Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (the Abridged Prospectus, NPA and RSF are collectively referred to as the "**Documents**") to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue With Warrants should be addressed to our Share Registrar, **Mega Corporate Services Sdn Bhd,** Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur (Tel: +603 2692 4271 Fax: +603 2732 5388).

This Documents, are only to be despatched to our Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 31 March 2014 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 31 March 2014. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue With Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Shares, application for Excess Rights Shares With Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any law of such countries or jurisdictions. We, AmInvestment Bank and/or other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares With Warrants or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue With Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar Of Companies ("**ROC**") who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue With Warrants has been obtained from our Shareholders at our EGM convened on 17 March 2014. Approval has been obtained from Bursa Securities via its letter dated 19 February 2014 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued upon the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue With Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued upon the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue With Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue With Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue With Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

AZRB

AHMAD ZAKI RESOURCES BERHAD

(Company No. 432768-X)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 206,598,066 NEW ORDINARY SHARES OF RM0.50 EACH (WHICH WILL BE REDUCED TO RM0.25 EACH AFTER THE PROPOSED PAR VALUE REDUCTION) IN AHMAD ZAKI RESOURCES BERHAD ("AZRB SHARES") ("RIGHTS SHARES") TOGETHER WITH 103,299,033 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE ON THE BASIS OF SIX (6) RIGHTS SHARES TOGETHER WITH THREE (3) FREE WARRANTS FOR EVERY EIGHT (8) EXISTING AZRB SHARES HELD AT 5.00 P.M. ON 31 MARCH 2014

Principal Adviser, Managing Underwriter and Underwriter

AmInvestment Bank

AmInvestment Bank Berhad
Company No. 23742-V
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Monday, 31 March 2014 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Rights Shares With Warrants	:	Tuesday, 22 April 2014 at 5.00 p.m.
Transfer of Provisional Rights Shares With Warrants	:	Friday, 25 April 2014 at 4.00 p.m.
Acceptance and payment	:	Wednesday, 30 April 2014 at 5.00 p.m.*
Excess Rights Shares With Warrants Application and payment	:	Wednesday, 30 April 2014 at 5.00 p.m.*

** Or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.*

This Abridged Prospectus is dated 31 March 2014

Company No. 432768-X

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS/INVESTORS SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE WITH WARRANTS AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE RIGHTS ISSUE WITH WARRANTS, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Act	:	Companies Act, 1965
AmBank	:	AmBank (M) Berhad (Company No. 8515-D)
Amendments to M&A	:	Amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction
AmInvestment Bank	:	AmInvestment Bank Berhad (Company No. 23742-V)
AZRB or the **Company**	:	Ahmad Zaki Resources Berhad (Company No. 432768-X)
AZRB Group or the **Group**	:	Collectively, AZRB and its subsidiaries
AZRB Share(s) or **Share(s)**	:	Ordinary share(s) of RM0.50 each in AZRB before the Proposed Par Value Reduction (which will be reduced to RM0.25 each after the Proposed Par Value Reduction)
Board	:	The Board of Directors of AZRB
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
By-Laws	:	By-laws governing the Employees' Share Scheme as may be amended, varied or supplemented from time to time
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	:	Account(s) established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	:	30 April 2014 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares With Warrants or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	:	Capital Markets and Services Act, 2007
Code	:	The Malaysian Code on Take-Overs and Mergers, 2010
Corporate Exercises	:	Collectively, the Proposed Par Value Reduction, the Rights Issue With Warrants, the Employees' Share Scheme, the Amendments to M&A and Specific Allocation
Court	:	The High Court of Malaya
Dato' Sri Haji Wan Zaki	:	Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
Deed Poll	:	The deed poll dated 18 March 2014 constituting the Warrants

DEFINITIONS (CONT'D)

EBITDA	:	Earnings before interest, tax depreciation and amortisation
EGM	:	Extraordinary General Meeting
Employees' Share Scheme	:	Establishment of an employees' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time
Entitled Shareholders	:	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled under the Rights Issue With Warrants
Entitlement Date	:	5.00 p.m. on 31 March 2014, being the date and time at which the Shareholders of our Company must be registered in our Record of Depositors in order to be entitled to the Rights Issue With Warrants
EPS	:	Earnings per Share
ESS Committee	:	The committee to be appointed by the Board to administer the Employees' Share Scheme in accordance with the By-Laws
Excess Rights Shares With Warrants	:	Rights Shares With Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares With Warrants Application(s)	:	Application(s) for additional Rights Shares With Warrants in excess of the Provisional Rights Shares With Warrants as set out in Section 3.6 of this Abridged Prospectus
Exercising Warrant Holders	:	Warrant Holders who exercise their Warrants
Foreign-Addressed Shareholders	:	Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue With Warrants
Full Subscription Level	:	Full subscription for 206,598,066 Rights Shares issued and allotted under the Rights Issue With Warrants
FYE	:	Financial year(s) ended/ending, as the case may be
GDV	:	Gross development value
GL	:	Gross loss
GP	:	Gross profit
IDR	:	Indonesian rupiah
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

LPD	:	28 February 2014, being the latest practicable date prior to the printing of this Abridged Prospectus
Market Day	:	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is opened for trading in securities
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue With Warrants
PAT	:	Profit after tax
PBT	:	Profit before tax
Proposed Par Value Reduction	:	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 AZRB
Provisional Rights Shares With Warrants	:	Rights Shares With Warrants provisionally allotted to Entitled Shareholders
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Issue With Warrants	:	Renounceable rights issue of 206,598,066 Rights Shares together with 103,299,033 Warrants at an issue price of RM0.50 per Rights Share on the basis of six (6) Rights Shares together with three (3) free Warrants for every eight (8) existing Shares held at the Entitlement Date
Rights Shares	:	206,598,066 new AZRB Shares to be allotted and issued pursuant to the Rights Issue With Warrants
RM and **sen**	:	Ringgit Malaysia and sen respectively
Rs	:	Indian rupee
RSF	:	Rights Subscription Form in relation to the Rights Issue With Warrants
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SAR	:	Saudi riyal
SC	:	Securities Commission of Malaysia
Share Registrar	:	Mega Corporate Services Sdn Bhd (Company No. 187984-H)
SICDA	:	Securities Industry (Central Depositories) Act, 1991, including Securities Industry (Central Depositories) Amendment Act, 1998
Shareholders	:	Shareholders of AZRB

DEFINITIONS (CONT'D)

Specific Allocation	:	Specific allocation of awards to directors, major shareholders and persons connected pursuant to the Employees' Share Scheme
TEAP	:	Theoretical ex-all price
Undertakings	:	The irrevocable written undertakings dated 28 January 2014 from AZRB's substantial shareholders to subscribe in full for their respective entitlements to the Rights Shares based on their shareholdings as at the Entitlement Date, details of which are set out in Section 5 of this Abridged Prospectus
USD	:	United States Dollar
VWAP	:	Volume-weighted average market price
Warrants	:	103,299,033 free new detachable warrants in AZRB to be allotted and issued pursuant to the Rights Issue With Warrants
Zaki Holdings	:	Zaki Holdings (M) Sdn Bhd (Company No. 118278-W)

Any references to "**our Company**" or "**AZRB**" in this Abridged Prospectus are to Ahmad Zaki Resources Berhad, and references to "**our Group**" or "**AZRB Group**" are to our Company and subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context otherwise requires, our subsidiaries.

All references to "**you**" in this Abridged Prospectus are to Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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CORPORATE DIRECTORY

AZRB

AHMAD ZAKI RESOURCES BERHAD

(Company No. 432768-X)

(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Raja Dato' Seri Aman Bin Raja Haji Ahmad *(Independent Non-Executive Chairman)*	No. 12, Jalan 1 Taman TAR 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda *(Executive Vice Chairman)*	No. 30, Villa Seri Geliga Geliga Besar 24000 Kemaman Terengganu Darul Iman	Malaysian	Company Director
Dato' Wan Zakariah Bin Haji Wan Muda *(Managing Director)*	Lot 4472, Jalan Beverly Ukay Heights 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Haji Mustaffa Bin Mohamad *(Executive Director)*	Lot 2890-1, Jalan 6/71B Pinggiran Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Dato' W Zulkifli Bin Haji W Muda *(Executive Director)*	No. 47, Jalan Puncak Setiawangsa 2 54000 Kuala Lumpur	Malaysian	Company Director
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Independent Non-Executive Director)*	No. 70, Jalan 6/5 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk (Prof.) A Rahman @ Omar Bin Abdullah *(Independent Non-Executive Director)*	No. 57, Jalan 1/1 Taman Melawati 53100 Kuala Lumpur	Malaysian	Company Director
Dato' Haji Ismail @ Mansor Bin Said *(Independent Non-Executive Director)*	No. 5, Lorong Mutiara 3 Taman Bukit Ampang 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Wan Ahmad Farid Bin Wan Salleh *(Independent Non-Executive Director)*	A-11-5, 11th Floor Tower A, NorthPoint Mid Valley City No. 1, Jalan Medan Syed Putra Utara 58200 Kuala Lumpur	Malaysian	Advocate & Solicitor

CORPORATE DIRECTORY (CONT'D)

AUDIT COMMITTEE

Name	Designation	Directorship
Raja Dato' Seri Aman Bin Raja Haji Ahmad	Chairman	Independent Non-Executive Chairman
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	Member	Independent Non-Executive Director
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	Member	Independent Non-Executive Director
Dato' Haji Ismail @ Mansor Bin Said	Member	Independent Non-Executive Director

BOARD RISK COMMITTEE

Name	Designation	Directorship
Raja Dato' Seri Aman Bin Raja Haji Ahmad	Chairman	Independent Non-Executive Chairman
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	Member	Executive Vice Chairman
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	Member	Independent Non-Executive Director
Dato' Haji Ismail @ Mansor Bin Said	Member	Independent Non-Executive Director

COMPANY SECRETARIES :

Haji Bahari Bin Johari (LS 0008773)
Lot 7288, Taman Intan
Jalan Kemaman-Kuantan
24000 Kemaman
Terengganu Darul Iman

: Seuhailey Binti Shamsudin @ Azraain (MAICSA 7046575)
A-1-18, Apartment Sri Kayangan
Jalan Ukay Perdana 2
Taman Ukay Perdana
68000 Ampang
Selangor Darul Ehsan

: Wong Maw Chuan (MIA 7413)
17 Jalan BK 8/1F
Bandar Kinrara
47100 Puchong
Selangor Darul Ehsan

CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE	:	Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Tel : 03-2283 6050 Fax : 03-2283 6072
HEAD OFFICE	:	Menara AZRB No. 71, Persiaran Gurney 54000 Kuala Lumpur Tel : 03-2698 7171 Fax : 03-2694 8181 Website: www.azrb.com (Information in our website does not constitute any part of this Abridged Prospectus)
AUDITORS AND REPORTING ACCOUNTANTS	:	KPMG (AF: 0758) Level 10, KPMG Tower 8 First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor Tel : 03-7721 3388 Fax : 03-7721 3399
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Mah-Kamariyah & Philip Koh Advocates & Solicitors 3A07, Block B, Phileo Damansara II 15 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor, Malaysia Tel : 03-7956 8686
PRINCIPAL BANKERS	:	Alliance Bank Berhad 29th Floor, Menara Multi-Purpose Capital Square, 8 Jln Munshi Abdullah 50100 Kuala Lumpur Tel : 03-2604 3237 Fax : 03-2694 9892
	:	AmBank (M) Berhad Level 24, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel : 03-2036 2633 Fax : 03-2070 2950
	:	CIMB Bank Berhad Menara CIMB, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03-2084 6931 Fax : 03-2095 1303
	:	Malayan Banking Berhad 32nd Floor, Menara Maybank 100 Jln Tun Perak 50050 Kuala Lumpur Tel : 03-2301 1353 Fax : 03-23011377

CORPORATE DIRECTORY (CONT'D)

	:	UOB Bank Berhad Level 11, Menara UOB Jln Raja Laut, P. O. Box 11212 50738 Kuala Lumpur Tel : 03-26927722 Fax : 03-26916073
SHARE 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 ADVISER, MANAGING UNDERWRITER AND UNDERWRITER	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel : 03 2036 2633
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

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AHMAD ZAKI RESOURCES BERHAD
(Company No. 432768-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

31 March 2014

Our Board of Directors:

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

To: Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 206,598,066 RIGHTS SHARES TOGETHER WITH 103,299,033 WARRANTS AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE ON THE BASIS OF SIX (6) RIGHTS SHARES TOGETHER WITH THREE (3) FREE WARRANTS FOR EVERY EIGHT (8) EXISTING AZRB SHARES HELD AT 5.00 P.M. ON 31 MARCH 2014

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1. INTRODUCTION

Our Board is pleased to inform you that at our EGM convened on 17 March 2014, our Shareholders had approved, amongst others, the Rights Issue With Warrants. A certified true extract of the ordinary resolution pertaining to the Rights Issue With Warrants which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 19 February 2014, AmInvestment Bank had, on our behalf, announced that Bursa Securities had, vide its letter dated 19 February 2014, granted its approval for inter-alia:-

(i) the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants;

(ii) the listing of and quotation for the Rights Shares; and

(iii) the listing of and quotation for the new AZRB Shares to be issued pursuant to the Employees' Share Scheme and upon the exercise of the Warrants, on the Main Market of Bursa Securities subject, amongst others, to the following conditions:-.

Details of conditions imposed		Status of compliance
(i)	Our Company and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue With Warrants	Met/To be met, where applicable
(ii)	Our Company and AmInvestment Bank to inform Bursa Securities upon the completion of the Rights Issue With Warrants	To be met
(iii)	Our Company is to furnish Bursa Securities with a written confirmation of compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue With Warrants is completed	To be met

As part of our Group's efforts to eliminate the accumulated losses of the Company, which were primarily the result of a write-off of an advance by AZRB amounting to RM124.2 million to our subsidiary, Ahmad Zaki Saudi Arabia Co. Ltd. incurred in FYE 31 December 2010 relating to the Al-Faisal University ("**AFU**") project in Riyadh, Saudi Arabia and simultaneously reduce the par value of AZRB's ordinary shares of RM0.50 each in order to provide our Group with the flexibility to raise funds at a more attractive price and strengthen the financial position of our Group moving forward, we are undertaking the Proposed Par Value Reduction.

For information purposes, the aforesaid losses were due to alleged breaches of performance of contract and the unilateral seizing of the advance payment bond and performance bond by King Faisal Foundation. AZRB had subsequently initiated arbitration proceedings against the King Faisal Foundation and AFU for breach of contract, details of which are set out in Appendix VII Section 4(b).

Approval for the Proposed Par Value Reduction had been obtained from Shareholders at the EGM on 17 March 2014. Following that, an application had been made to the Court in relation to the Proposed Par Value Reduction on 17 March 2014 whereby the order from the Court for the Proposed Par Value Reduction is still pending as at the date of this Abridged Prospectus.

The effective date for the Proposed Par Value Reduction will be the date of lodgement of an office copy of the order of the Court confirming the cancellation of par value with the Registrar of Companies.

The Proposed Par Value Reduction entails the cancellation of RM0.25 from the par value of each existing ordinary share of RM0.50 each in the issued and paid-up share capital of AZRB pursuant to Section 64 of the Act which will result in a reduction of the existing issued and paid-up share capital of AZRB from RM138,471,094.50 comprising 276,942,189 ordinary shares of RM0.50 each to RM69,235,547.25 comprising 276,942,189 ordinary shares of RM0.25 each.

The Rights Issue With Warrants and Proposed Par Value Reduction are not conditional or inter-conditional upon each other. Hence, in the event that the Court does not approve the Proposed Par Value Reduction, the Rights Issue With Warrants will proceed accordingly. Nevertheless, our Board may decide on and announce an extension to the Closing Date not less than two (2) Market Days before the stipulated date and time, to facilitate the implementation of the Proposed Par Value Reduction.

On 17 March 2014, AmInvestment Bank, on behalf of our Board, announced that the Entitlement Date for the Rights Issue With Warrants has been fixed at 5.00 p.m. on 31 March 2014.

Our Board has confirmed that as at the LPD, our Company does not have any other intended corporate proposals which have been approved by regulatory authorities which is pending implementation, save for the Rights Issue With Warrants, the Proposed Par Value Reduction and the Employees' Share Scheme.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus, the announcements and circular to shareholders in relation to the Rights Issue With Warrants and if given or made, such information or representation must not be relied upon as having been authorised by AmInvestment Bank or us in connection with the Rights Issue With Warrants.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars of the Rights Issue With Warrants

In accordance with the terms of the Rights Issue With Warrants as approved by the relevant authorities and our Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, our Company shall provisionally allot 206,598,066 Rights Shares together with 103,299,033 free Warrants to Entitled Shareholders on the basis of six (6) Rights Shares and three (3) free Warrants for every eight (8) existing Shares held on the Entitlement Date.

The rationale of the Rights Issue With Warrants is as follows:-

(i) to partly fund our equity requirements for identified revenue generating investments as set out in Section 4 below; and

(ii) to increase shareholders' funds and repay borrowings and hence reduce gearing levels.

In view of the above and after due consideration of various methods of fund raising, the Board of Directors are of the opinion that raising funds by way of the Rights Issue With Warrants is most suitable for the following reasons:-

(i) the Rights Issue With Warrants will enable our Group to raise the requisite funds, provide our Group with additional capital without incurring additional interest expenses as compared to bank borrowings, and minimise any potential cash outflow in respect of interest servicing costs;

(ii) the Rights Issue With Warrants will involve the issuance of new Shares without diluting existing Shareholders' equity interest, provided that all Entitled Shareholders subscribe for their respective entitlements;

(iii) the Rights Issue With Warrants will increase our Group's shareholders' funds, strengthen our Group's capital base, and enhance our Group's cash flow position; and

(iv) the Rights Issue With Warrants will allow our Company to recapitalise after the Proposed Par Value Reduction.

The Warrants which are attached to the Rights Shares are intended to provide an added incentive to Shareholders to subscribe for the Rights Shares. The Warrants will allow you to increase your equity participation in our Company at a predetermined price over the tenure of the Warrants. In addition, upon exercise of the Warrants (if any), our Company will obtain additional proceeds to finance future working capital requirements, while strengthening our Company's capital base and improving gearing levels as well as potentially increasing the liquidity of AZRB Shares.

As the Rights Shares and Warrants are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Rights Shares With Warrants which they are entitled to subscribe for in full or in part under the terms of the Rights Issue With Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Rights Shares With Warrants as well as to apply for Excess Rights Shares With Warrants if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue With Warrants will simultaneously relinquish their corresponding entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants cannot be renounced separately. If Entitled Shareholders decide to accept only part of their Rights Share entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Share entitlements. The Warrants will be detached from the Rights Shares immediately upon issuance and separately traded on Bursa Securities.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares Warrants and the new Shares to be issued and allotted upon the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and Exercising Warrant Holders (as the case may be). No physical share certificates or warrant certificates will be issued.

Any Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares With Warrants Application. It is the intention of our Board to allot the Excess Rights Shares With Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares With Warrants Application; and

(iv) fourthly, the remaining balance (if any) for allocation to transferee(s) and/or renouncee(s) (if applicable), who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares With Warrants Application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares With Warrants applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. Our Board also reserves the right to accept any Excess Rights Shares With Warrants Application, in full or in part, without assigning any reason. In determining Shareholders' entitlements to the Rights Shares under the Rights Issue With Warrants, fractional entitlements, if any, shall be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit or expedient or in the best interests of our Company.

If you wish to accept the Provisional Rights Shares With Warrants (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares With Warrants, you may do so by completing the RSF.

Notices of allotment will be despatched to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares With Warrants or such other period as may be prescribed by Bursa Securities.

The Warrants will be admitted to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence two (2) Market Days upon the receipt of an application for quotation of the Rights Shares and Warrants by Bursa Securities as specified under the Listing Requirements, which will include *inter-alia*, confirmation that all notices of allotment have been despatched to successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited.

The Warrants will be issued together with the Rights Shares to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) who have successfully subscribed for the Rights Issue With Warrants at no cost. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. Successful applicants who subscribe for two (2) Rights Shares will be entitled to one (1) Warrant, which is exercisable into one (1) new AZRB Share.

Notices of allotment will be despatched to the Exercising Warrant Holders within eight (8) Market Days after the date of receipt of the exercise form together with the requisite payment.

If you do not wish to participate in the Rights Issue With Warrants, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants

The Board had fixed the issue price of the Rights Shares at RM0.50 per Rights Share and the exercise price of the Warrants at RM0.70 each as at the date of the announcement of the Rights Issue With Warrants on 15 January 2014.

The issue price of RM0.50 per Rights Share was arrived at after taking into consideration amongst others, the TEAP of RM0.7420 based on the five (5)-day VWAP of AZRB Shares up to and including 13 January 2014 (being the last Market Day prior to the date of the announcement of the Rights Issue With Warrants of RM0.9392), the share price of AZRB Shares, the prevailing market conditions, the current and future prospects of AZRB Group as well as the historical share price movement of AZRB Shares.

The exercise price of the Warrants of RM0.70 was determined after taking into consideration, amongst others, the above mentioned TEAP and the future prospects of the AZRB Group.

The issue price of RM0.50 per Rights Share represents a discount of approximately 32.61%, while the exercise price of the Warrants RM0.70 represents a discount of approximately 5.66%, from the above mentioned TEAP.

For a more recent illustration, the issue price of the Rights Shares represents a discount of approximately 27.91% while the exercise price of the Warrants represents a premium of approximately 0.92%, respectively from/to the TEAP of AZRB Shares of RM0.6936, based on the five (5)-day VWAP of AZRB Shares up to and including 27 February 2014, being the last Market Day prior to the LPD, of RM0.8363.

Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, should note that the market price for our Shares is subject to occurrence of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this Abridged Prospectus, which may affect the price of our Shares being traded. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, should form their own views on the valuation of the Rights Shares and Warrants before deciding to invest in the Rights Shares and Warrants.

2.3 Ranking of the Rights Shares and new shares arising from the exercise of the Warrants

The Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of our Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares.

The new AZRB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of our Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new AZRB Shares to be issued arising from the exercise of the Warrants.

