0.24
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN BEE YOOK (008)*	241,000	0.23
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHAN WENG FUI*	232,500	0.23

LIST OF PROPERTIES
31 December 2014

Title & location of property	Date of acquisition	Description of property (existing use)	Tenure (age of building)	Total landarea/ (built up area)	NBV/Prepaid Lease Payment RM'000
GM372 Lot 981 and GM 4708 Lot 985, Mukim of Setapak, Wilayah Persekutuan Kuala Lumpur.	20.01.1994 & 16.02.1994	Menara AZRB	Freehold (2 years)	54,967 sq.ft.	54,185
GM 1012 Lot 22050, Tempat Riffle Range, Mukim of Setapak, Wilayah Persekutuan Kuala Lumpur.	03.08.2007	Menara AZRB, Car Park	Freehold	12,066.34 sq.ft	1,448
EMR 873, Lot 826, Mukim of Sungai Karang District of Kuantan, Pahang Darul Makmur.	30.10.1993	Land and 1-storey buildings held for rental	Freehold (19 years)	202,815/ (64,670)sq.ft.	17,713
HS (M) 1038 Lot PT 4782 and HS (M) 1039 Lot PT 4783, Mukim of Setapak, Wilayah Persekutuan Kuala Lumpur.	05.05.1997	Adjoining 5-storey buildings for own use	Freehold (18 years)	3,498/ (20,728) sq.ft.	2,061
HS (M) 994 Lot 16360, Mukim of Setapak, Wilayah Persekutuan Kuala Lumpur.	28.09.2000	5-storey building for own use	Freehold (28 years)	1,581/ (10,364)sq.ft.	660
Lot PT2100, HSD 722 Mukim Kuala Telemong District of Hulu Terengganu Kuala Terengganu, Terenganu	15.07.2003	Vacant land for quarry operation	Leasehold Expiring 18.10.2025	20 hectares	69

Title & location of property	Date of acquisition	Description of property (existing use)	Tenure (age of building)	Total landarea/ (built up area)	NBV/Prepaid Lease Payment RM'000
HS (M) 929 Lot 16343, Mukim of Setapak, Wilayah Persekutuan Kuala Lumpur.	24.11.2005	4-storey building for own use	Freehold (16 years)	1,604/ (8,291) sq.ft	691
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	6,763.89 hectares	7,977
GM 1754 Lot 167, Mukim of Sabai, District of Bentong, Pahang Darul Makmur.	8.10.2010	Vacant land	Freehold	4.6 hectares	960
HS (D) 29915, Lot PT 91677 Mukim Kuala Kuantan Kuantan, Pahang Darul Makmur.	18.12.2012	Commercial Development	Freehold	12.14 hectares	8,959

AHMAD ZAKI RESOURCES BERHAD (432768-X)
(Incorporated in Malaysia)

FORM OF PROXY

*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 18th Annual General Meeting of the Company to be held at Taming Sari 3, Ground Floor, The Royale Chulan Kuala Lumpur, 5, Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 16 June 2015 at 10.00 a.m. and, at every adjournment thereof for/against* the resolution(s) to be proposed thereat.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

(The next paragraph should be completed only when two proxies are appointed)

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

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	RESOLUTION 1		
2.	RESOLUTION 2		
3.	RESOLUTION 3		
4.	RESOLUTION 4		
5.	RESOLUTION 5		
6.	RESOLUTION 6		
7.	RESOLUTION 7		
8.	RESOLUTION 8		
9.	RESOLUTION 9		

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

This _____ day of _____ 2015

_____
Signature of member(s)/Seal

(* Delete where inapplicable)

Number of Shares Held	Tel. No/ Handphone No.

Notes:

1. A member of the Company shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be presented by each proxy. 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.

2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be completed, signed and deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

5. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 10 June 2015 shall be eligible to attend, speak and vote at the 18th Annual General Meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

STAMP

MEGA CORPORATE SERVICES SDN BHD
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Fold here

Stick and fold here

AHMAD ZAKI RESOURCES BERHAD

(432768-X)

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