2.4 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m.** on **Wednesday**, **30 April 2014**, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the aforesaid date and time. Nevertheless, our Board may decide on and announce an extension to the Closing Date not less than two (2) Market Days before the stipulated date and time, to facilitate the implementation of the Proposed Par Value Reduction.

2.5 Salient terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue With Warrants are set out below:-

Number of Warrants	:	103,299,033 Warrants. The number of Warrants may be subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll to be executed by the Company.
Form and detachability	:	The Warrants will be issued in registered form and will immediately be detached from the Rights Shares upon allotment and issuance and separately traded on Bursa Securities.
Issue price of Warrants	:	The Warrants are to be issued free to the Entitled Shareholders and/or their transferee(s) and/or renouncees who subscribe to the Rights Shares on the basis of one (1) free Warrant for every two (2) Rights Shares.
Board Lot	:	For the purposes of trading on Bursa Securities, a board lot of Warrants will be in 100 units, unless otherwise revised by the relevant authorities.

Listing	: An application will be made to Bursa Securities for the admission of, the listing of and quotation for the Warrants and the listing of and quotation for the new AZRB Shares to be issued pursuant to the exercise of the Warrants on the Official List of the Bursa Securities.
Tenure of Warrants	: Ten (10) years from the date of issuance of the Warrants.
Exercise Price	: The exercise price of the Warrants has been fixed at RM0.70 per Warrant. The exercise price and/or the number of Warrants in issue during the Exercise Period may also be adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.
Exercise Period	: The Warrants may be exercised at any time on and including the date of issue of the Warrants respectively to the close of business at 5.00 p.m. on the business day immediately preceding the date which is the tenth (10th) anniversary from the date of issue. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Mode of Exercise	: The registered holder of the Warrants shall pay by way of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new AZRB Shares.
Exercise Rights	: Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new AZRB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Voting Rights	: The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new AZRB Shares.
Status of new AZRB Shares to be issued pursuant to the exercise of the Warrants	: The new AZRB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the allotment date of the new AZRB Shares to be issued arising from the exercise of the Warrants.
Adjustments to the final Exercise Price and/or the number of the Warrants	: The Exercise Price and/or the number of Warrants in issue may be subject to adjustments in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll.

Rights in the event of winding up, liquidation, compromise and/or arrangement	: (a) Where a resolution has been passed for a members' voluntary winding up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with (1) one or more companies, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holder of the Warrants (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants; (b) In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all holders of the Warrants. Every holder of the Warrants shall thereupon be entitled, subject to the conditions set out in the Deed Poll, to exercise his Warrants at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants to the Company) duly completed authorising the debiting of his Warrants together with payment of the relevant Exercise Price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant AZRB Shares to the holder of the said Warrants credited as fully paid subject to the prevailing laws. Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all Exercise Rights which are not exercised within six (6) weeks of the passing of the resolution for winding-up or the granting of the court order approving the winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which Company is the continuing corporation), shall lapse and the Warrants will cease to be valid for any purpose.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Malaysia Depository Sdn Bhd.
Deed Poll	: The Warrants will be constituted under a deed poll executed by the Company.
Governing Law	: The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

3. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Rights Shares With Warrants as well as Excess Rights Shares With Warrants Application and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance and/or payment for the Provisional Rights Shares With Warrants which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

3.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares With Warrants which you are entitled to subscribe for under the terms and conditions of the Rights Issue With Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares With Warrants into your CDS Account and the RSF to enable you to subscribe for such Rights Shares With Warrants that you have been provisionally allotted as well as to apply for Excess Rights Shares With Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available at your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (http://www.bursamalaysia.com).

3.2 NPA

The Provisional Rights Shares With Warrants are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

3.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares With Warrants must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares With Warrants, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar, Mega Corporate Services Sdn Bhd, to the following address:-

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

so as to arrive not later than 5.00 p.m. on 30 April 2014, being the last date and time for the acceptance and payment for the Rights Shares With Warrants or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

Only one (1) RSF must be used for acceptance of the Provisional Rights Shares With Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares With Warrants standing to the credit of more than one (1) CDS Account. The Rights Shares With Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares With Warrants are standing to the credit.

Successful applicants to the Rights Shares will be given the Warrants on the basis of one (1) Warrant for every two (2) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and/or Warrant arising from the Rights Issue With Warrants will be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares With Warrants accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to **"AZRB RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 30 April 2014 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Rights Shares With Warrants accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREFOR.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Rights Shares With Warrants allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 30 April 2014 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time), the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such Rights Shares With Warrants not taken up to applicants applying for the Excess Rights Shares With Warrants in the manner as set out in Section 3.6 of this Abridged Prospectus.

3.4 Procedures for part acceptance

You are entitled to accept part of your entitlement of the Provisional Rights Shares With Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares With Warrants which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.5 Procedures for sale or transfer of Provisional Rights Shares With Warrants

As the Provisional Rights Shares With Warrants are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares With Warrants to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares With Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares With Warrants, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares With Warrants (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares With Warrants (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES WITH WARRANTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Rights Shares With Warrants, you may still accept the balance of the Provisional Rights Shares With Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

3.6 Procedures for the Excess Rights Shares With Warrants application

If you wish to apply for additional Rights Shares With Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable on the Excess Rights Shares With Warrants applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on 30 April 2014 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time).

Payment for the Excess Rights Shares With Warrants applied for should be made in the same manner described in Section 3.3 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia be made payable to **"AZRB EXCESS RIGHTS ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 30 April 2014 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Excess Rights Shares With Warrants applied. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of our Board to allot the Excess Rights Shares With Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date ;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares With Warrants Application; and

(iv) fourthly, the remaining balance (if any) for allocation to transferee(s) and/or renouncee(s) (if applicable) who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares With Warrants Application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares With Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. Our Board also reserves the right to accept any Excess Rights Shares With Warrants Application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

3.7 Procedures to be followed by transferees and/or renouncees

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Rights Shares With Warrants, applying for the Excess Rights Shares With Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 3.3 to 3.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

TRANSFEREES AND/OR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, all dealings in the Rights Shares With Warrants shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares With Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares With Warrants shall mean consent to receive such Rights Shares and Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificates or warrant certificates will be issued.

All Excess Rights Shares With Warrants allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares With Warrants have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares With Warrants. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares and Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Rights Shares With Warrants are standing to the credit.

3.9 Foreign-Addressed Shareholders

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Rights Shares With Warrants and the subscription for or the acquisition of the Rights Shares With Warrants may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue With Warrants will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue With Warrants to which this Abridged Prospectus relates is only available to persons receiving the Documents or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue With Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue With Warrants and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue With Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue With Warrants to the extent that it would be lawful to do so, and our Company, our Board and officers, AmInvestment Bank and/or other experts ("**Parties**"), would not in connection with the Rights Issue With Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to. The foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares With Warrants relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares With Warrants available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable).

Each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares With Warrants by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares With Warrants will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue With Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to;

(ii) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) has complied with the laws to which the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to in connection with the acceptance or renunciation;

(iii) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares With Warrants, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is aware that the Rights Shares and Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) deem necessary in connection with the foreign Entitled Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants; and

(vi) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

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4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.50 per Rights Share, the gross proceeds and the expected utilisation of the proceeds to be raised from the Rights Issue With Warrants would be as follows:-

Proposed utilisation of proceeds	Notes	RM'000	Expected timeframe for utilisation
Funding of projects	(a)	74,446	Within 18 months
Repayment of bank borrowings	(b)	15,000	Within 6 months
Working Capital	(c)	12,053	Within 12 months
Estimated expenses	(d)	1,800	Within 6 months
Total		103,299	

Notes:-

Details of the expected utilisation of proceeds are as follows:-

(a) *The proceeds are expected to support the Group's expansion in new business segments that is premised on its existing business activities, such as construction and investment holding. Examples of new business identified includes concessions that will generate a steady stream of income to the Group, which includes the East Klang Valley Expressway ("**EKVE**") project, the International Islamic University Malaysia ("**IIUM**") Teaching Hospital project and plans to further invest in revenue generating assets in our engineering and construction, property investment and property development divisions as set out below: -*

(i) *The Company had on 13 February 2013 announced that its wholly-owned subsidiary, EKVE Sdn Bhd, had on even date executed a concession agreement with the Government of Malaysia as represented by the Ministry of Works in relation to the design, construction, completion, operation, management and maintenance of the EKVE over a concession period of 50 years. The total construction costs of EKVE project is estimated to amount to approximately RM1.5 billion. Construction works on the EKVE project are expected to commence in June 2014 and complete in June 2018.*

The balance of the construction costs not funded by the proceeds from the Rights Issue With Warrants are to be funded by a Government soft loan facility, the issuance of Sukuk Murabahah, commercial borrowings and/or internally generated funds.

(ii) *The Company had on 21 September 2011 announced that its wholly-owned subsidiary, Peninsular Medical Sdn Bhd had on even date executed a concession agreement with Ministry of Education and IIUM in relation to the planning, design, development, construction, financing, landscaping, equipping, installation, completion, testing, commissioning and leasing of the teaching hospital located within the compound of International Islamic University Malaysia at Bandar Indera Mahkota, Kuantan and also carrying out the related maintenance services over a concession period of 25 years ("**IIUM Project**"). The construction costs of IIUM Project amount to RM412.6 million. Construction works on the IIUM Project had commenced in July 2012 and are expected to complete in January 2016.*

The balance of the construction costs not funded by the proceeds from the Rights Issue With Warrants has been/is to be financed through commercial borrowings and /or internally generated funds.

(iii) *The Company intends to utilise the proceeds to fund its existing business activities such as its property investment and property development businesses including but not limited to the development of Taman Industri Paka (which consists of commercial, industrial and residential components such as factories, shop offices and residential landed properties) and proposed development in Kuantan by its subsidiary, Betanaz Properties Sdn Bhd ("**Betanaz**"), further details of which are disclosed in Section 7.3(c) and/or other property investments and development projects.*

However, in the event the Company does not use the proceeds to fund its property investment and property development businesses, the Company may also utilise the proceeds to undertake investments relating to their existing business when such opportunities arises. Announcements will be made, where required in accordance with the Listing Requirements.

(b) *An amount of RM15.0 million is proposed to be utilised for part repayment of AZRB Group's short term borrowings (which were obtained for working capital purposes) that carry an average interest rate of 7.75%. The repayment will translate to interest savings of approximately RM1.2 million per annum. For information purposes, the Group's total borrowings as at LPD amounted to approximately RM325.7 million.*

(c) *The balance of the proceeds is proposed to be used for the Group's working capital purposes, which include the payment of staff salaries and creditors, as well as to finance its day-to-day operations. As the Group expects its daily working capital requirements to increase in line with the growth of its business, the proceeds are proposed to be utilised as a means to improve the cashflow of the Company. The breakdown of the categories of working capital requirements cannot be determined at this juncture and the proceeds will be utilised progressively over the next twelve (12) months. Where required (and where sufficient funds have been raised under the Rights Issue With Warrants), the Group may utilise the proceeds to fund potential investments and/or corporate exercises which may arise.*

(d) *The expenses including professional fees and fees payable to the relevant authorities, printing cost of circular and abridged prospectus, advertising and miscellaneous expenses are estimated to be RM1.8 million. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the Group's working capital requirements.*

Pending utilisation, the proceeds from the Rights Issue With Warrants will be placed in an interest bearing monthly fixed deposit account with a commercial bank in Malaysia.

Any proceeds arising from the future exercise of the Warrants will be utilised for the working capital requirements of the Company.

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5. FULL SUBSCRIPTION LEVEL AND UNDERTAKINGS

Our Board has determined to undertake the Rights Issue With Warrants on a Full Subscription Level. The Full Subscription Level was determined by the Board after taking into consideration, amongst others, the minimum level of funds that our Company wishes to raise from the Proposed Rights Issue With Warrants that will be channelled towards the proposed utilisation as set out in Section 4 of this Abridged Prospectus.

The following substantial shareholders have provided the Undertakings as follows: -

	Shareholdings as at LPD		Subscription for Rights Shares Entitlement	
Substantial Shareholders	**No. of ordinary shares of RM0.50 each**	**%**	**No. of Rights Shares**	**%**
Zaki Holdings	163,061,136	59.20	122,295,852	59.20
Dato' Sri Haji Wan Zaki	2,069,660	0.75	1,552,245	0.75

In order to meet the Full Subscription Level, we have entered into an underwriting agreement with AmInvestment Bank for the underwriting of up to 83,858,544 Rights Shares. As at the date of this Abridged Prospectus, the remaining portion of the Rights Shares not covered under the Undertakings is 82,749,969 Rights Shares, representing 40.05% of the total number of the Rights Shares to be issued under the Full Subscription Level, at an underwriting commission of 2.25% and a managing fee of 0.25% of the total value of underwritten shares. As at 17 March 2014, being the date of the underwriting agreement, our Company had 1,478,100 treasury shares and had such treasury shares be resold to Bursa Securities prior to the Entitlement Date, it would have resulted in an additional 1,108,575 Rights Shares being underwritten.

The underwriting commission payable to AmInvestment Bank and all other costs in relation to the underwriting arrangement shall be fully borne by us.

The underwriting arrangement set out above, taken together with the Undertakings will ensure that the Full Subscription Level is achieved.

Each of the persons/parties who have provided the Undertakings have respectively confirmed via the Undertakings that they have sufficient financial resources to take up the number of Rights Shares as specified in their respective Undertakings. AmInvestment Bank has verified and ensured the sufficiency of financial resources of the Shareholders subscribing for the Rights Shares pursuant to the Undertakings.

The Undertakings will not give rise to any consequences relating to a mandatory general offer obligation under the Code after the implementation of the Rights Issue With Warrants as the current shareholdings of Zaki Holdings and parties acting in concert with it is more than fifty percent (50%) and the remaining portion of the Rights Shares not covered by the Undertakings will be underwritten.

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6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares With Warrants.

6.1 Risks relating to the Rights Issue With Warrants

(i) Delay in or abortion of the Rights Issue With Warrants

As stated in Section 5 of this Abridged Prospectus, our Company has procured the Undertakings from the substantial shareholders, who have irrevocably and unconditionally undertaken, *inter-alia*, to subscribe for their respective Rights Shares entitlement together with any Rights Shares by way of Excess Rights Shares Application, if applicable. While AmInvestment Bank has verified, to the extent possible, that the aforementioned substantial shareholders have sufficient financial resources to subscribe for the number of Rights Shares stated in the Undertakings, in the event that for whatever reason they do not fulfil their obligations under the Undertakings, the successful and timely implementation of the Rights Issue With Warrants may be affected. In addition, in the event of any delay in obtaining the approval of the Court for the Proposed Par Value Reduction, our Board may decide on and announce an extension to the Closing Date not less than two (2) Market Days before the stipulated date and time, to facilitate the implementation of the Proposed Par Value Reduction, hence delaying the completion of the Rights Issue With Warrants.

Further, the underwriting agreement allows the underwriter the right to terminate its underwriting commitment under certain circumstances, such as non-fulfilment of conditions precedent, breach of undertakings, warranties and representations on the part of our Company and/or if the underwriter is of the reasonable opinion (which opinion and grounds of opinion must be provided to our Company) that the success of the Rights Issue With Warrants is likely to be materially and adversely affected by certain events, amongst others, changes in law, market conditions, financial condition of our Group or any event or series of events beyond the reasonable control of the underwriter.

In the event of a failure in implementation of the Rights Issue With Warrants, we will return in full without interest, all monies received in respect of any application for subscription of the Rights Shares With Warrants within fourteen (14) days after our Company becomes liable to do so, in accordance with the provisions of the CMSA.

(ii) Capital market risk

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, the outlook of the construction industry in which our Company operates and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of RM0.50 for each Rights Share or the TEAP upon or subsequent to the listing and quotation of the Rights Shares on the Main Market of Bursa Securities.

The Warrants are a new instrument issued by our Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon its listing on Bursa Securities, or, if developed, that it will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the exercise period, which is the period commencing from the date of issue of the Warrants up to and including the day at the close of business day on the date falling ten (10) years from the date of issue of the Warrants.

Accordingly, there is no assurance that the market price of the Rights Shares and Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares and Warrants.

(iii) Potential dilution

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares With Warrants will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued and paid-up ordinary share capital represented by their shareholdings in our Company will also be reduced accordingly.

(iv) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on the estimates and assumptions made by our Company, unless stated otherwise, and although our Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus. In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser and/or other advisers that the plans and objectives of our Group will be achieved.

Further, and save as required by law or relevant rules and regulations, none of our Directors, the Principal Adviser and/or any other advisers are under any obligation to update any forward-looking statements included in this Abridged Prospectus, or to publicly announce any revision to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Certain information in this Abridged Prospectus are extracted or derived from available government publications or other publicly available sources. Neither we nor the Principal Adviser and/or any other advisers have independently verified such information.

6.2 Risks relating to our Group

(i) Business and operational risks

Our group is principally involved in the construction of buildings, property development, civil engineering, acting as building turnkey contractor and piling and civil engineering contractors, civil technical design and construction of civil and building works and management of properties. Hence, we are exposed to certain risks inherent in the construction sector. These include, but are not limited to, shortages of manpower such as skilled engineers and technicians, increase in labour cost, increase in material cost, competition from other contractors and deterioration in general economic and business conditions.

There can be no assurance that any changes in these factors would not have any material adverse impact on our business operations and profitability. However, we will continue to seek to mitigate such risks through, inter alia, adopting the appropriate measures to minimise the impact of such risks on the profitability of our Group.

In addition, our order books comprise mainly public private partnership projects and construction contracts secured from the Malaysian Government and the private sector through open tenders and/or direct negotiations. While there can be no assurance on our future success in securing more contracts from the Malaysian Government and/or private sector, we will continue to identify potential new construction projects and focus on submitting competitive bids to enhance our success in securing new projects.

(ii) Delay in the completion of projects

Timely completion of construction projects is dependent on many external factors, some of which may be beyond the control of our Group such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials, favourable credit terms and satisfactory performance for our sub-contractors who are appointed to complete the construction or development projects. Any failure or delay in completing the projects within the timeframe agreed with our customers may expose our Group to additional costs and potential claims which may impact our profitability.

As the delays in completion of projects will affect our Group's profitability and reputation, we endeavour to ensure that the progress of the projects are closely monitored and reviewed on a timely basis to address any potential hindrance to the delivery or completion of our projects. In addition, we seek to mitigate these risks through, amongst others, efficient project management and monitoring, strategic alliance with our business partners, good working relationship with reliable sub-contractors and suppliers as well as effective human resource planning. However, there can be no assurance that these factors will not lead to any delay in completion of projects, which may have an impact on our Group's business and profitability.

(iii) Our revenue and profit recognition is subject to the timely completion of our projects as stipulated in the construction contracts

As our Group's revenue is principally derived from construction contracts, we recognise contract revenue based on a percentage of completion method. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period for our financial statements as a percentage of total estimated costs for each contract.

Significant judgment is required in determining the stage of completion, the extent of the contracts costs incurred, the estimated total contract costs, the profitability of the contracts including the foreseeable losses, potential claims (variation orders) to owners of the project and counter claims from sub-contractors and liquidated ascertained damages based on expected completion dates of the contracts to ascertain the recognition of our revenue and profits.

In addition, any delay in obtaining the necessary approvals and/or failure by our sub-contractors to complete their work based on an agreed time schedule and to the specification required may also affect the timely completion of our projects.

Any disruptions, delays and/or variations to the abovementioned factors could adversely affect our revenue and profits. However, we will seek to mitigate such risk through, amongst others, close monitoring of the progress of our construction projects and endeavouring to promptly rectify any setbacks as well as continuing to implement effective cash flow management to sustain our operations.

(iv) Political, economic and regulatory considerations

Similar to other industries, adverse changes to the political, economic and regulatory conditions in Malaysia and elsewhere could materially affect the financial and business prospects of our Group. The political, economic and regulatory uncertainties that may affect our Group are, amongst others, changes in government policies, changes in interest rates, inflation, method of taxation, introduction of new regulations, nullification of our existing contracts, global economic downturn/crisis and changes in political leadership. There can be no assurance that any changes to these factors will not have a material adverse effect on our Group's business.

Our Group seeks to minimise the effect of these risks by keeping ourselves abreast with current political, economic and regulatory conditions, and optimally adapting our business operations in response to any changes in the aforesaid conditions.

(v) Non-renewal of or failure to obtain licences, permits and certificates

Our Group has obtained all requisite licences, permits and certificates for our current business operations. However, some of these licences, permits and certificates (i.e. construction licences) are subject to periodic review and renewal by the relevant government authorities. In addition, the standard of compliance required may from time to time be subjected to changes. Non-renewal of our Group's licences, permits, certificates and/or changes imposed on the terms and conditions of licensing may have a material adverse impact on our business operations, hence affecting our financial position.

Our Group may also need to apply from time to time for new licences, permits or certificates for the construction of our new projects. Failure to obtain such licences, permits and certificates may cause disruption or delay in relation to such new projects.

Although our Group has not experienced any difficulty in obtaining and maintaining the requisite licences and permits in the past and does not foresee any potential issues arising from the renewal of our existing permits and licences, there is no assurance that the existing licences and permits will be renewed, or renewed within the anticipated timeframe, or that any new licences required by our Group will be obtained or obtained in a timely manner.

(vi) Legal and other proceedings arising from our business operations from time to time

We may be involved from time to time in disputes with various parties involved in construction projects such as the project owners, sub-contractors, suppliers and other partners. These disputes arising from our business operations may lead to legal and other proceedings, and may cause us to suffer additional costs and delay in the construction or completion of our projects.

Please refer to Section 4, Appendix VII of this Abridged Prospectus for further information in relation to the existing material litigation of our Group.

While we have undertaken measures such as conducting appropriate studies on the nature and complexity of implementation of the contractual work in order to avoid project delay or project cost overruns, there can be no assurance that this would not lead to any legal or other proceedings that could adversely affect the operations and profitability of our Group.

(vii) Defects liability

Construction contracts commonly stipulate a defect liability period for work done, which ranges from 12 months to 24 months (where applicable) from the date of official handover of the completed projects, depending on the nature of the contract. This may result in the contractor being liable for work carried out and for any repair, reconstruction or rectification of any faults or defects which may surface or be identified during the defects liability period.

Nonetheless, our Board believes that with the experience and expertise of our management, and by working closely with our customers to ensure the works specifications are met, we are able to reduce the defects of work to a minimum level. However, there can be no assurance that the cost to undertake any repairs, reconstruction or rectification works during the defects liability period will not have a material impact on our Group's financial performance.

(viii) Competition from existing competitors and new entrants

Our Group operates in a competitive market with a large number of players which include various public listed and non-public listed companies as the barriers to entry into infrastructure construction is relatively low. Intense competition may result in us having to provide competitive pricing for our services in order to secure a project, which may consequently affect the profitability of our Group.

However, we are able to mitigate this risk by focusing on the larger-sized projects which require substantial working capital, financial resources, specialised knowledge and technical skills as well as advanced project management expertise wherein competition is, to certain degree, less intense due to the required attributes to compete and succeed in this segment.

As our construction division, Ahmad Zaki Sdn Bhd is classified as a Class "A" contractor by Pusat Khidmat Kontraktor, Ministry of Works and as a Class G7 contractor by the Construction Industry Development, the Group is qualified to tender for the Malaysian Government's and private sector projects of any size and amount, which indirectly improves our Group's ability to stay ahead of the competition.

Furthermore, with our experienced and knowledgeable personnel, our Board believes that our Group has the necessary attributes to perform in the infrastructure construction sector. However, no assurance can be given that our Group will be able to continue to perform well against the current and new entrants into the construction sectors in the future.

(ix) Dependence on our Board, senior management and skilled personnel

The success of our Group is dependent upon the abilities and continued efforts of our Executive Directors, key management team and skilled personnel. Our continued success depends on our ability to soundly manage our business operations which is to a large extent attributable to our experienced senior management team headed by our Board. Our management team's extensive knowledge and experience serves as the foundation for the strategic decision-making that has driven our development and growth, and will continue to propel the future expansion of our Group.

Another key factor to our success is our ability to attract and retain skilled personnel. In this respect, the continued services of our Executive Directors, key management and skilled workers is critical for our continued and future performance.

Hence, any significant or sudden loss of senior management and skilled personnel may adversely affect our business and financial performance.

We endeavor to continue to attract and retain key personnel by implementing comprehensive human resource strategies, including competitive remuneration packages and training programs with the objective of grooming and developing younger management personnel. In this respect, we had on 17 March 2014, obtained shareholders' approval to undertake the Employees' Share Scheme, as a measure to effectively retain our Directors, employees and senior management. These programs are expected to enhance the motivation of employees to carry out their daily duties while at the same time serving as a retention tool.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

The AZRB Group is principally involved in providing civil and structural construction works. AZRB Group is also involved in, amongst others, trading in oil and gas and other related products such as marine fuels, lubricants and petroleum based products and also cultivation of oil palm in Indonesia. Information in the ensuing Sections 7.1 and 7.2 has been extracted from the most recent available government publications or other publicly available sources.

7.1 Overview and prospects of the Malaysian Economy

Malaysia's economic outlook for 2014

Growth expected to be stronger

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with the possibility of reduced global liquidity. Malaysia's external sector is expected to improve. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013. The better outlook of Malaysia's external sector is premised upon China's real gross domestic product growth, which is expected to be sustained at around 7.5%, while global trade will continue to grow at a steady pace of 5% in 2014.

Domestic demand is expected to continue its strong growth momentum, driven mainly by the private sector. Strong domestic fundamentals, including low unemployment, rising household income and sustained consumer confidence, will support the continued expansion of private consumption. Growth in private investment is expected to remain strong in line with improving external demand and increasing domestic activity. Public expenditure will be largely underpinned by increased spending on supplies and services.

Malaysia's macroeconomic fundamentals are expected to remain strong. Of significance, labour market conditions are expected to be favourable with the unemployment rate at 3.1%. The labour market is expected to be supported by increased employment, particularly in the services-related industries and export-oriented manufacturing industries in tandem with strong domestic consumption and improving external demand. Headline inflation is expected to remain manageable at 2% - 3% in 2014. The increase in the Consumer Price Index largely reflects fuel price adjustment in September 2013. Global food prices, as reported by the Food and Agriculture Organisation, are expected to remain stable as food commodity markets are projected to be more balanced in 2013 and 2014. Domestic demand-driven inflation is expected to remain modest, amid increased capacity expansion and improved productivity. Producer cost pressure is expected to remain muted given the stable energy and commodity prices. Hence, the nominal gross national income per capita is expected to increase 6.2% to RM34,126 (2013: 4.2%; RM32,144). In terms of Purchasing Power Parity (PPP), per capita income is expected to increase 2.6% to reach USD17,173 (2013: 1.3%; USD16,743).

(Source: 2014 Budget – Economic Report 2013/2014, Ministry of Finance)

7.2 Overview and Prospects of the Industries AZRB Operates In

Construction

Growth in the construction sector is projected to increase at a moderate pace of 9.6% in 2014 (2013: 10.6%) due to slower construction activity in the civil engineering subsector following the completion of several major infrastructure projects. However, the acceleration in implementation of transport and O&G related civil engineering projects will continue to support growth. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. The implementation of PR1MA housing project, is expected to accelerate to meet the target of providing 80,000 units of houses for the middle-income group by 2015. Activity in the non-residential subsector is expected to remain stable, albeit at a moderate pace, supported by buoyant business and industrial activities as well as improved consumer sentiment.

Oil and Gas

The sector is expected to grow 3.1% in 2014 (2013: 2.2%), reflecting higher production of crude oil and natural gas. Production of crude oil is anticipated to increase, spurred by recovery in production of matured oil fields. Meanwhile, natural gas output is projected to expand further on account of increased demand, particularly from petrochemical and utility industries. In addition, the expansion in oil and gas investments by PETRONAS will support production for 2014. Global oil prices, while subject to unpredictable supply shocks and political events, are expected to remain stable on account of steady demand and supply. Nevertheless, the possibility of reduced global financial liquidity could result in oil prices retreating. For 2014, Dated Brent and Tapis are expected to trade at an average of USD105 and USD 110, respectively.

Property Development

The real estate and business services sector grew 6.6% during the first six (6) months in 2013 (January - June 2012: 7.3%). The growth in the real estate segment was mainly contributed by the high-end property market. This was reflected by a slight increase in value of residential property transactions at 1% (January - June 2012: 8%) despite a 12.6% decline in transaction volume (January – June 2012: 1.5%). The sector is estimated and forecasted to increase 6.8% in 2013 and 2014 respectively (2012: 7.2%).

The residential segment expanded 15.7% (January - June 2012: 22.0%) supported by strong demand and reflected in higher construction activities with housing starts rising 20.3% to 73,804 units (January - June 2012: 13.8%, 61,351 units). Meanwhile, units from new launches dropped 45.4% to 17,105 units (January - June 2012: -6.9%, 31,305 units). Sale of new launches remained favourable with a take-up rate of 21.8% (January – June: 15.6%). In line with the increasing demand, the property overhang declined 9.5% to 14,567 units (end June 2012: -27.7%, 16,098 units) amid the better sales performance of the residential segment.

To address concerns on excessive speculation activity and rising property prices, the Government has responded with measures such as increasing the Real Property Gains Tax rates, lowering the loan-to-value ratio, increasing the supply of affordable homes and tightening bank lending regulations.

(Source: 2014 Budget – Economic Report 2013/2014, Ministry of Finance)

Plantation

Agricultural sector growth managed to grow substantially due to rice production in the food crops sector and palm oil production in the plantation subsector. From the spatial perspective, agricultural sector saw its highest growth in Sumatera region and eastern part of Indonesia in 2012 reaching 4.9% and 4.4% respectively, which was contributed by production in plantation subsector especially palm oil and rubber. While in Java, a 2.2% growth of agricultural sector was attributable to surging rice production, owing to favorable weather condition. The performance of plantation subsector also improved, supported by palm oil production in line with strong demand of processed palm oil product from either domestic or external side. Meanwhile, exports of crude palm oil (CPO) were still registering a positive growth that sustained exports of manufacturing products, thus enabling them to post a positive growth.

(Source: Bank Indonesia – 2012 Economic Report of Indonesia)

7.3 Prospects of our Group

In arriving at the prospects of our Group, the Board has taken into consideration the prevailing conditions and outlook of the Malaysian economy as well as the construction industry in Malaysia as discussed in Section 7.1 and 7.2 above.

Engineering and Construction Division

The Group's Engineering and Construction Division is well positioned to benefit from the Government's continuous effort to implement key infrastructure projects under the Economic Transformation Programme ("**ETP**") such as the MRT Project and Langat 2 Project. The outlook for the division is expected to be positive with greater emphasis by the Government on infrastructure spending through the ETP and 10th Malaysia Plan.

In addition, major development projects in Klang Valley such as Tun Razak Exchange, Bandar Malaysia, Warisan Merdeka and Bukit Bintang City Centre will provide further opportunities for the division to tap into these opportunities as and when such opportunities arise in terms of infrastructure and high rise building works. To-date, the Group has not obtained any contracts relating to the above-mentioned development projects. The division is forecasted to perform better in the coming financial year in anticipation of securing more sizable projects from the Government and other private entities.

The balance order book in construction division stood at RM1.842 billion as at 31 December 2013 and we expect to perform satisfactorily to complete the balance order book and the prospects for enhancement of the order book is encouraging. This order book has not taken into consideration of the concession obtained in the year 2013 for the development of EKVE amounting to RM1.55 billion which will commence construction in year 2014. Out of the balance order book, RM600.6 million will be undertaken in the FYE 31 December 2014, RM1,218.3 million will be undertaken in the following three (3) financial years and the balance of RM23.1 million will be undertaken in FYE 31 December 2018 onwards..

Other Divisions

(a) Oil and Gas Division

Our Group vide our wholly-owned subsidiary, Inter-Century Sdn Bhd ("**ICSB**") has successfully renewed the throughput contract with Petronas Dagangan Berhad until year 2018. ICSB is currently the sole bunkering operator of marine diesel oil to the PETRONAS production sharing contractors and oil companies developing and operating the petroleum industry off the shores of Peninsular

Malaysia. The renewal contract gives ICSB the right to receive, store, distribute and sell marine fuels, and to carry out bunkering activities at the Kemaman Supply Base and at any other berths or wharfs within the vicinity and falling under the operational jurisdictions of Pengkalan Bekalan Kemaman Sdn Bhd

The recent announcement by PETRONAS on its RM300 billion capital expenditure plan will augur well for the Group's Oil and Gas Division. With the expectation of PETRONAS and other oil majors intensifying their exploration and production activities, the division is expected to handle a higher volume of petroleum products.

Moving forward, the oil and gas division is anticipated to provide a steady flow of income to the Group.

(b) Plantation Division

Our Group's Plantation Division will embark on an expansion programme within the next 5 years. Going forward, the division has plans to more than double the size of the planted area from the present area of approximately 5,000 ha.

In addition, the division also plans to move downstream by constructing palm oil mills to further improve the revenue and enhance its value chain positioning.

(c) Property Development Division

Our Group's Property Development Division is currently collaborating with a few landowners to jointly develop land in Klang Valley for residential and commercial projects. The estimated GDV of the proposed joint development projects are more than RM1 billion and are currently at the preliminary and feasibility stage with no concrete findings found at this juncture and further research and studies are still being done to verify and establish the findings.

The division is also considering development with combined GDV of more than RM1.5 billion for mixed development projects in Kuantan, Pahang Darul Makmur, Kuala Terengganu and Paka in Terengganu Darul Iman.

This division through our subsidiary, Kemaman Technology & Industrial Park Sdn Bhd has completed Phase 1 and Phase 2 of the commercial and industrial components of Taman Industri Paka in Terengganu Darul Iman. The project commenced in year 2010 and comprises of 683 of industrial units, 102 units of shop offices and 591 of residential units. The project is expected to be fully completed in 2018 with balance GDV of around RM300.0 million and expected Gross Development Profit of RM77.0 million as at June 2013. To date, the project has been entirely funded by internally generated funds.

The division has also acquired a 12.14 hectares of land in Mukim Kuala Kuantan, Pahang vide our subsidiary, Betanaz. The company is currently conducting preliminary studies with the intention of developing a commercial and residential hub on the plot of land with a projected GDV of RM1.0 billion of which there has been no concrete findings found at this juncture and further research and studies are still being done to verify and establish the findings. The company will be submitting the development plan to the relevant authorities by end of year 2014.

The division through our subsidiary, Temala Development Sdn Bhd ("**Temala**") intends to develop commercial and residential units in Marang, Terengganu with a projected GDV of RM180.0 million and Gross Development Profit of RM45.0 million. The project is expected to commence in May 2014 and will be fully completed by 2019. Temala has obtained its planning approval from Majlis Daerah Marang and is now preparing for development order application submission.

In summary, we are optimistic of our future prospects in light of our future plans and the overall outlook of the economy and construction industry.

(Source: Management of AZRB)

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share Capital

The proforma effects of the Rights Issue With Warrants on the issued and paid-up share capital of our Company on the assumption that the Proposed Par Value Reduction is effected prior to the Rights Issue With Warrants are shown below:-

	Par Value RM	No. of Shares	RM
Issued and Paid-Up Share Capital			
Issued and paid-up share capital as at the LPD	0.50	276,942,189	138,471,095
Proposed Par Value Reduction	(0.25)	-	(69,235,547)
		276,942,189	69,235,548
Less: Treasury shares	0.25	(1,478,100)	(369,525)
		275,464,089*	68,866,023*
To be issued pursuant to the Proposed Rights Issue With Warrants	0.25	206,598,066	51,649,517
	0.25	482,062,155*	120,515,540*
To be issued assuming full exercise of the Warrants	0.25	103,299,033	25,824,758
Enlarged issued and paid-up share capital	0.25	585,361,188*	146,340,298*

Notes:-

* *After excluding treasury shares of 1,478,100*

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8.2 Earnings and EPS

The impact of the Rights Issue With Warrants on the earnings of AZRB will depend on the level of returns generated from the utilisation of proceeds raised. In this respect, the Rights Issue With Warrants is expected to contribute positively to the future earnings of our Group arising from the utilisation of proceeds raised as set out in Section 4 from the issuance of the Rights Shares and conversion of the Warrants into ordinary shares.

However, the EPS of our Company is expected to immediately be diluted as a result of the increase in the number of AZRB Shares in issue pursuant to the Rights Issue With Warrants and as and when the Warrants are exercised.

Strictly for illustration purposes, based on the earnings of our Group for the FYE 31 December 2012, the effects of the increase in the number of AZRB Shares in issue pursuant to the Rights Issue With Warrants and as and when the Warrants are exercised are as follows: -

	Audited as at 31 December 2012 (RM'000)	(I) After the Proposed Par Value Reduction (RM'000)	(II) After the Rights Issue With Warrants (RM'000)	(III) After (II) and assuming full exercise of the Warrants (RM'000)
EPS (sen)(1)	6.75	6.75	6.43(3)	6.26(4)
Number of shares ('000)(2)	276,880	276,880	290,372	298,527

Note: -

(1) Based on the historical earnings of AZRB attributable to ordinary shareholders for the FYE 31 December 2012 of RM18.7 million.
(2) Based on the weighted average number of Shares.
(3) Proforma basic EPS
(4) Proforma diluted EPS

Nonetheless, the utilisation of proceeds raised from the Rights Issue With Warrants is expected to contribute positively to the future earnings of our Group.

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8.3 NA and Gearing

Based on the latest audited results of our Company for the FYE 31 December 2012 and on the assumption that the Proposed Par Value Reduction (assumed effected prior to the Rights Issue With Warrants) and Rights Issue With Warrants had been effected as at that date, the proforma effects of the Rights Issue With Warrants on the NA and gearing of our Group are tabulated as below:-

	Audited as at 31 December 2012	(I) After the Proposed Par Value Reduction	(II) After the Rights Issue With Warrants[3]	(III) After (II) and assuming full exercise of the Warrants
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Share capital	138,471	69,235	120,885	146,710
Share premium	25	25	29,214[1]	96,358
Exchange reserve	(1,282)	(1,282)	(1,282)	(1,282)
Warrant reserve	-	-	20,660[2]	-
Treasury shares	(1,026)	(1,026)	(1,026)	(1,026)
Capital reserve	-	7,667	7,667	7,667
Retained profits	71,516	133,085	133,085	133,085
Shareholders equity / NA	**207,704**	**207,704**	**309,203**	**381,512**
Number of shares ('000)[4]	276,942	276,942	483,540	586,839
NA per share (RM)	0.75	0.75	0.64	0.65
Total loans and borrowings (RM'000)	185,443	185,443	170,443[5]	170,443
Gearing ratio (times)	0.89	0.89	0.55	0.45

Notes:-

(1) After deducting estimated expenses to be incurred for the Corporate Exercises of approximately RM1.8 million

(2) The fair value of the 103,299,033 Warrants is estimated at RM0.20 per Warrant using the Black Scholes option pricing model after taking into consideration the following:-

a)	*Current price (based on TEAP as at LPD)*	*:*	*RM0.6944*
b)	*Warrants Exercise Price*	*:*	*RM0.70*
c)	*Tenure of Warrants*	*:*	*Ten (10) years from the date of issuance of the Warrants*

(3) Strictly for information purposes only, if the Proposed Par Value Reduction is not approved by the Court for any reason, there will be no credit to share premium account as the Rights Shares would be issued at the par value of RM0.50 each and there will be no creation of capital reserve account. Further, share capital and retained earnings of the Group after the Rights Issue With Warrants would amount to RM241.8million and RM49.1million respectively. The shareholders equity and net assets are similarly at RM309.2million. Assuming full exercise of the Warrants thereafter, the share capital, share premium and retained earnings would amount to RM293.4million, RM41.3million and RM49.1million respectively.

(4) Including treasury shares of 1,478,100

(5) An amount of RM15.0 million is intended to be utilized to repay part of AZRB's borrowings as disclosed in Section 4.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into account the funds generated from our operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue With Warrants, our Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest-bearing save as disclosed in the notes below) are denominated in the following currencies set out below:-

	Amount in foreign currency '000	Amount in RM* '000
Short-term borrowings (payable within twelve (12) months)		
IDR	448,750	127
RM		74,033[2]
Total short-term borrowings		74,160
Long-term borrowings (payable after twelve (12) months)		
IDR	56,243,704	15,861
USD	6,865	22,507
RM		213,138[3]
Total long-term borrowings		251,506
Total borrowings		**325,666**

Notes:-

* *The borrowings in foreign currency are translated into RM for illustrative purposes only. Such translations should not be construed as representations that the foreign currency amounts referred to could have been, or could be, converted into RM, at that or any other rate at all.*

(1) Based on an exchange rate of RM3.2785 / USD1 and RM0.0282 / IDR100 as at the LPD.

(2) Of which non interest-bearing portion amounts to RM299,997.

(3) Of which non interest-bearing portion amounts to RM840,531.50.

Other than disclosed above, our Group does not have any other borrowings. There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year, and subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities which upon becoming enforceable may have a material impact on our Company's financial position.

	Amount RM'000
Unsecured	
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	34,376
Secured	
Corporate guarantee given together with a pledge of cash deposits of the Company amounting to RM3.0 million to a financial institution in respect of credit facilities granted to a subsidiary	607,588
	641,964

9.4 **Material commitments**

Save as disclosed below, as at the LPD, our Board is not aware of any other material commitments which upon becoming enforceable may have a material impact on our Group's financial position.

	Amount RM'000
Authorised capital expenditure commitments contracted but not provided for :	
Property, plant and equipment	2,821
Biological Asset^	7,423
	10,244

^ *Relates to new planting of oil palm in a plantation located in the Republic of Indonesia.*

The above capital commitments will be funded by internally generated funds, proceeds from the Rights Issue With Warrants and / or bank borrowings.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue With Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

11. FURTHER INFORMATION

You are advised to refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of our Board
AHMAD ZAKI RESOURCES BERHAD

Raja Dato' Seri Aman Bin Raja Haji Ahmad
Chairman

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM CONVENED ON 17 MARCH 2014

AZRB

AHMAD ZAKI RESOURCES BERHAD
(432768-X)

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT TAMING SARI 3, GROUND FLOOR, THE ROYALE CHULAN KUALA LUMPUR, 5 JALAN CONLAY, 50450 KUALA LUMPUR ON MONDAY, 17 MARCH 2014 AT 10.00 A.M.

We hereby certify that the following resolution was passed at the Extraordinary General Meeting held on Monday, 17 March 2014 at 10.00 a.m. and has been duly recorded on the Minutes of the Company.

PROPOSED REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF AZRB VIA THE CANCELLATION OF RM0.25 OF THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.50 EACH IN AZRB ("PROPOSED PAR VALUE REDUCTION")

RESOLVED:-

THAT subject to the sanction of the High Court of Malaya for the Proposed Par Value Reduction, the passing of Special Resolution 2 and the approvals of all relevant authorities and parties (if required) being obtained, approval be and is hereby given to the Company and the Board of Directors of the Company ("Board") to reduce the Company's issued and paid-up share capital of 276,942,189 ordinary shares of RM0.50 each via cancellation of RM0.25 from the par value of each ordinary share of the Company of RM0.50 each under Section 64(1) of the Companies Act, 1965 with the credit arising from such reduction and cancellation to be utilised to eliminate the accumulated losses of the Company and the balance, if any, to be credited as capital reserves of the Company;

AND THAT following the Proposed Par Value Reduction, approval be and is hereby given for the Company to change the par value of each ordinary share of the Company from RM0.50 to RM0.25 and that 276,942,189 ordinary shares be credited as fully paid 276,942,189 ordinary shares of RM0.25 each;

AND FURTHER THAT the Board be and is hereby empowered and authorised to do all such acts, deeds and things to enter into such transactions and arrangements, to execute, sign and deliver on behalf of the Company all such documents and/or agreements and to take all such steps as they think fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Par Value Reduction with full power to make, assent to and/or effect any conditions, modifications, variations and/or amendments (if any) as may be imposed by any relevant authorities and parties or consequent upon the implementation of the said conditions, modifications, variations and/or amendments.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS TO M&A")

RESOLVED:-

THAT subject to the passing of Special Resolution 1, the sanction of the High Court of Malaya pursuant to Section 64(1) of the Companies Act, 1965 for the purpose of the Proposed Par Value Reduction and the approvals of all other relevant authorities and parties (if required) being obtained, the Board be and is hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents and to take all such steps for and on behalf of the Company as they may think fit, necessary, expedient, appropriate and/or relevant with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities and parties in respect of the Proposed Amendments to M&A to amend, delete, alter, modify and/or add to Clause V of the Memorandum of Association of the Company in the manner as set out below:-

Head Office : **MENARA AZRB**, No. 71, Persiaran Gurney, 54000 Kuala Lumpur. Tel : +603-2698 7171 Fax : +603-2694 8181
Regional Office: K-709, Taman Merpati Jaya, Jalan Air Putih, 24000 Kemaman, Terengganu. Tel : +609-859 2337 Fax : +609-859 2437
www.azrb.com

Existing M&A	Proposed M&A Amendments
Clause V The capital of the Company is RM500,000,000.00 divided into 1,000,000,000 shares of RM0.50 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.	Clause V The capital of the Company is RM250,000,000.00 divided into 1,000,000,000 shares of RM0.25 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 207,706,641 NEW ORDINARY SHARES OF RM0.25 EACH IN THE COMPANY ("AZRB SHARES") ("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 (6) RIGHTS SHARES TOGETHER WITH THREE (3) FREE WARRANT FOR EVERY EIGHT (8) EXISTING AZRB SHARES HELD AFTER THE PROPOSED PAR VALUE REDUCTION ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

RESOLVED:-

THAT subject to the approval of all relevant authorities, including but not limited to the approval-in-principle of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for all the Rights Shares and all the Warrants to be issued hereunder and all the new AZRB Shares to be issued pursuant to the conversion of the Warrants, being obtained, approval be and is hereby given to the Board to:-

(i) issue and allot by way of proposed rights issue of up to 207,706,641 Rights Shares together with up to 103,853,320 free Warrants at an issue price of RM0.50 per Rights Share, to be implemented on a renounceable basis of six (6) Rights Shares together with three (3) free Warrants for every eight (8) existing AZRB Shares held after the Proposed Par Value Reduction;

(ii) constitute the Warrants upon the terms and conditions of a deed poll to be executed by AZRB ("Deed Poll"), the principal terms of which are set out in Section 3 of the Circular to Shareholders dated 21 February 2014;

(iii) issue and allot such number of additional Warrants ("Additional Warrants") pursuant to adjustments under the Deed Poll and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions in the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties or otherwise; and

(iv) issue and allot such number of new AZRB Shares credited as fully paid-up arising from the exercise of the Warrants during the tenure of the Warrants, including such appropriate number of AZRB Shares arising from the exercise of the Additional Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reasons whatsoever shall be made available for excess applications in such manner as the Board shall determine at its absolute discretion;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements of the Rights Shares arising from the Proposed Rights Issue With Warrants in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or think expedient or in the best interest of the Company (including without limitation to disregard such fractional entitlements);

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 6 of the Circular to Shareholders of the Company dated 21 February 2014, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

THAT the new AZRB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new AZRB Shares to be issued arising from the exercise of the Warrants;

THAT the Rights Shares, Warrants, Additional Warrants and new AZRB Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants shall be listed on Bursa Securities;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants, Additional Warrants and new AZRB Shares to be issued pursuant to or in connection with the Proposed Rights Issue With Warrants have been fully allotted and issued in accordance with the terms of the Proposed Rights Issue With Warrants as well as the additional warrants to be issued pursuant to the adjustments in accordance with the provisions of the Deed Poll.

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME ("PROPOSED ESS")

RESOLVED:-

THAT subject to the approval of all relevant authorities, approval be and is hereby given to the Board:-

(i) to establish, implement and administer the employees' share scheme for the benefit of all eligible employees and Directors ("Eligible Persons") and its subsidiaries (excluding subsidiaries which are dormant) ("AZRB Group") who fulfills the criteria of eligibility for the participation in the Proposed ESS in accordance with the by-laws of the Proposed ESS ("By-Laws"), a draft of which is set out in Appendix II of the Circular to Shareholders dated 21 February 2014;

(ii) to appoint a trustee ("Trustee"), (if required to be appointed under the provision of the By-Laws), to facilitate the implementation of the Proposed ESS and authorise the Trustee to (amongst others) to subscribe for and/or purchase ordinary shares of RM0.25 each in the Company for the purpose of the Proposed ESS;

(iii) to provide money or other assistance (financial or otherwise), and/or to authorise and/or procure any one or more of the subsidiaries of the Company, to provide money or other assistance (financial or otherwise) from time to time if required to enable the Trustee to subscribe for and/or purchase AZRB Shares provided that the Company or any subsidiaries of the AZRB Group shall not provide such money or assistance (financial or otherwise) if it would be in breach of any laws of Malaysia and where the lending subsidiary is a foreign corporation, the relevant laws of the place of incorporation of the lending subsidiary;

(iv) to issue and allot from time to time such number of new AZRB Shares as may be required to be issued pursuant to the exercise of options or new AZRB Shares granted under the Proposed ESS, provided always that the total number of AZRB Shares which may be made available under the Proposed ESS and any other employee share issuance scheme to be implemented by the Company shall not in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any time during the duration of the Proposed ESS and that the new AZRB Shares to be allotted and issued upon the exercise of options or new AZRB Shares granted pursuant to the Proposed ESS shall upon allotment and issuance, rank *pari passu* in all respects with the existing AZRB Shares provided always that the new AZRB Shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which is prior to the date of allotment of the new AZRB Shares; and

(v) to extend the duration of the Proposed ESS, to add, modify and/or amend the Proposed ESS and/or the By-Laws from time to time provided that such addition, modification and/or amendments are permitted and effected in accordance with the provision of the By-Laws relating to modification and/or amendments; and to do all such acts, execute all such documents and to enter into all such transactions, arrangement and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed ESS and terms of the By-Laws (with full power to consent to and to adopt such conditions, modifications, variations and/or amendments as they may deem fit and/or as may be required by the relevant authorities);

THAT the Board be and is hereby authorised to give effect to the Proposed ESS with full power to consent to and to adopt such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities;

AND THAT the proposed By-Laws of the Proposed ESS as set out in Appendix II of the Circular to Shareholders dated 21 February 2014 be and is hereby approved.

PROPOSED GRANT OF AWARDS TO RAJA DATO' SERI AMAN BIN RAJA HAJI AHMAD

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Raja Dato' Seri Aman Bin Raja Haji Ahmad, the Independent Non-Executive Chairman of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, provided always that:

a) not more than 75% of the Awards available under the Proposed ESS on any date shall be allocated in aggregate to the senior management and/or Directors of the AZRB Group; and

b) not more than 10% of the AZRB Shares available under the Proposed ESS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up capital of AZRB (excluding treasury shares),

(collectively known as "Provisos (a) and (b)")

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, the Independent Non-Executive Director of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATUK (PROF.) A RAHMAN @ OMAR BIN ABDULLAH

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Datuk (Prof.) A Rahman @ Omar Bin Abdullah, the Independent Non-Executive Director of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' HAJI ISMAIL @ MANSOR BIN SAID

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Haji Ismail @ Mansor Bin Said, the Independent Non-Executive Director of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' WAN AHMAD FARID BIN WAN SALLEH

RESOLVED:-

THAT subject to the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Wan Ahmad Farid Bin Wan Salleh, the Independent Non-Executive Director of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' HAJI MUSTAFFA BIN MOHAMAD

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Haji Mustaffa Bin Mohamad, the Executive Director of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, the Executive Vice Chairman and major shareholder of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' WAN ZAKARIAH BIN HAJI WAN MUDA

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Wan Zakariah Bin Haji Wan Muda, the Managing Director of the Company and a person connected to Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, a Director and major shareholder of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' W ZULKIFLI BIN HAJI W MUDA

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' W Zulkifli Bin Haji W Muda, the Executive Director of the Company, and a person connected to Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, a Director and major shareholder of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO WAN RAMZI BIN HAJI WAN MUDA

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Wan Ramzi Bin Haji Wan Muda, the Project Coordinator of the Company and being a person connected to Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, the Director and major shareholder of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO WAN AZWAN SHAH BIN WAN ZAKI

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Wan Azwan Shah Bin Wan Zaki, the Manager of Corporate Support Service of the Company and being a person connected to Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, the Director and major shareholder of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

PROPOSED GRANT OF AWARDS TO DATO' HAJI ROSLAN BIN TAN SRI JAFFAR

RESOLVED:-

THAT subject to the passing of Ordinary Resolution 2 and the approval of the relevant authorities or parties being obtained, the Company be and is hereby authorised at any time, and from time to time, to offer and grant to Dato' Haji Roslan Bin Tan Sri Jaffar, the Chief Operating Officer of the Company and being a person connected to Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, the Director and major shareholder of the Company, such Awards which give the right to subscribe for new AZRB Shares at a prescribed price upon the vesting of the Award and/or the allotment of AZRB Shares under the Proposed ESS and to allot and issue such number of new AZRB Shares upon the exercise of the Awards, subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

Confirmed as a true and correct record:

Director
RAJA DATO' SERI AMAN RAJA AHMAD

Dated this on 17th day of March 2014

~~Director~~/ Company Secretary
SEUHAILEY SHAMSUDIN
Company Secretary
MAICSA 7046575

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act on 26 May 1997 as a public limited company under its current name. Our Company is listed on the Main Market of Bursa Securities under the Construction sector. The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural works. The principal activities of the subsidiaries are disclosed in Section 5 of this Appendix.

2. SHARE CAPITAL

Our Company's authorised share capital, and issued and paid-up share capital as at LPD are as follows:-

	No. of Shares	Par value RM	Total RM
Authorised share capital	1,000,000,000	0.50	500,000,000
Issued and paid-up share capital	276,942,189	0.50	138,471,094.50

Note: We are undertaking the Proposed Par Value Reduction concurrently with the Rights Issue With Warrants.

Details of the changes in our Company's issued and fully paid-up share capital since our incorporation up to the LPD are as follows:-

Date of allotment	No. of Shares allotted	Par Value RM	Consideration / Type of Issue	Cumulative no. of issued and paid-up share capital
26.05.1997	2	1.00	Cash	2
31.03.1998	20,177,834	1.00	Otherwise than cash	20,177,836
29.03.1999	8,322,164	1.00	Cash	28,500,000
25.05.1999	1,500,000	1.00	Cash/Public issue	30,000,000
26.07.2002	12,000,000	1.00	Otherwise than cash/Bonus issue	42,000,000
06.09.2002	4,200,000	1.00	Cash/Private placement	46,200,000
03.12.2002	101,000	1.00	Cash/Employees' Share Option Scheme ("**ESOS**")	46,301,000
17.06.2003	13,000	1.00	Cash/ESOS	46,314,000
25.06.2003	50,000	1.00	Cash/ESOS	46,364,000
26.06.2003	46,000	1.00	Cash/ESOS	46,410,000
09.07.2003	17,000	1.00	Cash/ESOS	46,427,000
16.07.2003	104,000	1.00	Cash/ESOS	46,531,000
25.07.2003	114,000	1.00	Cash/ESOS	46,645,000
04.08.2003	116,000	1.00	Cash/ESOS	46,761,000
07.08.2003	20,000	1.00	Cash/ESOS	46,781,000
02.09.2003	18,712,400	1.00	Otherwise than cash/Bonus issue	65,493,400
05.09.2003	13,000	1.00	Cash/ESOS	65,506,400
12.09.2003	34,000	1.00	Cash/ESOS	65,540,400
18.09.2003	27,000	1.00	Cash/ESOS	65,567,400
25.09.2003	12,000	1.00	Cash/ESOS	65,579,400

Date of allotment	No. of Shares allotted	Par Value RM	Consideration / Type of Issue	Cumulative no. of issued and paid-up share capital
01.10.2003	39,000	1.00	Cash/ESOS	65,618,400
08.10.2003	147,000	1.00	Cash/ESOS	65,765,400
21.10.2003	237,000	1.00	Cash/ESOS	66,002,400
30.10.2003	139,400	1.00	Cash/ESOS	66,141,800
14.11.2003	105,200	1.00	Cash/ESOS	66,247,000
20.11.2003	17,600	1.00	Cash/ESOS	66,264,600
12.12.2003	6,000	1.00	Cash/ESOS	66,270,600
30.12.2003	35,600	1.00	Cash/ESOS	66,306,200
16.01.2004	5,800	1.00	Cash/ESOS	66,312,000
27.01.2004	23,200	1.00	Cash/ESOS	66,335,200
11.02.2004	3,000	1.00	Cash/ESOS	66,338,200
12.02.2004	24,800	1.00	Cash/ESOS	66,363,000
02.03.2004	48,800	1.00	Cash/ESOS	66,411,800
11.03.2004	59,000	1.00	Cash/ESOS	66,470,800
15.03.2004	21,000	1.00	Cash/ESOS	66,491,800
19.03.2004	5,800	1.00	Cash/ESOS	66,497,600
25.03.2004	1,000	1.00	Cash/ESOS	66,498,600
01.04.2004	3,000	1.00	Cash/ESOS	66,501,600
07.04.2004	4,800	1.00	Cash/ESOS	66,506,400
20.04.2004	42,800	1.00	Cash/ESOS	66,549,200
28.04.2004	16,800	1.00	Cash/ESOS	66,566,000
10.06.2004	132,400	1.00	Cash/ESOS	66,698,400
16.06.2004	1,000	1.00	Cash/ESOS	66,699,400
18.06.2004	10,000	1.00	Cash/ESOS	66,709,400
05.08.2004	1,000	1.00	Cash/ESOS	66,710,400
16.01.2007	5,000	1.00	Cash/ESOS	66,715,400
31.01.2007	3,000	1.00	Cash/ESOS	66,718,400
13.02.2007	1,000	1.00	Cash/ESOS	66,719,400
27.02.2007	5,000	1.00	Cash/ESOS	66,724,400
06.03.2007	5,600	1.00	Cash/ESOS	66,730,000
16.03.2007	27,800	1.00	Cash/ESOS	66,757,800
16.04.2007	1,000	1.00	Cash/ESOS	66,758,800
30.04.2007	3,000	1.00	Cash/ESOS	66,761,800
18.05.2007	47,800	1.00	Cash/ESOS	66,809,600
28.05.2007	17,200	1.00	Cash/ESOS	66,826,800
01.06.2007	3,000	1.00	Cash/ESOS	66,829,800
14.06.2007	30,800	1.00	Cash/ESOS	66,860,600
26.06.2007	18,400	1.00	Cash/ESOS	66,879,000
06.07.2007	7,200	1.00	Cash/ESOS	66,886,200
13.07.2007	40,600	1.00	Cash/ESOS	66,926,800
18.07.2007	35,400	1.00	Cash/ESOS	66,962,200
26.07.2007	32,600	1.00	Cash/ESOS	66,994,800
01.08.2007	59,400	1.00	Cash/ESOS	67,054,200

Date of allotment	No. of Shares allotted	Par Value RM	Consideration / Type of Issue	Cumulative no. of issued and paid-up share capital
09.08.2007	62,400	1.00	Cash/ESOS	67,116,600
17.08.2007	35,400	1.00	Cash/ESOS	67,152,000
21.08.2007	11,600	1.00	Cash/ESOS	67,163,600
06.09.2007	9,800	1.00	Cash/ESOS	67,173,400
11.09.2007	414,600	1.00	Cash/ESOS	67,588,000
18.09.2007	26,600	1.00	Cash/ESOS	67,614,600
24.09.2007	324,000	1.00	Cash/ESOS	67,938,600
03.10.2007	1,400	1.00	Cash/ESOS	67,940,000
10.10.2007	16,200	1.00	Cash/ESOS	67,956,200
01.11.2007	651,200	1.00	Cash/ESOS	68,607,400
07.11.2007	33,300	1.00	Cash/ESOS	68,640,700
13.11.2007	10,000	1.00	Cash/ESOS	68,650,700
21.11.2007	432,200	1.00	Cash/ESOS	69,082,900
27.11.2007	4,200	1.00	Cash/ESOS	69,087,100
10.12.2007	45,800	1.00	Cash/ESOS	69,132,900
On 17 December 2007, our Company undertook a share split exercise whereby 69,132,900 ordinary shares of RM1.00 each in the Company were subdivided into 138,265,800 ordinary shares of RM0.50 each.				
05.02.2008	96,786,060	0.50	Cash/Rights Issue	
	41,479,740	0.50	Otherwise than cash/Rights Issue	276,531,600
13.08.2009	100,000	0.50	Cash/ESOS	276,631,600
19.08.2009	4,329	0.50	Cash/ESOS	276,635,929
08.01.2010	44,320	0.50	Cash/ESOS	276,680,249
26.10.2010	10,000	0.50	Cash/ESOS	276,690,249
28.12.2010	5,153	0.50	Cash/ESOS	276,695,402
25.01.2011	68,040	0.50	Cash/ESOS	276,763,442
09.02.2012	16,850	0.50	Cash/ESOS	276,780,292
16.02.2012	30,000	0.50	Cash/ESOS	276,810,292
01.03.2012	3,608	0.50	Cash/ESOS	276,813,900
07.03.2012	2,009	0.50	Cash/ESOS	276,815,909
29.05.2012	36,080	0.50	Cash/ESOS	276,851,989
30.07.2012	90,200	0.50	Cash/ESOS	276,942,189

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

3. Substantial Shareholders' Shareholdings

The substantial shareholders of AZRB as at LPD and the effects of the Rights Issue With Warrants on their shareholdings in AZRB, for illustrative purposes, are as follows:-

	As at LPD				(I) After Rights Issue With Warrants[2]			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Zaki Holdings	135,461,136	49.2	-	-	237,056,988	49.2	-	-
AMMB Nominees (Tempatan) Sdn Bhd for Zaki Holdings ("**AMMB Nominees**")	27,600,000	10.0	-	-	48,300,000	10.0	-	-
Dato' Sri Haji Wan Zaki[2]	2,069,660	0.8	163,811,136[1]	59.5	3,621,905	0.8	286,669,488[1]	59.5

	(II) After (I) and assuming full conversion of Warrants[3]			
	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Zaki Holdings	287,854,914	49.2	-	-
AMMB Nominees	58,650,000	10.0	-	-
Dato' Sri Haji Wan Zaki[2]	4,398,028	0.8	348,098,664[1]	59.5

Notes:-

(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Zaki Holdings, spouse and children
(2) Based on enlarged issued and paid-up share capital of 482,062,155 Shares
(3) Based on enlarged issued and paid-up share capital of 585,361,188 Shares

4. DIRECTORS

The details of our Board as at the LPD are set out in the table below:-

Name *(Designation)*	Age	Address	Nationality	Profession
Raja Dato' Seri Aman Bin Raja Haji Ahmad *(Independent Non-Executive Chairman)*	69	No. 12, Jalan 1 Taman TAR 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda *(Executive Vice Chairman)*	65	No. 30, Villa Seri Geliga Geliga Besar 24000 Kemaman Terengganu Darul Iman	Malaysian	Company Director
Dato' Wan Zakariah Bin Haji Wan Muda *(Managing Director)*	54	Lot 4472, Jalan Beverly Ukay Heights 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Haji Mustaffa Bin Mohamad *(Executive Director)*	63	Lot 2890-1, Jalan 6/71B Pinggiran Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Dato' W Zulkifli Bin Haji W Muda *(Executive Director)*	52	No. 47, Jalan Puncak Setiawangsa 2 54000 Kuala Lumpur	Malaysian	Company Director
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Independent Non-Executive Director)*	65	No. 70, Jalan 6/5 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk (Prof.) A Rahman @ Omar Bin Abdullah *(Independent Non-Executive Director)*	69	No. 57, Jalan 1/1 Taman Melawati 53100 Kuala Lumpur	Malaysian	Company Director
Dato' Haji Ismail @ Mansor Bin Said *(Independent Non-Executive Director)*	65	No. 5, Lorong Mutiara 3 Taman Bukit Ampang 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Wan Ahmad Farid Bin Wan Salleh *(Independent Non-Executive Director)*	52	A-11-5, 11th Floor Tower A, NorthPoint Mid Valley City No. 1, Jalan Medan Syed Putra Utara 58200 Kuala Lumpur	Malaysian	Advocate & Solicitor

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Save as disclosed below, none of our Company's Directors have any direct and/or indirect shareholding in our Company as at the LPD.

	As at LPD				(I) After Rights Issue With Warrants[4]			
	No. of Shares				No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Raja Dato' Seri Aman Bin Raja Haji Ahmad	-	-	-	-	-	-	-	-
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	2,069,660	0.8	163,811,136[1]	59.5	3,621,905	0.8	286,669,488[1]	59.5
Dato' Wan Zakariah Bin Haji Wan Muda	2,351,096	0.9	-	-	4,114,418	0.9	-	-
Dato' Haji Mustaffa Bin Mohamad	1,937,148	0.7	1,050,000[2]	0.4	3,390,009	0.7	1,837,500[2]	0.4
Dato' W Zulkifli Bin Haji W Muda	3,697,696	1.3	-	-	6,470,968	1.3	-	-
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	-	-	-	-	-	-	-
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	1,200,000	0.4	-	-	2,100,000	0.4	-	-
Dato' Haji Ismail @ Mansor Bin Said	102	*	10,000[3]	*	179	*	17,500[3]	*
Dato' Wan Ahmad Farid Bin Wan Salleh	-	-	-	-	-	-	-	-

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

	(II) After (I) and assuming full conversion of Warrants[5]			
	No. of Shares			
	Direct	%	Indirect	%
Raja Dato' Seri Aman Bin Raja Haji Ahmad	-	-	-	-
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	4,398,028	0.8	348,098,664[1]	59.5
Dato' Wan Zakariah Bin Haji Wan Muda	4,996,079	0.9	-	-
Dato' Haji Mustaffa Bin Mohamad	4,116,440	0.7	2,231,250[2]	0.4
Dato' W Zulkifli Bin Haji W Muda	7,857,604	1.3	-	-
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	-	-	-
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	2,550,000	0.4	-	-
Dato' Haji Ismail @ Mansor Bin Said	217	*	21,250[3]	*
Dato' Wan Ahmad Farid Bin Wan Salleh	-	-	-	-

Notes:-

* *Negligible*

(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Zaki Holdings, spouse and children
(2) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse
(3) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through child
(4) Based on enlarged issued and paid-up share capital of 482,062,155 Shares
(5) Based on enlarged issued and paid-up share capital of 585,361,188 Shares

5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Our Company's subsidiaries, associated companies and jointly controlled entities as at the LPD are as follows:-

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
Subsidiaries of AZRB				
Ahmad Zaki Sdn Bhd	17.02.1982 Malaysia	2,000,012	100	Contractors of civil and structural construction works
Inter-Century Sdn Bhd	23.10.1991 Malaysia	1,000,002	100	Dealer of marine fuels and lubricants
Tadok Granite Manufacturing Sdn Bhd	19.06.1990 Malaysia	26,000	100	Dormant
AZRB International Ventures Sdn Bhd	12.04.2003 Malaysia	2	100	Investment holding
Trend Vista Development Sdn Bhd	17.05.2004 Malaysia	500,000	100	Dormant
P.T. Ichtiar Gusti Pudi	27.01.1994 Republic of Indonesia	IDR33,000,000,000	95	Oil palm cultivation
Ahmad Zaki Saudi Arabia Co Ltd	26.03.2006 Kingdom of Saudi Arabia	SAR50,500,000	100	Contractors of civil and structural construction works
Peninsular Medical Sdn Bhd	14.01.2011 Malaysia	10,000,000	100	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
AZRB Properties Sdn Bhd	9.10.2007 Malaysia	2	100	Dormant

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
EKVE Sdn Bhd	7.11.2007 Malaysia	5,000,000	100	Engaged in the business of construction, establishment, operation, maintenance and management of highway
Unggul Energy & Construction Sdn Bhd	27.05.2008 Malaysia	2	100	Dormant
Temala Development Sdn Bhd	24.06.2010 Malaysia	500,000	70	Property development
Betanaz Properties Sdn Bhd	16.07.2012 Malaysia	1,000	51	Property development
Peninsular Prokonsult Sdn Bhd	11.12.2012 Malaysia	2	100	Provision of project management and consultancy services
Subsidiary held through Inter-Century Sdn Bhd				
Astral Far East Sdn Bhd	25.11.1993 Malaysia	100,000	100	Dealer of lubricants and petroleum-based products
Subsidiaries held through Ahmad Zaki Sdn Bhd				
Kemaman Technology & Industrial Park Sdn Bhd	27.03.1992 Malaysia	4,785,000	60	Property development
AZSB Machineries Sdn Bhd	26.04.2004 Malaysia	4,500,002	100	Rental of machineries
Peninsular Precast Sdn Bhd	22.03.2012 Malaysia	100,000	80	Fabricating and marketing of Industrial Building Products and System (IBS) and to undertake any other activities relating to the development of IBS

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
Subsidiary held through AZRB International Ventures Sdn Bhd				
AZRB Construction (India) Pvt Ltd	18.06.2004 India	Rs100,000	100	Dormant
Associates held through Ahmad Zaki Sdn Bhd				
Fasatimur Sdn Bhd	22.05.1996 Malaysia	200,002	50	Dormant
Maxi Heritage Sdn Bhd	19.12.1996 Malaysia	50,000	20	General contractor
Jointly controlled entities of AZRB				
Peninsular IFM Sdn Bhd	13.09.2013 Malaysia	100,000	34	To provide integrated facilities management services
BumiHiway - Ahmad Zaki Joint Venture	Unincorporated	-	50	To undertake the contract for realignment of the route from Putrajaya to Cyberjaya, Selangor
Ahmad Zaki - Jasa Bakti Joint Venture	Unincorporated	-	70	To undertake the design and build of "Sekolah Menengah Sains Hulu Terengganu" in Terengganu

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6. PROFIT AND DIVIDEND RECORD

Our Group's audited consolidated financial statements for the three (3) FYEs 31 December 2010, 2011 and 2012 and the unaudited consolidated results of our Group for FYE 31 December 2013 are as follows:-

	← Audited	→		Unaudited
	FYE 31 December 2010 RM	FYE 31 December 2011 RM	FYE 31 December 2012 RM	FYE 31 December 2013 RM
Revenue	430,713,482	534,867,574	674,649,586	584,977,153
Cost of sales	(442,671,363)	(453,653,423)	(575,885,215)	(498,672,661)
(GL)/GP	(11,957,881)	81,214,151	98,764,371	86,304,492
Other operating income	9,484,518	1,042,160	1,027,038	4,401,929
Administrative and other operating expenses	(47,453,534)	(49,430,175)	(50,432,695)	(62,067,113)
Results from operating activities	(49,926,897)	32,826,136	49,358,714	28,639,308
Finance income	2,338,540	2,728,088	1,946,763	2,551,204
Finance costs	(12,430,618)	(11,123,376)	(13,529,167)	(14,387,969)
Share of profit of joint ventures	245,424	-	-	-
Share of results of equity-accounted investees	9,859,241	(2,044)	(1,541)	-
(LBT)/PBT	(49,914,310)	24,428,804	37,774,769	16,802,543
Tax expense	(11,451,057)	(11,821,103)	(19,187,690)	(11,119,228)
(LAT)/PAT	(61,365,367)	12,607,701	18,587,079	5,683,315
Attributable to:				
Equity holders of our Company	(61,630,104)	11,859,790	18,678,564	5,689,283
Non-controlling interests	264,737	747,911	(91,485)	(5,968)
	(61,365,367)	12,607,701	18,587,079	5,683,315
EBITDA	(30,841,377)	41,914,605	64,825,305	47,514,423
GP margin (%)	(2.78)	15.18	14.64	14.75
Net profit / (loss) margin (%)	(14.25)	2.36	2.76	0.97
Weighted average number of shares in issue	276,682,345	276,763,442	276,880,222	276,942,190
Earnings / (Loss) per Share attributable to owners of the Company -Basic (sen)	(22.27)	4.29	6.75	2.05
-Diluted (sen)	-	4.28	-	-
Dividend per Share, net of tax (sen)	2.63	1.88	-	1.50

Commentary:-

FYE 31 December 2010 (Audited)

Revenue for FYE 31 December 2010 was at RM430.7 million, RM28.7 million or approximately 6.2% lower than that of FYE 31 December 2009 which was at RM459.4 million. The Group posted a LBT of RM49.9 million for FYE 31 December 2010, a decrease of RM82.3 million or approximately 254.0% compared to FYE 31 December 2009 which recorded a PBT of RM32.4 million.

The loss suffered by the Group in FYE 31 December 2010 was largely due to the Group writing off excess cost associated with its Al-Faisal University Project ("**AFU Project**") amounting to RM93.6 million in FYE 31 December 2010. AZRB subsequently initiated arbitration proceedings against the King Faisal Foundation and Al-Faisal University for breach of contract. The details of which are set out in Appendix VII Section 4(b).

FYE 31 December 2011 (Audited)

The Group recorded revenue of RM534.9 million for the FYE 31 December 2011, an increase in revenue by approximately 24.2% as compared to FYE 31 December 2010. The financial year's profits were contributed almost equally by its construction and oil and gas divisions. Its construction division continued to generate higher revenue owing to the higher number of projects executed during the year. Despite the higher volume of work done, the margins were affected by higher construction costs.

FYE 31 December 2012 (Audited)

The Group recorded revenue of RM674.6 million, an increase of RM139.8 million or approximately 26.1% compared to FYE 31 December 2011. The Group posted a PBT of RM37.8 million for FYE 31 December 2012, an increase of RM13.3 million or approximately 54.6% compared to FYE 31 December 2011 while PAT increased by RM6.0 million or approximately 47.4%. This improvement was largely due to increased revenue in construction division. During FYE 31 December 2012, most of its on-going construction projects are at its highest construction momentum and as such, the Group is able to recognise substantial profits based on high construction progress. Revenue from the oil and gas division also increased by RM15.5 million year on year to RM69.5 million as a result of higher volume of diesel sales as well as throughput direct bunkering activities.

FYE 31 December 2013 (Unaudited)

The Group recorded revenue of RM585.0 million, a decrease by RM89.7 million or approximately 13.3% compared to FYE 31 December 2012 mainly attributable to lower revenue derived from Construction Division. The Group's PBT also decreased by RM21.0 million or approximately 55.5% compared to FYE 31 December 2012, to RM16.8 million mainly due to losses from Plantation Division amounting to RM25.9 million mainly attributed to higher amortisation over a larger matured area and rehabilitation exercise on its existing matured area and additional financing expenses incurred. The lower PBT was also due to further write-off of non-recoverable receivables in relation to the AFU project. The receivables balance pertaining to the AFU project consisted of the performance bond and advance payment bond that were seized by the client of which AZRB successfully took them to arbitration. In the arbitration award, the arbitrator awarded AZRB the total amount of bonds that were seized less RM5.8mil, being the advance payment return not recouped by the client. The Group is in the midst of enforcing the award.. Nevertheless, the oil and gas division showed higher PBT. As a result, PAT was lower by RM12.9million or approximately 69.4% from FYE 31 December 2012.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of our Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

	High	Low
	(RM)	(RM)
2013		
February	0.78	0.665
March	0.825	0.695
April	0.765	0.685
May	0.94	0.675
June	0.89	0.775
July	1.14	0.815
August	1.10	0.82
September	0.995	0.85
October	1.06	0.93
November	1.00	0.93
December	0.945	0.90
2014		
January	0.95	0.805
February	0.86	0.805

Last transacted market price on 13 January 2014, being the last Market Day immediately prior to the announcement of the Proposals	0.925
Last transacted market price on 28 February 2014, being the LPD	0.835
The last transacted market price for our Shares on 26 March 2014, being the Market Day immediately prior to the ex-rights date for the Rights Issue With Warrants	0.697

(Source: Bloomberg (Malaysia) Sdn Bhd)

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KPMG

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The Board of Directors
Ahmad Zaki Resources Berhad
Menara AZRB
No 71, Persiaran Gurney
54000 Kuala Lumpur

24 March 2014

Dear Sirs

Ahmad Zaki Resources Berhad
Report on the compilation of the pro forma consolidated statements of financial position as at 31 December 2012

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position as at 31 December 2012 of Ahmad Zaki Resources Berhad ("AZRB" or the "Company") and its subsidiaries (collectively defined as "AZRB Group") by the Board of Directors of the Company. The pro forma consolidated statements of financial position as at 31 December 2012, together with the accompanying notes, is set out in Appendix I, for which we have stamped for the purposes of identification. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma consolidated statements of financial position are specified in the Securities Commission Malaysia's *Prospectus Guidelines* ("Guidelines") and as described in Note 1 of Appendix I.

The pro forma consolidated statements of financial position have been compiled by the Board of Directors of the Company to illustrate the impact of the following corporate exercise on AZRB Group's financial position as at 31 December 2012, as if the exercise event had taken place at 31 December 2012:-

(i) the proposed reduction of the issued and paid-up share capital of AZRB via the cancellation of RM0.25 of the par value of each existing ordinary share of RM0.50 each in AZRB ("Proposed Par Value Reduction"); and,

(ii) the proposed renounceable rights issue of up to 206,598,066 new ordinary shares of RM0.25 each in the Company ("AZRB Shares") ("Rights Shares") together with up to 103,299,033 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of six (6) Rights Shares together with three (3) free Warrants for every eight (8) existing AZRB Shares held after the implementation of the Proposed Par Value Reduction ("Proposed Rights Issue With Warrants").

(Collectively referred to as the "Proposals")

As part of this process, information about the AZRB Group's financial position has been extracted by the Board of Directors of the Company from the financial statements of AZRB Group for the year ended 31 December 2012, on which an audit report has been published.

Directors' responsibility for the pro forma consolidated statements of financial position

The Board of Directors of the Company is responsible for compiling the pro forma consolidated statements of financial position on the basis described in Note 1 of Appendix I.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Guidelines, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Board of Directors of the Company on the basis described in Note 1 of Appendix I.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in Note 1 of Appendix I.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Abridged Prospectus to be dated 31 March 2014 is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of AZRB Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

KPMG

Ahmad Zaki Resources Berhad
Report on the compilation of the pro forma consolidated statements of financial position as at 31 December 2012
24 March 2014

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

Opinion

In our opinion,

(a) the pro forma consolidated statements of financial position have been properly compiled, in all material respects, in accordance with the basis as stated in Note 1 of Appendix I using financial statements prepared in accordance with Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Company; and

(b) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

Other Matters

This letter has been prepared at your request for inclusion in the Abridged Prospectus in connection with the Proposals. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully

KPMG

KPMG
Firm No. AF 0758
Chartered Accountants

Johan Idris
Approval Number: 2585/10/14(J)
Chartered Accountant

Appendix I

AHMAD ZAKI RESOURCES BERHAD ("AZRB" or the "Company") AND ITS SUBSIDIARIES ("AZRB GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

The pro forma consolidated statements of financial position of AZRB as at 31 December 2012 as set out below have been prepared solely for illustrative purposes only and to show the effects of the transactions referred to in the notes:

	Note	Audited as at 31 December 2012 RM	Pro forma I After Proposed Par Value Reduction RM	Pro forma II After Pro forma I and Proposed Rights Issue with Warrants RM	Pro forma III After Pro forma II and assuming full exercise of the Warrants RM
Assets					
Property, plant and equipment		86,113,177	86,113,177	86,113,177	86,113,177
Prepaid lease payments		9,190,342	9,190,342	9,190,342	9,190,342
Land held for development		8,657,433	8,657,433	8,657,433	8,657,433
Biological assets		125,585,877	125,585,877	125,585,877	125,585,877
Investment property		18,000,000	18,000,000	18,000,000	18,000,000
Intangible assets		5,002,546	5,002,546	5,002,546	5,002,546
Goodwill		3,747,557	3,747,557	3,747,557	3,747,557
Investments in associates		159,115	159,115	159,115	159,115
Interests in joint ventures		(288,352)	(288,352)	(288,352)	(288,352)
Available-for-sale investments		115,500	115,500	115,500	115,500
Deferred tax assets		2,976,412	2,976,412	2,976,412	2,976,412
Trade and other receivables		8,722,322	8,722,322	8,722,322	8,722,322
Total non-current assets		267,981,929	267,981,929	267,981,929	267,981,929
Inventories		14,654,961	14,654,961	14,654,961	14,654,961
Property development costs		8,823,623	8,823,623	8,823,623	8,823,623
Current tax assets		4,899,797	4,899,797	4,899,797	4,899,797
Trade and other receivables		330,080,809	330,080,809	330,080,809	330,080,809
Cash and cash equivalents	3	98,101,075	98,101,075	184,600,108	256,909,431
Total current assets		456,560,265	456,560,265	543,059,298	615,368,621
Total assets		724,542,194	724,542,194	811,041,227	883,350,550

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Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

	Note	Audited as at 31 December 2012 RM	Pro forma I After Proposed Par Value Reduction RM	Pro forma II After Pro forma I and Proposed Rights Issue with Warrants RM	Pro forma III After Pro forma II and assuming full exercise of the Warrants RM
Equity					
Share capital	4	138,471,095	69,235,548	120,885,065	146,709,823
Reserves	5	69,232,762	138,468,309	188,317,825	234,802,390
Equity attributable to owners of the Company [(a)]		207,703,857	207,703,857	309,202,890	381,512,213
Non-controlling interests		5,345,872	5,345,872	5,345,872	5,345,872
Total equity		213,049,729	213,049,729	314,548,762	386,858,085
Liabilities					
Loans and borrowings		145,959,332	145,959,332	145,959,332	145,959,332
Deferred tax liabilities		13,460,425	13,460,425	13,460,425	13,460,425
Total non-current liabilities		159,419,757	159,419,757	159,419,757	159,419,757
Loans and borrowings	6	39,484,173	39,484,173	24,484,173	24,484,173
Trade and other payables		304,052,901	304,052,901	304,052,901	304,052,901
Current tax liabilities		8,535,634	8,535,634	8,535,634	8,535,634
Total current liabilities		352,072,708	352,072,708	337,072,708	337,072,708
Total liabilities		511,492,465	511,492,465	496,492,465	496,492,465
Total equity and liabilities		724,542,194	724,542,194	811,041,227	883,350,550
No. of AZRB Shares		276,942,189	276,942,189	483,540,255	586,839,288
Net Assets per AZRB Share (RM)		0.75	0.75	0.64	0.65
Gearing ratio (times) [(b)]		0.89	0.89	0.55	0.45

Note:-

(a) Net Assets is defined as equity attributable to owners of the Company.
(b) Gearing ratio is calculated on total loans and borrowings divided by net assets.

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AHMAD ZAKI RESOURCES BERHAD ("AZRB" or the "Company") AND ITS SUBSIDIARIES ("AZRB GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. Basis of preparation

The pro forma consolidated statements of financial position of AZRB Group as at 31 December 2012 are based on the audited financial statements of AZRB Group for the year ended 31 December 2012, which were prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The accounting policies, basis and assumptions used in the preparation of the pro forma consolidated statements of financial position are consistent with those adopted by AZRB Group in the preparation of their audited financial statements for the year ended 31 December 2012.

The pro forma consolidated statements of financial position do not include the effects of the adoption of Financial Reporting Standards issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on 1 January 2013.

The pro forma consolidated statements of financial position are presented based on the assumption that none of the AZRB treasury shares held by the Company are sold in the open market and all of the Warrants are exercised.

2. Pro forma consolidated statements of financial position as at 31 December 2012

The pro forma consolidated statements of financial position are for illustrative purposes only and to incorporate the following transactions as though they were effected on 31 December 2012:

A. Pro forma I incorporates:

The proposed reduction of the issued and paid-up share capital of AZRB via the cancellation of RM0.25 of the par value of each existing ordinary share of RM0.50 each in AZRB.

B. Pro forma II incorporates effects of Pro forma I and the Proposed Rights Issue with Warrants:

The proposed renounceable rights issue of up to 206,598,066 new ordinary shares of RM0.25 each in the Company ("AZRB Shares") ("Rights Shares") together with up to 103,299,033 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of six (6) Rights Shares together with three (3) free Warrants for every eight (8) existing AZRB Shares held after the implementation of the Proposed Par Value Reduction. The fair value of the Warrants is estimated to be at RM0.20 each.

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Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

2. Pro forma consolidated statements of financial position as at 31 December 2012 (continued)

B. Pro forma II incorporates effects of Pro forma I and the Proposed Rights Issue with Warrants: (continued)

The total gross proceed of RM103.30 million is assumed to be utilised as follows:

(a) RM74.45 million for the funding of projects;
(b) RM15.00 million for the repayment of bank borrowings;
(c) RM12.05 million for working capital purposes; and
(d) RM1.80 million to defray the estimated expenses relating to the Proposals.

The estimated expenses in relation to the Proposals will be debited to "Share Premium" account.

C. Pro forma III incorporates effects of Pro forma II and Exercise of Warrants:

Assuming full exercise of 103,299,033 free detachable Warrants at an exercise price of RM0.70 each.

3. Movement in cash and cash equivalents

	RM
Audited balance at 31 December 2012/Pro forma I	98,101,075
Effects of Pro forma II	
- Proceeds from issuance of new AZRB Shares via Proposed Rights Issue with Warrants	103,299,033
- Repayment of loans and borrowings	(15,000,000)
- Payment of estimated expenses relating to the Proposals	(1,800,000)
Pro forma II	184,600,108
Effect of Pro forma III	
- Issuance of new AZRB Shares via exercise of Warrants	72,309,323
Pro forma III	256,909,431

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Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

4. Movement in share capital

	RM
Audited balance at 31 December 2012	138,471,095
Effect of Pro forma I	
- Cancellation of RM0.25 of the par value of each existing AZRB ordinary shares	(69,235,547)
Pro forma I	69,235,548
Effect of Pro forma II	
- Issuance of new AZRB Shares via Proposed Rights Issue with Warrants	51,649,517
Pro forma II	120,885,065
Effect of pro forma III	
- Issuance of new AZRB Shares via exercise of Warrants	25,824,758
Pro forma III	146,709,823

5. Movement in reserves

	RM
Audited balance at 31 December 2012	69,232,762
Effect of Pro forma I	
- Cancellation of RM0.25 of the par value of each existing AZRB ordinary shares	69,235,547
Pro forma I	138,468,309
Effects of Pro forma II	
- Issuance of new AZRB Shares via Proposed Rights Issue with Warrants	51,649,516
- Payment of estimated expenses relating to the Proposals	(1,800,000)
Pro forma II	188,317,825
Effect of Pro forma III	
- Issuance of new AZRB Shares via exercise of Warrants	46,484,565
Pro forma III	234,802,390

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

6. Movement in loans and borrowings - current

	RM
Audited balance at 31 December 2012/Pro forma I	39,484,173
Effect of Pro forma II	
- Repayment of loans and borrowings	(15,000,000)
Pro forma II/Pro forma III	24,484,173

KPMG Stamped For Identification Purposes only PETALING JAYA

Ahmad Zaki Resources Berhad

(Company No. 432768-X)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2012

Ahmad Zaki Resources Berhad
(Company No. 432768-X)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2012

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 2012.

Principal activities

The Company is principally engaged in investment holding, providing management services and as contractors of civil and structural works, whilst the principal activities of the subsidiaries are as stated in Note 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 for the year attributable to:		
Owners of the Company	18,678,564	10,391,260
Non-controlling interests	(91,485)	-
	18,587,079	10,391,260

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.

Dividend

No dividend was paid during the financial year and the Directors do not recommend the payment of any dividend for the financial year under review.

Directors of the Company

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

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

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:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2012	**Bought**	**(Sold)**	**At 31.12.2012**
Direct interest in the Company:				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	2,066,760	-	-	2,066,760
Dato' Wan Zakariah bin Haji Wan Muda	2,101,096	-	-	2,101,096
Dato' Haji Mustaffa bin Mohamad	2,177,148	-	(240,000)	1,937,148
Dato' W Zulkifli bin Haji W Muda	2,552,696	90,000	-	2,642,696
Datuk (Prof.) A Rahman @ Omar Bin Abdullah	1,200,000	-	-	1,200,000
Dato' Haji Ismail @ Mansor bin Said	102	-	-	102
Indirect interest in the Company:				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	163,061,136	-	-	163,061,136
Dato' Haji Mustaffa bin Mohamad**	1,050,000	-	-	1,050,000
Dato' Haji Ismail @ Mansor bin Said**	10,000	-	-	10,000

	Number of ordinary shares of RM1.00 each			
	At 1.1.2012	**Bought**	**(Sold)**	**At 31.12.2012**
Direct interest in the ultimate holding company:				
Dato' Sri Haji Wan Zaki bin Haji Wan Muda	500,001	-	-	500,001
Dato' Wan Zakariah bin Haji Wan Muda	100,000	-	-	100,000
Dato' W Zulkifli bin Haji W Muda	100,000	-	-	100,000

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

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

None of the other Directors holding office at 31 December 2012 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 38 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 apart from the Employees Share Option Scheme.

Issue of shares and debentures

During the financial year, the Company issued 178,747 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at a weighted average exercise price of RM0.56 per ordinary share.

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

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

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

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

Options granted over unissued shares (continued)

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

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

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

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

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

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

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

		Number of options over ordinary shares of RM0.50 each				
Date of offer	**Exercise price**	**At 1.1.2012**	**Granted**	**(Exercised)**	**(Lapsed)**	**At 31.12.2012**
26 July 2002	RM0.56	320,173	-	(178,747)	(141,426)	-

ESOS options lapsed due to expiry of ESOS on 25 July 2012.

Treasury shares

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

As at 31 December 2012, the Company held as treasury shares a total of 1,478,100 of its 276,942,189 issued and paid-up ordinary shares. Such treasury shares are held at carrying amount of RM1,025,787 and further relevant details are disclosed in Note 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) all known bad debts have been written off and adequate provision made for doubtful debts, and

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

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

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

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

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

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

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

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

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

Other statutory information (continued)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 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 KPMG, have indicated their willingness to accept re-appointment.

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

....

Raja Dato' Seri Aman bin Raja Haji Ahmad

....

Dato' Wan Zakariah bin Haji Wan Muda

Kuala Lumpur

Date: 26 April 2013

Ahmad Zaki Resources Berhad

(Company No. 432768-X)
(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 December 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Assets					
Property, plant and equipment	3	86,113,177	64,655,721	2,413,563	2,256,325
Prepaid lease payments	4	9,190,342	9,904,474	-	-
Land held for development	5	8,657,433	-	-	-
Biological assets	6	125,585,877	120,766,265	-	-
Investment property	7	18,000,000	18,500,000	-	-
Intangible assets	8	5,002,546	-	-	-
Goodwill	9	3,747,557	3,744,605	-	-
Investments in subsidiaries	10	-	-	97,536,689	82,461,179
Investments in associates	11	159,115	160,656	-	-
Interests in joint ventures	12	(288,352)	(288,352)	-	-
Available-for-sale investments	13	115,500	115,500	68,000	68,000
Deferred tax assets	21	2,976,412	-	-	-
Trade and other receivables	14	8,722,322	-	-	-
Total non-current assets		267,981,929	217,558,869	100,018,252	84,785,504
Inventories	15	14,654,961	9,951,810	-	-
Property development costs	16	8,823,623	6,279,038	-	-
Current tax assets		4,899,797	5,843,289	11,117,852	5,132,787
Trade and other receivables	14	330,080,809	309,099,188	247,897,181	215,753,787
Cash and cash equivalents	17	98,101,075	116,196,724	3,995,049	13,598,492
Total current assets		456,560,265	447,370,049	263,010,082	234,485,066
Total assets		724,542,194	664,928,918	363,028,334	319,270,570

Statements of financial position as at 31 December 2012 (continued)

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Equity					
Share capital	18	138,471,095	138,381,722	138,471,095	138,381,722
Reserves	19	69,232,762	52,991,448	(62,250,938)	(72,733,650)
Equity attributable to owners of the Company		207,703,857	191,373,170	76,220,157	65,648,072
Non-controlling interests		5,345,872	5,903,135	-	-
Total equity		213,049,729	197,276,305	76,220,157	65,648,072
Liabilities					
Loans and borrowings	20	145,959,332	107,138,275	1,414,774	1,344,174
Deferred tax liabilities	21	13,460,425	8,014,475	4,613,348	4,546,169
Total non-current liabilities		159,419,757	115,152,750	6,028,122	5,890,343
Loans and borrowings	20	39,484,173	46,325,406	608,583	568,740
Trade and other payables	22	304,052,901	301,087,583	280,171,472	247,163,415
Current tax liabilities		8,535,634	5,086,874	-	-
Total current liabilities		352,072,708	352,499,863	280,780,055	247,732,155
Total liabilities		511,492,465	467,652,613	286,808,177	253,622,498
Total equity and liabilities		724,542,194	664,928,918	363,028,334	319,270,570

The notes on pages 18 to 95 are an integral part of these financial statements.

Ahmad Zaki Resources Berhad

(Company No. 432768-X)
(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2012

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Revenue	23	674,649,586	534,867,574	31,099,167	56,733,079
Cost of sales	24	(575,885,215)	(453,653,423)	(3,574,448)	(25,328,466)
Gross profit		98,764,371	81,214,151	27,524,719	31,404,613
Other operating income		1,027,038	1,042,160	52,000	-
Administrative expenses		(43,086,796)	(44,187,022)	(11,492,089)	(11,680,469)
Other operating expenses		(7,345,899)	(5,243,153)	(787,337)	(139,306)
Results from operating activities		49,358,714	32,826,136	15,297,293	19,584,838
Finance income	25	1,946,763	2,728,088	84,451	283,700
Finance costs	26	(13,529,167)	(11,123,376)	(4,739,096)	(7,054,876)
Net finance costs		(11,582,404)	(8,395,288)	(4,654,645)	(6,771,176)
Share of loss of equity-accounted investees, net of tax		(1,541)	(2,044)	-	-
Profit before tax	27	37,774,769	24,428,804	10,642,648	12,813,662
Income tax expense	29	(19,187,690)	(11,821,103)	(251,388)	(6,704,635)
Profit for the year		18,587,079	12,607,701	10,391,260	6,109,027
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(2,488,778)	3,182,211	80,726	181,522
Total other comprehensive (loss)/income for the year		(2,488,778)	3,182,211	80,726	181,522
Total comprehensive income for the year		16,098,301	15,789,912	10,471,986	6,290,549

Statements of profit or loss and other comprehensive income for the year ended 31 December 2012 (continued)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Profit attributable to:					
Owners of the Company		18,678,564	11,859,790	10,391,260	6,109,027
Non-controlling interests		(91,485)	747,911	-	-
Profit for the year		18,587,079	12,607,701	10,391,260	6,109,027
Total comprehensive income attributable to:					
Owners of the Company		16,230,588	15,041,488	10,471,986	6,290,549
Non-controlling interests		(132,287)	748,424	-	-
Total comprehensive income for the year		16,098,301	15,789,912	10,471,986	6,290,549
Basic earnings per ordinary share (sen)	30	6.75	4.29		
Diluted earnings per ordinary share (sen)	30	-	4.28		

The notes on pages 18 to 95 are an integral part of these financial statements.

Ahmad Zaki Resources Berhad
(Company No. 432768-X)
(Incorporated in Malaysia)
and its subsidiaries

Statements of changes in equity for the year ended 31 December 2012

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

Statements of changes in equity for the year ended 31 December 2012 (continued)

Group	Note	Share capital RM	Share premium RM	Capital reserve RM	Foreign exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company								
		Non-distributable					Distributable			
At 1 January 2012		138,381,722	13,910	-	1,165,886	(1,025,787)	52,837,439	191,373,170	5,903,135	197,276,305
Foreign currency translation differences for foreign operations		-	-	-	(2,447,976)	-	-	(2,447,976)	(40,802)	(2,488,778)
Total other comprehensive loss for the year		-	-	-	(2,447,976)	-	-	(2,447,976)	(40,802)	(2,488,778)
Profit for the year		-	-	-	-	-	18,678,564	18,678,564	(91,485)	18,587,079
Total comprehensive income for the year		-	-	-	(2,447,976)	-	18,678,564	16,230,588	(132,287)	16,098,301
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	149,224	149,224
Dividend paid by subsidiary		-	-	-	-	-	-	-	(574,200)	(574,200)
Total transactions with non controlling interests		-	-	-	-	-	-	-	(424,976)	(424,976)
Share-based payment transactions		89,373	-	-	-	-	-	89,373	-	89,373
Total contribution from/distribution to owners of the Company		89,373	-	-	-	-	-	89,373	-	89,373
Transfer to share premium for share options exercised		-	10,726	-	-	-	-	10,726	-	10,726
At 31 December 2012		138,471,095	24,636	-	(1,282,090)	(1,025,787)	71,516,003	207,703,857	5,345,872	213,049,729

Statements of changes in equity for the year ended 31 December 2012 (continued)

Company	Note	Share capital RM	Share premium RM	Foreign exchange translation reserve RM	Treasury shares RM	(Accumulated losses) RM	Total equity RM
		Attributable to owners of the Company					
		Non-distributable					
At 1 January 2011		138,347,702	9,828	56,479	(1,025,787)	(72,907,191)	64,481,031
Foreign currency translation differences for foreign operations		-	-	181,522	-	-	181,522
Total other comprehensive income for the year		-	-	181,522	-	-	181,522
Profit for the year		-	-	-	-	6,109,027	6,109,027
Total comprehensive income for the year		-	-	181,522	-	6,109,027	6,290,549
Share-based payment transactions		34,020	-	-	-	-	34,020
Dividends to owners of the Company	31	-	-	-	-	(5,161,610)	(5,161,610)
Total contribution from/distribution to owners of the Company		34,020	-	-	-	(5,161,610)	(5,127,590)
Transfer to share premium for share options exercised		-	4,082	-	-	-	4,082
At 31 December 2011/1 January 2012		138,381,722	13,910	238,001	(1,025,787)	(71,959,774)	65,648,072
Foreign currency translation differences for foreign operations		-	-	80,726	-	-	80,726
Total other comprehensive income for the year		-	-	80,726	-	-	80,726
Profit for the year		-	-	-	-	10,391,260	10,391,260
Total comprehensive income for the year		-	-	80,726	-	10,391,260	10,471,986
Share-based payment transactions		89,373	-	-	-	-	89,373
Total contribution from/distribution to owners of the Company		89,373	-	-	-	-	89,373
Transfer to share premium for share options exercised		-	10,726	-	-	-	10,726
At 31 December 2012		138,471,095	24,636	318,727	(1,025,787)	(61,568,514)	76,220,157

The notes on pages 18 to 95 are an integral part of these financial statements.

Ahmad Zaki Resources Berhad
(Company No. 432768-X)
(Incorporated in Malaysia)
and its subsidiaries

Statements of cash flows for the year ended 31 December 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit before tax		37,774,769	24,428,804	10,642,648	12,813,662
Adjustments for:-					
Amortisation of prepaid lease payments		205,540	6,945	-	-
Depreciation of property, plant and equipment		9,913,158	8,590,697	762,653	795,821
Amortisation of biological assets		5,349,434	492,871	-	-
Bad debts written off		26,733	1,755,835	-	-
Property, plant and equipment written off		10,845	-	-	-
Interest expense	26	9,385,557	8,726,665	4,738,407	7,054,876
Loss/(Gain) on foreign exchange - unrealised		411,834	(23,285)	411,848	(24,592)
Change in fair value of investment property		500,000	-	-	-
Dividend income		(3,900)	-	(25,000,110)	(28,000,120)
(Gain)/Loss on disposal of property, plant and equipment - net		(423,317)	(1,027,495)	(52,000)	21,680
Interest income	25	(1,946,763)	(2,728,088)	(84,451)	(283,700)
Share of loss of equity-accounted investees, net of tax		1,541	2,044	-	-
Operating profit/(loss) before working capital changes		61,205,431	40,224,993	(8,581,005)	(7,622,373)
Changes in working capital:					
Increase in inventories		(4,703,151)	(3,449,005)	-	-
(Increase)/Decrease in amount due from contract customers		(29,576,587)	(34,618,608)	(3,897,907)	1,489,025
Increase in property development expenditures		(2,544,585)	(1,150,489)	-	-
Increase in intangible asset		(5,002,546)	-	-	-
Decrease in amount due to contract customers		(2,089,640)	(15,470,441)	-	-
(Increase)/Decrease in trade and other receivables		(89,452)	5,072,553	9,203,753	(2,878,292)
Increase in trade and other payables		3,832,613	6,119,690	40,896	2,450,475
Cash generated from/(used in) operations		**21,032,083**	**(3,271,307)**	**(3,234,263)**	**(6,561,165)**

Statements of cash flows for the year ended 31 December 2012(continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Cash generated from/(used in) operations (continued)		**21,032,083**	(3,271,307)	(3,234,263)	(6,561,165)
Interest paid		(8,632,807)	(9,969,869)	(4,738,407)	(8,376,016)
Interest received		1,613,139	2,852,808	81,409	408,420
Income tax paid		(12,476,696)	(12,976,174)	(6,169,274)	(6,729,975)
Net cash from/(used in) operating activities		1,535,719	(23,364,542)	(14,060,535)	(21,258,736)
Cash flows from investing activities					
Effect of acquisition of subsidiaries, net of cash received	39	150,489	-	(350,512)	(275,000)
Proceeds from disposal of investment in associate		-	51,541,043	-	51,541,043
Dividend received		3,900	-	-	28,000,120
New planting expenditure incurred		(9,907,216)	(14,199,782)	-	-
Purchase of land held for development	5	(8,657,433)	-	-	-
Increase of investments in subsidiaries	10	-	-	(14,724,998)	-
Proceeds from disposal of property, plant and equipment		484,662	3,202,968	52,000	120,000
Acquisition of property, plant and equipment	(i)	(26,438,551)	(17,600,461)	(219,926)	(29,936)
Net cash (used in)/from investing activities		(44,364,149)	22,943,768	(15,243,436)	79,356,227
Cash flows from financing activities					
(Repayments to)/Advances from holding company		(241,686)	(160,024)	1,276	(25,364)
Advances from/(Repayments to) affiliated companies		181,419	851	24	(12)
Advances from subsidiaries		-	-	20,107,917	36,782,806
Decrease/(Increase) in pledged fixed deposits		3,342,062	(5,766,059)	(65,764)	36,674
Dividend paid	31	-	(5,161,610)	-	(5,161,610)
Dividend paid by subsidiary		(191,400)	-	-	-
Repayments of finance lease liabilities		(5,505,456)	(5,187,741)	(589,557)	(668,160)
Proceeds from drawdown of loans and borrowings		67,231,578	129,393,907	-	-
Repayments of loans and borrowings		(39,866,820)	(133,470,962)	-	(80,020,000)
Proceeds from issuance of shares		100,099	38,102	100,099	38,102
Net cash from/(used in) financing activities		25,049,796	(20,313,536)	19,553,995	(49,017,564)
Net (decrease)/increase in cash and cash equivalents		(17,778,634)	(20,734,310)	(9,749,976)	9,079,927
Effects of exchange rate fluctuations on cash held		(1,565,275)	2,932,157	80,769	181,717
Cash and cash equivalents at beginning of the year		35,290,862	53,093,015	10,842,672	1,581,028
Cash and cash equivalents at end of the year	(ii)	15,946,953	35,290,862	1,173,465	10,842,672

Statements of cash flows for the year ended 31 December 2012 (continued)

(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 RM31,968,751 (2011: RM22,743,191) and RM919,926 (2011: RM269,936) respectively, which were satisfied as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Finance lease liabilities	5,530,200	5,142,730	700,000	240,000
Cash payments	26,438,551	17,600,461	219,926	29,936
	31,968,751	22,743,191	919,926	269,936

(ii) ***Cash and cash equivalents***

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

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Deposits placed with licensed banks	17	70,153,424	87,516,239	2,826,590	6,619,248
Cash and bank balances	17	27,947,651	28,680,485	1,168,459	6,979,244
		98,101,075	116,196,724	3,995,049	13,598,492
Less: Bank overdrafts	20	(19,310,739)	(14,720,417)	-	-
Pledged deposits	17	(62,843,383)	(66,185,445)	(2,821,584)	(2,755,820)
		15,946,953	35,290,862	1,173,465	10,842,672

The notes on pages 18 to 95 are an integral part of these financial statements.

Ahmad Zaki Resources Berhad

(Company No. 432768-X)
(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

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

Principal place of business
Menara AZRB
No. 71, Persiaran Jalan Gurney
54000 Kuala Lumpur

Registered office
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and jointly-controlled assets and operations. The financial statements of the Company as at and for the year ended 31 December 2012 do not include other entities.

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

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

These financial statements were authorised for issue by the Board of Directors on 26 April 2013.

1. Basis of preparation

(a) Statement of compliance

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Company has early adopted the amendments to FRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to FRS 101 has no impact on the financial statements other than the presentation format of the statements of profit or loss and other comprehensive income.

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

An entity subject to the application of MFRS 141 and/or IC Interpretation 15, and the entity that consolidates or equity accounts the first-mentioned entity, may continue to apply FRSs as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities, also known as transitioning entities, shall comply with the MFRS framework for annual periods beginning on or after 1 January 2014. The Group is a transitioning entity.

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted as these are not yet effective for the Group and the Company:

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

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

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

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

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

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

The Group and the Company will be migrating to the MFRS framework with effect from 1 January 2014 and will not be adopting the FRS standards, amendments and interpretations listed above that are effective for annual periods beginning on or after 1 January 2014.

The Group plans to apply the abovementioned standards, amendments or that are effective for annual periods beginning on 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group, from the annual period beginning on 1 January 2013.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Potential impacts of initial application of those FRS standard, an amendment or an interpretation, which will be applied retrospectively, are discussed below:

(i) FRS 10, *Consolidated Financial Statements*

FRS 10 introduces a new single control model to determine which investees should be consolidated. FRS 10 supersedes FRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation – Special Purpose Entities*. There are three elements to the definition of control in FRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

(ii) FRS 11, *Joint Arrangements*

FRS 11 establishes the principles for classification and accounting for joint arrangements and supersedes FRS 131, *Interests in Joint Ventures*. Under FRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

(iii) Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

The amendments to FRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

The Group is in the midst of assessing the potential impacts arising from the adoption of the aforesaid standards and amendments.

The initial application of the other FRS standards, amendments and interpretations is not expected to have any material financial impact on the financial statements of the Group.

1. Basis of preparation (continued)

(b) Basis of measurement

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

As at 31 December 2012, the Company's current liabilities exceeded its current assets by RM17,769,973 arising from amount due to subsidiaries. The Directors believe that the Group has the ability to provide the necessary liquidity to enable the Company to meet its obligations as and when they fall due.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 2(h)(ii) - valuation of investment property
- Note 2(n) - impairment of financial and other assets
- Note 2(r)(ii) - revenue

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. The accounting policies adopted during the year are Notes 2(e)(i) As lessor, 2(f) and 2(i)(i).

2. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Accounting for business combinations

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

From 1 January 2011, the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy was applied prospectively in accordance with the transitional provisions provided by the standard.

Acquisitions on or after 1 January 2011

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

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions on or after 1 January 2011 **(continued)**

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

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

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

Acquisitions between 1 January 2006 and 1 January 2011

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

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

Acquisitions prior to 1 January 2006

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

(iii) Associates

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Associates (continued)

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

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

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

(iv) Joint ventures

(i) Jointly-controlled entities

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

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Joint ventures (continued)

(i) Jointly-controlled entities (continued)

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

(ii) Jointly-controlled operation and assets

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

(v) Non-controlling interests

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

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

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

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 (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial asset **(continued)**

(b) Available-for-sale financial assets **(continued)**

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.

(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 (continued)

(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.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each 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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

• 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, and adjusted as appropriate at the end of the reporting period.

(e) Leased assets

(i) Finance leases

As lessee

Leases in terms of which the Group or the Company assumes 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.

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.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance leases (continued)

As lessor (continued)

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 leases

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. 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 Group's normal operating cycle of between two (2) to three (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 normal operating cycle of between two (2) to three (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 (continued)

(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, 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.

2. Significant accounting policies (continued)

(h) Investment property (continued)

(ii) Determination of fair value (continued)

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

(i) Intangible assets

(i) Concession asset

Concession asset comprising costs incurred in connection with 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 carrying amount, only when it is probable that future economic benefits associated with these costs will flow to the Group and the costs can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

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

(ii) Goodwill

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

(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.

2. Significant accounting policies (continued)

(j) Inventories (continued)

(i) Marine fuels and lubricants (continued)

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

(ii) Completed properties held for sale

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

(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 statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers in the statements 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 statement of comprehensive income by reference to the stage of development activities at the reporting date.

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

2. Significant accounting policies (continued)

(l) Property development costs (continued)

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

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

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

(m) Cash and cash equivalents

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

(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 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 financial asset's recoverable amount is estimated.

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

2. Significant accounting policies (continued)

(n) Impairment (continued)

(i) Financial assets (continued)

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, 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 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. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (continued)

(n) Impairment (continued)

(ii) Other assets (continued)

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

An impairment loss is recognised if the carrying amount of an asset or its 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 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 (continued)

(o) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital

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

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

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

(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. Once the contributions have been paid, the Group has no further payment obligations.

2. Significant accounting policies (continued)

(p) Employee benefits (continued)

(iii) Shared-based payment transactions

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

(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) Warranties

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

(ii) Performance guarantees and bonds

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

(iii) Onerous contracts

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

2. Significant accounting policies (continued)

(q) Provisions (continued)

(iv) Contingent liabilities

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

(r) Revenue and other income

(i) Goods sold

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

(ii) Construction contracts

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

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

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

2. Significant accounting policies (continued)

(r) Revenue and other income (continued)

(iii) Property development

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

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

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

(iv) Rental income

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

(v) Dividend income

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

(vi) Interest income

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

(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.

2. Significant accounting policies (continued)

(s) Borrowing costs (continued)

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

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

2. Significant accounting policies (continued)

(t) Income tax (continued)

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

(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. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

Group	Freehold land RM	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 2011	11,731,241	9,707,988	40,857,089	31,868,536	5,320,443	8,774,383	108,259,680
Additions	-	320,909	1,792,303	4,781,172	159,070	15,689,737	22,743,191
Disposals	-	-	(6,020,499)	(4,317,898)	(46,461)	-	(10,384,858)
Effect of movements in exchange rates	-	218,682	678,746	80,576	46,355	-	1,024,359
At 31 December 2011/ 1 January 2012	11,731,241	10,247,579	37,307,639	32,412,386	5,479,407	24,464,120	121,642,372
Additions	-	-	2,012,306	5,150,108	1,219,876	23,586,461	31,968,751
Disposals	-	-	(85,000)	(1,283,227)	-	-	(1,368,227)
Written off	-	-	-	-	(41,908)	-	(41,908)
Transfer to/(from)	-	48,050,581	-	-	-	(48,050,581)	-
Effect of movements in exchange rates	-	(408,762)	(517,207)	(99,268)	(76,131)	-	(1,101,368)
At 31 December 2012	11,731,241	57,889,398	38,717,738	36,179,999	6,581,244	-	151,099,620

3. Property, plant and equipment (continued)

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 2011	-	3,629,793	28,505,135	18,683,623	4,079,147	-	54,897,698
Depreciation for the year	-	646,281	5,101,984	3,527,595	480,158	-	9,756,018
Disposals	-	-	(4,132,992)	(4,037,460)	(38,933)	-	(8,209,385)
Effect of movements in exchange rates	-	23,991	448,178	47,194	22,957	-	542,320
At 31 December 2011/ 1 January 2012	-	4,300,065	29,922,305	18,220,952	4,543,329	-	56,986,651
Depreciation for the year	-	547,697	5,023,563	3,905,196	451,316	-	9,927,772
Disposals	-	-	(65,167)	(1,241,715)	-	-	(1,306,882)
Written off	-	-	-	-	(31,063)	-	(31,063)
Effect of movements in exchange rates	-	(99,304)	(392,986)	(42,937)	(54,808)	-	(590,035)
At 31 December 2012	-	4,748,458	34,487,715	20,841,496	4,908,774	-	64,986,443
Carrying amounts							
At 1 January 2011	11,731,241	6,078,195	12,351,954	13,184,913	1,241,296	8,774,383	53,361,982
At 31 December 2011/ 1 January 2012	11,731,241	5,947,514	7,385,334	14,191,434	936,078	24,464,120	64,655,721
At 31 December 2012	11,731,241	53,140,940	4,230,023	15,338,503	1,672,470	-	86,113,177

3. Property, plant and equipment (continued)

Company	Machinery and equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Cost				
At 1 January 2011	54,039	4,309,853	367,505	4,731,397
Additions	-	269,936	-	269,936
Disposals	-	(274,220)	-	(274,220)
Effect of movements in exchange rates	(6,717)	-	(4,869)	(11,586)
At 31 December 2011/ 1 January 2012	47,322	4,305,569	362,636	4,715,527
Additions	-	919,926	-	919,926
Disposals	-	(264,973)	-	(264,973)
Effect of movements in exchange rates	(2,007)	-	(1,455)	(3,462)
At 31 December 2012	45,315	4,960,522	361,181	5,367,018
Accumulated depreciation				
At 1 January 2011	50,811	1,457,925	298,576	1,807,312
Depreciation for the year	3,256	744,793	47,772	795,821
Disposals	-	(132,540)	-	(132,540)
Effect of movements in exchange rates	(6,745)	-	(4,646)	(11,391)
At 31 December 2011/ 1 January 2012	47,322	2,070,178	341,702	2,459,202
Depreciation for the year	-	751,928	10,725	762,653
Disposals	-	(264,973)	-	(264,973)
Effect of movements in exchange rates	(2,007)	-	(1,420)	(3,427)
At 31 December 2012	45,315	2,557,133	351,007	2,953,455
Carrying amounts				
At 1 January 2011	3,228	2,851,928	68,929	2,924,085
At 31 December 2011/ 1 January 2012	-	2,235,391	20,934	2,256,325
At 31 December 2012	-	2,403,389	10,174	2,413,563

3. Property, plant and equipment (continued)

Included in property, plant and equipment are:

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

	Machinery and equipment RM	Motor vehicles RM	Total RM
Group			
2012			
Cost	10,294,578	19,117,146	29,411,724
Net carrying amount	3,802,792	12,019,298	15,822,090
2011			
Cost	12,452,844	18,273,334	30,726,178
Net carrying amount	5,310,543	10,680,792	15,991,335
Company			
2012			
Cost	-	3,836,779	3,836,779
Net carrying amount	-	2,403,383	2,403,383
2011			
Cost	-	3,836,080	3,836,080
Net carrying amount	-	2,235,388	2,235,388

(ii) freehold land and buildings and building under construction of the Group with total net carrying amounts of RM59,638,403 and RM Nil (2011: RM12,320,188 and RM24,464,120) respectively 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	
	2012	**2011**
	RM	**RM**
Cost		
At 1 January	12,289,552	12,130,141
Effect of movements in exchange rates	(275,035)	159,411
At 31 December	12,014,517	12,289,552
Accumulated amortisation		
At 1 January	2,385,078	1,921,801
Amortisation during the year	452,756	463,277
Effect of movements in exchange rates	(13,659)	-
At 31 December	2,824,175	2,385,078
Carrying amount		
At 31 December	9,190,342	9,904,474
Analysed as follows:		
Short term leasehold land	9,190,342	9,904,474

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 during the year and earmarked for future commercial development. It is pledged to the lender bank for the term loan facility as disclosed in Note 20(a)(vi).

	Group Freehold land	
	2012	**2011**
	RM	**RM**
At 1 January	-	-
Addition	8,657,433	-
At 31 December	8,657,433	-

6. Biological assets

	Group	
	2012	2011
	RM	RM
Cost		
At 1 January	121,259,136	105,437,701
Additions	10,169,046	15,821,435
At 31 December	131,428,182	121,259,136
Accumulated amortisation		
At 1 January	492,871	-
Amortisation during the year	5,349,434	492,871
At 31 December	5,842,305	492,871
Carrying amount		
At 31 December	125,585,877	120,766,265

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

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

	Group	
	2012	2011
	RM	RM
Amortisation of prepaid lease payments	247,216	456,332
Depreciation of property, plant and equipment	14,614	1,165,321
Staff costs	1,751,832	8,348,241

7. Investment property

	Group	
	2012	2011
	RM	RM
At fair value		
At 1 January	18,500,000	18,500,000
Change in fair value recognised in profit or loss	(500,000)	-
At 31 December	18,000,000	18,500,000

Included in the above are:

Hotel property		
Freehold land	793,912	793,912
Hotel building	17,206,088	17,706,088
At 31 December	18,000,000	18,500,000

7. Investment property (continued)

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

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

	Group	
	2012	2011
	RM	RM
Rental income	(172,365)	(24,000)
Direct operating expenses	1,499,815	155,933

The hotel property is charged to financial institutions as security for facilities granted to a subsidiary as disclosed in Note 20(c).

8. Intangible assets

	Group Highway concession	
	2012	2011
	RM	RM
Cost		
At 1 January	-	-
Additions	5,002,546	-
At 31 December	5,002,546	-

This represents the expenditure incurred to procure the concession rights (license) for collection 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 pursuant to the Concession Agreement signed on 13 February 2013.

9. Goodwill

	Group	
	2012	2011
At cost	RM	RM
At 1 January	3,744,605	3,744,605
Addition arising from acquisition of new subsidiary	2,952	-
At 31 December	3,747,557	3,744,605

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

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

	Group	
	2012	2011
	RM	RM
Malaysian quarry business	2,893,983	2,893,983
Multiple business units without significant goodwill	853,574	850,622
	3,747,557	3,744,605

The recoverable amount of the Malaysian quarry business unit is calculated using value in use that is based on an approved business plan for which a five year cash flows projection is made.

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

- Cash flows were projected based on the approved annual business plan.
- The anticipated annual revenue growth included in cash flows projections was 5% for the years from 2013 to 2017.
- There is no expected increase in selling price over the 5 years.
- A pre-tax discount rate of 10% (2011: 10%) was applied in determining the recoverable amount of the unit.

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

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

10. Investments in subsidiaries

	Note	Company 2012 RM	2011 RM
Unquoted shares, at cost			
At 1 January		82,461,179	84,212,429
Addition of new subsidiary	39	350,512	275,000
Capital injection for existing subsidiaries		14,724,998	-
Disposal		-	(2,026,250)
At 31 December		97,536,689	82,461,179

The details of the subsidiaries are as follows:

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

10. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2012 %	Effective ownership interest 2011 %
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.#	Dormant	Malaysia	70	-
Betanaz Properties Sdn. Bhd.	Property development	Malaysia	51	-
Peninsular Prokonsult Sdn. Bhd.#	Dormant	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
Held through Inter-Century Sdn. Bhd.				
Astral Far East Sdn. Bhd.	Dealer of lubricants and petroleum-based products	Malaysia	100	100
Held through AZRB International Ventures Sdn. Bhd.				
AZRB Construction (India) Pvt. Ltd.**	Dormant	India	100	100
Ahmad Zaki Saudi Arabia Co. Ltd.**@	Contractors of civil and structural contract works	Kingdom of Saudi Arabia	5	5

10. Investments in subsidiaries (continued)

* *Not audited by KPMG Malaysia.*

** *Not audited by member firms of KPMG International.*

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

\# *Consolidated based on management accounts as these companies were recently incorporated and did not require to be audited.*

11. Investments in associates

	Group 2012 RM	2011 RM
Unquoted shares, at cost		
At 1 January/31 December	110,000	110,000
Share of post-acquisition reserves	49,115	50,656
	159,115	160,656

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

	Group 2012 RM	2011 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	Effective ownership interest 2012 %	2011 %
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.	Project management	50	50
Maxi Heritage Sdn. Bhd.	General contractor	20	20

11. Investments in associates (continued)

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

	Country of incorporation	Effective ownership interest	Revenue (100%) RM	Loss (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2012						
Fasatimur Sdn. Bhd.	Malaysia	50%	-	3,082	590,317	(302,185)
Maxi Heritage Sdn. Bhd.	Malaysia	20%	-	-	119,408	(84,400)
2011						
Fasatimur Sdn. Bhd.	Malaysia	50%	-	3,628	594,000	(302,785)
Maxi Heritage Sdn. Bhd.	Malaysia	20%	-	1,100	119,408	(84,400)

12. Interests in joint ventures

	Group 2012 RM	2011 RM
Share of post-acquisition results in joint ventures		
At 1 January/31 December	(288,352)	(288,352)

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

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

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

(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 2012 RM	2011 RM
Current assets		
Other receivables, deposits and prepayments	7,860	7,860
Cash and cash equivalents	1,294,646	1,294,646
	1,302,506	1,302,506
Current liabilities		
Trade payables	1,575,072	1,575,072
Other payables and accruals	15,786	15,786
	1,590,858	1,590,858
Share of net liabilities of the joint ventures	(288,352)	(288,352)

12. Interests in joint ventures (continued)

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

(ii) Share of the revenue and expenses

	Group 2012 RM	Group 2011 RM
Attributable contract revenue	-	-
Attributable contract costs	-	-
Share of profit for the year	-	-

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

13. Available-for-sale investments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unquoted shares in Malaysia, at cost				
At 1 January	8,547,500	8,547,500	8,500,000	8,500,000
Less: Impairment losses	(8,500,000)	(8,500,000)	(8,500,000)	(8,500,000)
At 31 December	47,500	47,500	-	-
Club membership	68,000	68,000	68,000	68,000
	115,500	115,500	68,000	68,000

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

14. Trade and other receivables

	Note	Group 2012 RM	Group 2011 RM
Non - current			
Trade receivable		8,722,322	-

The amount 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.

14. Trade and other receivables (continued)

		Group		Company	
	Note	2012	2011	2012	2011
Current		RM	RM	RM	RM
Trade					
External parties	a	33,006,846	37,642,844	6,467,823	9,943,538
Amount due from contract customers	b	242,593,781	213,017,194	23,593,367	19,695,460
Amount due from a joint venture	c	49,773	49,773	-	-
		275,650,400	250,709,811	30,061,190	29,638,998
Non-trade					
Amount due from:					
Ultimate holding company	d	206,020	-	134,718	135,994
Subsidiaries	d	-	-	150,475,347	137,616,103
Associate	e	20,000	20,000	-	-
Affiliates	f	420,536	483,709	3,697	3,721
		646,556	503,709	150,613,762	137,755,818
Other receivables	g	47,988,468	51,655,561	64,099,781	45,330,200
Deposits		1,726,293	2,152,479	49,066	54,125
Prepayments		4,069,092	4,077,628	3,073,382	2,974,646
		330,080,809	309,099,188	247,897,181	215,753,787

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

		Group		Company	
	Note	2012	2011	2012	2011
		RM'million	RM'million	RM'million	RM'million
External parties		7.7	7.7	-	-
Amount due from contract customers		45.5	45.5	-	-
Other receivables	g	44.7	44.7	44.7	44.7
		97.9	97.9	44.7	44.7

As disclosed in Note 40 (iv) to the financial statements, the Group has initiated arbitration proceedings against the said contract customer for the recovery of these amounts.

Note a
The Group's and the Company's normal credit term ranges from 60 to 90 days (2011: 60 to 90 days).

Included in trade receivables from external parties at 31 December 2012 are retention sums of the Group and of the Company of RM17,576,840 (2011: RM17,417,960) and RM2,822,831 (2011: RM2,822,831) respectively relating to construction work-in-progress.

14. Trade and other receivables (continued)

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Within 1 year	2,822,831	2,822,831	2,822,831	2,822,831
1 - 2 years	2,999,450	-	-	-
2 - 3 years	-	2,312,237	-	-
3 - 4 years	10,056,963	12,282,892	-	-
More than 5 years	1,697,596	-	-	-
	17,576,840	17,417,960	2,822,831	2,822,831

Note b

	Note	Group		Company	
		2012	2011	2012	2011
		RM	RM	RM	RM
Aggregate costs incurred to-date		2,940,493,421	2,601,045,000	423,439,032	422,729,130
Add: Attributable profits		259,025,006	197,641,911	31,623,115	31,880,404
Less: Foreseeable lossess		(210,556)	-	-	-
		3,199,307,871	2,798,686,911	455,062,147	454,609,534
Less: Progress billings		(2,978,279,002)	(2,609,324,269)	(431,468,780)	(434,914,074)
		221,028,869	189,362,642	23,593,367	19,695,460
Amount due from contract customers		242,593,781	213,017,194	23,593,367	19,695,460
Amount due to contract customers	22	(21,564,912)	(23,654,552)	-	-
		221,028,869	189,362,642	23,593,367	19,695,460

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Staff cost expenses	19,919,052	18,378,734	-	-
Rental of premises	723,785	369,755	-	-
Running cost of machinery	19,101,021	9,788,153	-	-
Rental of motor vehicles	22,330	37,045	-	-
Depreciation of plant and equipment	-	2,673	-	2,673

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.

14. Trade and other receivables (continued)

Note g
Included in other receivables are performance and advance payments bonds amounting to RM44.7 million (2011: RM44.7 million) which were called upon by one of the Group's contract customers during the financial year ended 31 December 2010. This amount has been included in the claim made by the Group which will be subject to the outcome of the arbitration proceedings as disclosed in Note 40 (iv).

15. Inventories

	Group	
	2012	**2011**
At cost:	**RM**	**RM**
Completed properties	2,840,963	1,266,940
Marine fuels and lubricants	11,213,915	8,684,870
Consumable goods	600,083	-
	14,654,961	9,951,810
Recognised in profit or loss:		
Inventories recognised as cost of sales	76,079,296	60,990,898
Write-down to net realisable value	-	90,783

16. Property development costs

	Group	
	2012	**2011**
	RM	**RM**
Development costs:		
At 1 January	14,873,143	9,624,669
Cost incurred during the year	7,246,052	5,248,474
At 31 December	22,119,195	14,873,143
Cost recognised in profit or loss		
- prior years	(8,594,105)	(4,496,120)
- current year	(2,021,943)	(4,097,985)
	(10,616,048)	(8,594,105)
	11,503,147	6,279,038
Transfer to inventories of completed units	(2,679,524)	-
At 31 December	8,823,623	6,279,038

17. Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Deposits placed with licensed banks	70,153,424	87,516,239	2,826,590	6,619,248
Cash and bank balances	27,947,651	28,680,485	1,168,459	6,979,244
	98,101,075	116,196,724	3,995,049	13,598,492

Included in deposits placed with licensed banks of the Group are deposits of RM62,843,383 (2011: RM66,185,445) 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 RM2,821,584 (2011: RM2,755,820) which have been pledged to financial institutions as security 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 effective interest rates ranging from 2.55% to 3.50% (2011: 2.30% to 3.30%) and 2.55% to 3.05% (2011: 2.55% to 2.95%) per annum respectively.

18. Share capital

	Group and Company			
	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Authorised:				
Ordinary shares of RM0.50 each				
At 1 January/31 December	500,000,000	1,000,000,000	500,000,000	1,000,000,000
Issued and fully paid-up:				
At 1 January	138,381,722	276,763,442	138,347,702	276,695,402
Issue of shares under ESOS Scheme	89,373	178,747	34,020	68,040
At 31 December	138,471,095	276,942,189	138,381,722	276,763,442

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

19. Reserves

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable:				
Share premium	24,636	13,910	24,636	13,910
Foreign exchange translation reserve	(1,282,090)	1,165,886	318,727	238,001
	(1,257,454)	1,179,796	343,363	251,911
Treasury shares	(1,025,787)	(1,025,787)	(1,025,787)	(1,025,787)
Retained earnings/(Accumulated losses)	71,516,003	52,837,439	(61,568,514)	(71,959,774)
	69,232,762	52,991,448	(62,250,938)	(72,733,650)

The movement of 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.

Foreign exchange translation reserve

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

Treasury shares

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

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 276,942,189 (2011: 276,763,442) issued and fully paid-up ordinary shares as at 31 December 2012, 1,478,100 (2011: 1,478,100) shares are held as treasury shares by the Company. As at 31 December 2012, the number of outstanding ordinary shares in issue after the set off is therefore 275,464,089 (2011: 275,285,342) ordinary shares of RM0.50 each.

20. Loans and borrowings

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Non-current					
Term loans	a	136,389,293	97,947,849	-	-
Finance lease liabilities	b	9,570,039	9,190,426	1,414,774	1,344,174
		145,959,332	107,138,275	1,414,774	1,344,174
Current					
Term loans	a	14,968,364	14,968,364	-	-
Finance lease liabilities	b	4,792,089	5,146,958	608,583	568,740
Bank overdrafts	c	19,310,739	14,720,417	-	-
Trust receipts	d	412,981	11,489,667	-	-
		39,484,173	46,325,406	608,583	568,740
		185,443,505	153,463,681	2,023,357	1,912,914

Note a

		Group	
		2012	2011
	Note	RM	RM
Term loan - I	(i)	4,855,944	-
Term loan - II	(ii)	17,353,636	18,472,213
Term loan - III	(iii)	86,110,000	94,444,000
Term loan - IV	(iv)	28,639,982	-
Term loan - V	(v)	7,602,735	-
Term loan - VI	(vi)	6,795,360	-
		151,357,657	112,916,213

The term loans of the Group comprise the followings:

(i) **Term loan I** is denominated in USD which bears interest at 5.52% (2011: nil) per annum. 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 6.7% (2011: 5.15%) per annum. The term loan is repayable on a quarterly basis by 21 installments which commenced in February 2012 and is secured and supported by:

(a) first legal charge on land and buildings of its subsidiary as disclosed in Note 3; and
(b) corporate guarantee from the Company.

20. Loans and borrowings (continued)

Note a (continued)

(iii) **Term loan III** bears interest at 5.04% (2011: 5.09%) per annum. The term loan is repayable in equal quarterly installments over 9 years which commenced from September 2011 and is secured and supported by:

(a) corporate guarantee from the Company,
(b) memorandum of charge on the shares of a subsidiary.

(iv) **Term loan IV** bears interest ranging from 5.40% - 5.72% (2011: nil) per annum 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 ranging from 5.40% - 5.72% (2011: nil) per annum is repayable on lump sum basis either on the 60^{th} month from the first date of loan disbursement in July 2012 or upon receipt of reimbursable cost from contract customer, whichever is earlier.

Both Term 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** was drawndown during the financial year to finance the acquisition of land held for development as disclosed in Note 5. The term loan is repayable on semi-annually basis by sixteen (16) installments commencing in May 2015.

The above term loan is secured by way of:

(a) a first party legal charge over the land 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.

20. Loans and borrowings (continued)

Note b

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2012 RM	Interest 2012 RM	Present value of minimum lease payments 2012 RM	Future minimum lease payments 2011 RM	Interest 2011 RM	Present value of minimum lease payments 2011 RM
Group						
Less than one year	5,418,748	(626,659)	4,792,089	5,813,992	(667,034)	5,146,958
Between one and five years	10,295,733	(725,694)	9,570,039	9,895,654	(705,228)	9,190,426
	15,714,481	(1,352,353)	14,362,128	15,709,646	(1,372,262)	14,337,384
Company						
Less than one year	693,212	(84,629)	608,583	653,425	(84,685)	568,740
Between one and five years	1,503,293	(88,519)	1,414,774	1,442,383	(98,209)	1,344,174
	2,196,505	(173,148)	2,023,357	2,095,808	(182,894)	1,912,914

Note c

The bank overdraft facilities are repayable on demand and bear interest ranging from 6.65% - 7.85% (2011: 7.60% - 8.10%) per annum. These facilities are secured and supported by:

(i) freehold land and hotel buildings as disclosed in Note 7,
(ii) deposits placed with licensed banks by the Company and a subsidiary; and
(iii) corporate guarantee from the Company.

Note d

The trust receipts of the Group are repayable within 120 - 180 days and bear interest at 7.6% (2011: 7.60% - 7.85%) 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.

21. Deferred tax assets/(liabilities)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At 1 January		8,014,475	8,641,320	4,546,169	4,576,000
Recognised in profit or loss:					
- Origination and reversal of temporary differences	29	2,128,292	(185,065)	66,323	9,659
- Under/(Over) provision in prior year	29	246,529	(441,780)	856	(39,490)
Effect of movements in exchange rates		94,717	-	-	-
At 31 December		10,484,013	8,014,475	4,613,348	4,546,169

Recognised deferred tax assets/(liabilities)

Group	Assets 2012 RM	Assets 2011 RM	Liabilities 2012 RM	Liabilities 2011 RM	Net 2012 RM	Net 2011 RM
Tax loss carry-forward	2,976,412	-	-	-	2,976,412	-
Taxable temporary differences	-	-	(5,637,892)	-	(5,637,892)	-
Property, plant and equipment	319,993	43,511	(447,929)	(338,389)	(127,936)	(294,878)
Fair value adjustment of investment property	-	-	(494,140)	(519,140)	(494,140)	(519,140)
Fair value adjustment in respect of acquisition of subsidiary company	-	-	(2,610,777)	(2,610,777)	(2,610,777)	(2,610,777)
Derecognition of results of joint venture in MCHJV	-	-	(4,589,680)	(4,589,680)	(4,589,680)	(4,589,680)
Tax assets/(liabilities)	3,296,405	43,511	(13,780,418)	(8,057,986)	(10,484,013)	(8,014,475)
Set off of tax	(319,993)	(43,511)	319,993	43,511	-	-
Net tax assets/(liabilities)	2,976,412	-	(13,460,425)	(8,014,475)	(10,484,013)	(8,014,475)

Company	Assets 2012 RM	Assets 2011 RM	Liabilities 2012 RM	Liabilities 2011 RM	Net 2012 RM	Net 2011 RM
Property, plant and equipment	-	43,511	(23,668)	-	(23,668)	43,511
Derecognition of results of joint venture in MCHJV	-	-	(4,589,680)	(4,589,680)	(4,589,680)	(4,589,680)
Net tax assets/(liabilities)	-	43,511	(4,613,348)	(4,589,680)	(4,613,348)	(4,546,169)

Unrecognised deferred tax assets

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

	Group and Company 2012 RM	Group and Company 2011 RM
Unabsorbed capital allowances	5,962,960	5,886,783
Tax loss carry-forward	8,259,799	1,812,766
	14,222,759	7,699,549

21. Deferred tax liabilities (continued)

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

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

22. Trade and other payables

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade					
External parties	a	228,524,209	216,522,624	630	630
Amount due to contract customers	14	21,564,912	23,654,552	-	-
Advance payments received	b	47,496,001	54,625,539	-	-
		297,585,122	294,802,715	630	630
Non-trade					
Amount due to:					
Holding company	c	-	35,666	-	-
Subsidiaries	c	-	-	278,944,728	245,765,225
Associate	c	53,089	53,089	-	-
Affiliates	d	164,725	46,479	-	-
		217,814	135,234	278,944,728	245,765,225
Accruals and other payables	e	6,249,965	6,149,634	1,226,114	1,397,560
		6,467,779	6,284,868	280,170,842	247,162,785
		304,052,901	301,087,583	280,171,472	247,163,415

Note a

The normal credit term granted by the suppliers of the Group and of the Company ranges from 30 to 90 days (2011: 30 to 90 days).

Included in trade payables of the Group are:

i) retention sums of RM73,882,543 (2011: RM64,608,602).

ii) amount due to affiliates as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 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.	798,246	4,053,667	-	-
- Chuan Huat Hardware Sdn. Bhd.	332,405	26,280	-	-

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

22. Trade and other payables (continued)

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

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

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

Note e
Included in accruals of the Group is interest on borrowings amounting to RM731,433 (2011: RM77,936).

23. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Management fees	-	-	2,200,000	2,195,000
Dividend income	-	-	25,000,110	28,000,120
Attributable contract revenue	596,987,181	469,978,102	3,899,057	26,537,959
Sale of goods	69,505,668	54,029,391	-	-
Sale of properties	5,624,397	9,148,434	-	-
Sale of fresh fruit bunches	2,472,340	1,670,226	-	-
Others	60,000	41,421	-	-
	674,649,586	534,867,574	31,099,167	56,733,079

24. Cost of sales

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Attributable contract costs	499,510,535	392,662,525	3,574,448	25,328,466
Cost of goods sold	57,198,535	52,806,121	-	-
Costs of development properties	3,629,103	6,161,862	-	-
Direct operating costs-plantation	15,547,042	2,022,915	-	-
	575,885,215	453,653,423	3,574,448	25,328,466

25. Finance income

Recognised in the profit or loss:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest income of financial assets that are not at fair value through profit or loss	1,946,763	2,728,088	84,451	283,700

26. Finance costs

Recognised in the profit or loss:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- overdrafts	1,079,786	152,137	-	-
- term loans	6,585,621	7,198,064	-	2,362,927
- other borrowings	1,720,150	1,376,464	4,738,407	4,691,949
	9,385,557	8,726,665	4,738,407	7,054,876
- other finance costs	4,143,610	2,396,711	689	-
	13,529,167	11,123,376	4,739,096	7,054,876

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Auditors' remuneration				
Audit fees				
KPMG Malaysia	416,000	322,000	150,000	120,000
Other auditors	63,030	58,703	4,052	-
Non-audit fees				
KPMG Malaysia	40,000	90,000	30,000	90,000
Amortisation of prepaid lease payments	205,540	6,945	-	-
Amortisation of planting expenditures	5,349,434	492,871	-	-
Bad debts written off	26,733	1,755,835	-	-
Change in fair value of investment property	500,000	-	-	-
Depreciation of property, plant and equipment	9,913,158	8,590,697	762,653	795,821
Interest expense	9,385,557	8,726,665	4,738,407	7,054,876
Loss/(Gain) on foreign exchange				
- unrealised	411,834	(23,285)	411,848	(24,592)
Property, plant and equipment written off	10,845	-	-	-
Rental of motor vehicles	90,719	65,038	-	-
Rental of premises	1,091,972	2,155,746	5,180	5,000
Rental and running cost of machinery and equipment	19,101,021	11,508,645	-	-
Employee benefits expense	47,250,872	42,561,391	6,934,322	5,455,332
Dividend income				
- unquoted shares	(3,900)	-	(25,000,110)	(28,000,120)
(Gain)/Loss on disposal of property, plant and equipment - net	(423,317)	(1,027,495)	(52,000)	21,680
Interest income	(1,946,763)	(2,728,088)	(84,451)	(283,700)
Rental income	(178,765)	(31,600)	-	-

Included in employee benefits expense is:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Contributions to defined contribution plan	5,602,846	5,098,097	885,989	662,612

Included in employee benefit expense of the Group and of the Company are executive Directors' remuneration amounting to RM4,199,273 (2011: RM3,845,806) and RM2,088,305 (2011: RM1,843,775) respectively as further disclosed in Note 28.

28. Key management personnel compensation

The key management personnel compensation is as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive Directors				
- fees	419,000	367,340	-	-
- emoluments	3,780,273	3,478,466	2,088,305	1,843,775
Total remuneration (excluding benefit-in-kind)	4,199,273	3,845,806	2,088,305	1,843,775
Estimated monetary value of benefit-in-kind	159,720	166,920	80,600	62,800
	4,358,993	4,012,726	2,168,905	1,906,575
Non-Executive Directors				
- fees	560,250	571,000	560,250	571,000
- emoluments	32,900	35,100	31,100	29,100
Total remuneration (excluding benefit-in-kind)	593,150	606,100	591,350	600,100
Estimated monetary value of benefit-in-kind	66,350	53,960	35,200	35,200
Total remuneration (including benefit-in-kind)	659,500	660,060	626,550	635,300

29. Income tax expense

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Recognised in profit or loss					
Current tax expense					
Malaysia					
- current year		16,295,879	12,711,807	-	6,815,821
- under/(over) provision in prior year		516,990	(257,919)	184,209	(75,415)
		16,812,869	12,453,888	184,209	6,740,406
Overseas					
- over provision in prior year		-	(5,940)	-	(5,940)
		-	(5,940)	-	(5,940)
Total current year tax recognised in profit or loss		16,812,869	12,447,948	184,209	6,734,466
Deferred tax expense					
- origination and reversal of temporary differences	21	2,128,292	(185,065)	66,323	9,659
- under/(over) provision in prior year	21	246,529	(441,780)	856	(39,490)
Total income tax expense		19,187,690	11,821,103	251,388	6,704,635

29. Income tax expense (continued)

Reconciliation of tax expense

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Profit for the year		18,587,079	12,607,701	10,391,260	6,109,027
Total income tax expense		19,187,690	11,821,103	251,388	6,704,635
Profit excluding tax		37,774,769	24,428,804	10,642,648	12,813,662
Income tax calculated using Malaysian tax rate of 25% (2011: 25%)		9,443,692	6,107,201	2,660,662	3,203,416
Non-taxable income		-	-	(6,250,028)	-
Non-deductible expenses		6,093,457	6,011,682	2,159,096	3,214,205
Deferred tax assets not recognised		2,887,022	407,859	1,496,593	407,859
Under/(Over) provision of current tax in prior year		516,990	(263,859)	184,209	(81,355)
Under/(Over) provision of deferred tax in prior year		246,529	(441,780)	856	(39,490)
Tax income tax expense		19,187,690	11,821,103	251,388	6,704,635

30. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2012 was based on the profit for the year attributable to ordinary shareholders of RM18,678,564 (2011: RM11,859,790) and weighted average number of ordinary shares outstanding during the year of 276,880,222 (2011: 276,763,442).

Weighted average number of ordinary shares

	Group	
	2012	2011
Issued ordinary shares at 1 January	276,763,442	276,695,402
Effect of ordinary shares issued during the year	116,780	68,040
Weighted average number of ordinary shares at 31 December	276,880,222	276,763,442

Diluted earnings per ordinary share

There was no dilutive potential ordinary shares as at 31 December 2012.

30. Earnings per ordinary share (continued)

Diluted earnings per ordinary share (continued)

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

Weighted average number of ordinary shares (diluted)

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

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

31. Dividends

No dividend is declared or recommended by the Company for the current year.

Dividends recognised in the prior year by the Company was:

	Sen per share (net of tax)	Amount RM	Date of payment
2011			
Interim dividend	1.88	5,161,610	15 August 2011

32. Operating segments

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

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

32. Operating segments (continued)

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

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 of assets of each segment.

Segment liabilities

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

Segment capital expenditure

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

Geographical segments

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

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

32. Operating segments (continued)

Major segment by activity

	Note	Construction RM	Trading In Oil & Gas & Other Related Products RM	Cultivation RM	Other Operations RM	Eliminations RM	Consolidated RM
2012							
Revenue							
External revenue		596,987,181	69,505,668	2,472,340	5,684,397	-	674,649,586
Inter-segment revenue		-	15,374,138	-	2,200,000	(17,574,138)	-
Total revenue		596,987,181	84,879,806	2,472,340	7,884,397	(17,574,138)	674,649,586
Results							
Segment results		42,785,706	20,263,812	(12,377,640)	12,231,841	(25,128,950)	37,774,769
Interest income		1,585,245	201,631	1,613	158,274	-	1,946,763
Interest expenses		(4,524,516)	(73,979)	(28,222)	(4,758,840)	-	(9,385,557)
Share of results in joint ventures							-
Share of loss of associates		(1,541)	-	-	-	-	(1,541)
Other non-cash expenses	(i)	911,420	26,733	5,548,029	7,359	-	6,493,541
Depreciation		7,095,303	968,000	1,024,870	824,985	-	9,913,158
Other Information							
Segment assets		431,952,259	11,271,321	146,300,047	141,588,587	(6,570,020)	724,542,194
Additions to non-current assets	(ii)	29,280,826	1,756,846	10,175,031	925,094	-	42,137,797
Investments in associates		159,115	-	-	-	-	159,115

32. Operating segments (continued)

Major segment by activity (continued)

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

32. Operating segments (continued)

Major segment by geographical area

		Malaysia	Republic of Indonesia	India	Kingdom of Saudi Arabia	Eliminations	Consolidated
2012		RM	RM	RM	RM	RM	RM
Total revenue from external customers		680,833,089	2,472,340	-	(6,455,843)	(2,200,000)	674,649,586
Segment assets		516,504,102	146,300,047	7,937,969	60,370,096	(6,570,020)	724,542,194
Additions to non-current assets	(ii)	31,968,751	10,169,046	-	-	-	42,137,797
Investments in associates		159,115	-	-	-	-	159,115
2011							
Total revenue from external customers		534,777,691	1,670,224	-	614,659	(2,195,000)	534,867,574
Segment assets		443,153,264	140,051,990	8,407,250	73,316,414	-	664,928,918
Additions to non-current assets	(ii)	22,253,548	16,311,078	-	-	-	38,564,626
Investments in associates		160,656	-	-	-	-	160,656

32. Operating segments (continued)

Major segment by activity (continued)

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

	Group 2012 RM	Group 2011 RM
Bad debts written off	26,733	1,755,835
Amortisation of planting expenditures	5,349,434	492,871
Amortisation of prepaid lease payments	205,540	6,945
Change in fair value of investment property	500,000	-
Loss on foreign exchange		
- unrealised	411,834	-
	6,493,541	2,255,651

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

	Group 2012 RM	Group 2011 RM
Property, plant and equipment	31,968,751	22,743,191
Planting expenditure incurred	10,169,046	15,821,435
	42,137,797	38,564,626

33. Financial instruments

33.1 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) Financial liabilities measured at amortised cost ("FL").

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Group			Company		
	Carrying amount RM	L&R/(FL) RM	AFS RM	Carrying amount RM	L&R/(FL) RM	AFS RM
2012						
Financial assets						
Club membership & unquoted shares	115,500	-	115,500	68,000	-	68,000
Trade and other receivables #	235,600,915	235,600,915	-	197,070,778	197,070,778	-
Cash and cash equivalents	98,101,075	98,101,075	-	3,995,049	3,995,049	-
	333,817,490	333,701,990	115,500	201,133,827	201,065,827	68,000
2011						
Financial assets						
Club membership & unquoted shares	115,500	-	115,500	68,000	-	68,000
Trade and other receivables #	207,188,679	207,188,679	-	165,124,856	165,124,856	-
Cash and cash equivalents	116,196,724	116,196,724	-	13,598,492	13,598,492	-
	323,500,903	323,385,403	115,500	178,791,348	178,723,348	68,000
2012						
Financial liabilities						
Trade and other payables	(304,052,901)	(304,052,901)	-	(280,171,472)	(280,171,472)	-
Loans and borrowings	(185,443,505)	(185,443,505)	-	(2,023,357)	(2,023,357)	-
	(489,496,406)	(489,496,406)	-	(282,194,829)	(282,194,829)	-
2011						
Financial liabilities						
Trade and other payables	(301,087,583)	(301,087,583)	-	(247,163,415)	(247,163,415)	-
Loans and borrowings	(153,463,681)	(153,463,681)	-	(1,912,914)	(1,912,914)	-
	(454,551,264)	(454,551,264)	-	(249,076,329)	(249,076,329)	-

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

33. Financial instruments (continued)

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Net gains/(losses) arising on:				
Loans and receivables	(1,030,082)	972,253	84,451	283,700
Financial liabilities measured at amortised costs	9,385,557	8,726,665	4,738,407	7,054,876
	8,355,475	9,698,918	4,822,858	7,338,576

33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

33.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

Group	Gross	Individual impairment	Net
	RM	RM	RM
2012			
Not past due	23,077,726	-	23,077,726
Past due 0 – 30 days	4,185,212	-	4,185,212
Past due 31– 120 days	976,881	-	976,881
Past due more than 120 days	6,074,664	-	6,074,664
	34,314,483	-	34,314,483
2011			
Not past due	11,416,099	-	11,416,099
Past due 0 – 30 days	6,684,521	-	6,684,521
Past due 31– 120 days	5,127,219	-	5,127,219
Past due more than 120 days	6,740,100	-	6,740,100
	29,967,939	-	29,967,939

Company	Gross	Individual impairment	Net
	RM	RM	RM
2012			
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	3,644,992	-	3,644,992
	6,467,823	-	6,467,823
2011			
Not past due	2,822,832	-	2,822,832
Past due 0 – 30 days	3,314,253	-	3,314,253
Past due 31– 120 days	-	-	-
Past due more than 120 days	3,806,453	-	3,806,453
	9,943,538	-	9,943,538

There is no allowance made for impairment losses of trade receivables for the Group and the Company during the financial year.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as shown in Note 14.

Impairment losses

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

33.5 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
2012							
Financial liabilities							
Trade and other payables	304,052,901	-	304,052,901	304,052,901	-	-	-
Bank overdrafts	19,310,739	6.65% - 8.10%	20,715,528	20,715,528	-	-	-
Trust receipts	412,981	7.60%	414,528	414,528	-	-	-
Finance lease liabilities	14,362,128	2.15% - 6.98%	15,714,481	5,418,748	4,390,934	5,904,799	-
Term loans	151,357,657	4.80% - 6.70%	174,913,981	22,565,508	21,421,118	57,548,679	73,378,676
	489,496,406		515,811,419	353,167,213	25,812,052	63,453,478	73,378,676
2011							
Financial liabilities							
Trade and other payables	301,087,583	-	301,087,583	301,087,583	-	-	-
Bank overdrafts	14,720,417	7.60% - 8.10%	15,765,582	15,765,582	-	-	-
Trust receipts	11,489,667	7.60% - 7.85%	11,867,123	11,867,123	-	-	-
Finance lease liabilities	14,337,384	4.55% - 6.09%	15,709,646	5,813,992	4,137,503	5,758,151	-
Term loans	112,916,213	4.85% - 5.15%	135,384,471	20,312,931	19,548,728	53,258,348	42,264,464
	454,551,264		479,814,405	354,847,211	23,686,231	59,016,499	42,264,464

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

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

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
2012							
Financial liabilities							
Trade and other payables	280,171,472	-	280,171,472	280,171,472	-	-	
Finance lease liabilities	2,023,357	2.15% - 3.50%	2,196,505	693,212	676,522	826,771	-
	282,194,829		282,367,977	280,864,684	676,522	826,771	-
2011							
Financial liabilities							
Trade and other payables	247,163,415	-	247,163,415	247,163,415	-	-	
Finance lease liabilities	1,912,914	2.15% - 3.50%	2,095,808	653,425	537,168	905,215	
	249,076,329		249,259,223	247,816,840	537,168	905,215	-

33. Financial instruments (continued)

33.6 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.

33.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily 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 respective functional currencies of Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2012	2011
Group	**USD**	**USD**
In RM		
Bank borrowing	(4,855,944)	-
Exposure in the statement of financial position	(4,855,944)	-

Currency risk sensitivity analysis

A 10% (2011: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

	2012		2011	
	Equity	Profit or loss	Equity	Profit or loss
USD	(364,196)	(364,196)	-	-

A 10% (2011: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

33.6.2 Interest rate risk

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

The Group's excess cash is invested in fixed deposits with tenure of less than a year, hence exposure to risk of change in their fair 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed rate instruments				
Financial assets	70,153,424	87,516,239	2,826,590	6,619,248
Financial liabilities	(14,775,109)	(25,827,051)	(2,023,357)	(1,912,914)
	55,378,315	61,689,188	803,233	4,706,334
Floating rate instruments				
Financial liabilities	170,668,396	127,636,630	-	-

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

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.

	Equity		Profit or loss	
	1% increase	1% decrease	1% increase	1% decrease
2012	RM	RM	RM	RM
Floating rate instruments				
Term loans	(1,135,183)	1,135,183	(1,135,183)	1,135,183
Bank overdrafts	(144,830)	144,830	(144,830)	144,830
Cash flow sensitivity (net)	(1,280,013)	1,280,013	(1,280,013)	1,280,013
2011				
Floating rate instruments				
Term loans	(846,871)	846,871	(846,871)	846,871
Bank overdrafts	(110,403)	110,403	(110,403)	110,403
Cash flow sensitivity (net)	(957,274)	957,274	(957,274)	957,274

33.7 Fair value of financial instruments

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

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

33. Financial instruments (continued)

33.7 Fair value of financial instruments (continued)

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

Group	2012 Carrying amount RM	2012 Fair value RM	2011 Carrying amount RM	2011 Fair value RM
Financial asset				
Club membership	68,000	68,000	68,000	68,000
Financial liabilities				
Term loans	151,357,657	151,113,519	112,916,213	110,341,828
Finance lease liabilities	14,362,128	14,326,237	14,337,384	14,338,847

Company	2012 Carrying amount RM	2012 Fair value RM	2011 Carrying amount RM	2011 Fair value RM
Financial asset				
Club membership	68,000	68,000	68,000	68,000
Financial liabilities				
Finance lease liabilities	2,023,357	2,030,373	1,912,914	1,922,074

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

Non-derivative financial liabilities

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

33. Financial instruments (continued)

33.7 Fair value of financial instruments (continued)

Interest rates used to estimate fair value

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

	2012	2011
Group		
Finance lease liabilities	3.18%	3.25%
Term loans	4.80% - 6.70%	5.09% - 5.15%
Company		
Finance lease liabilities	3.18%	3.25%

Fair value hierarchy

The Group has no financial instrument measured at fair value. Hence, no further disclosure is required.

34. Capital management

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

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

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

The net debt-to-capital ratio at 31 December 2012 and 2011 were as follows:

	Note	2012 RM	2011 RM
Total borrowings	20	185,443,505	153,463,681
Less: Cash and cash equivalents	17	(98,101,075)	(116,196,724)
Net debt		87,342,430	37,266,957
Total equity		213,049,729	197,276,305
Debt-to-equity ratio		0.41	0.19

34. Capital management (continued)

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

35. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2012	**2011**
	RM	**RM**
Less than one year	121,720	133,320
Between one and five years	162,330	272,530
More than 5 years	-	6,900
	284,050	412,750

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

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	
	2012	**2011**
	RM	**RM**
Less than one year	12,000	24,000
Between one and five years	-	12,000
	12,000	36,000

36. Capital commitments

	Group	
	2012	**2011**
	RM	**RM**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	345,500	9,167,000

37. Contingent liabilities

Group

The Directors are of the opinion that provisions are not required as at the 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.

Contingent liabilities not considered remote
Litigation (unsecured)

The Group is defending a claim of RM15.2 million brought by a joint venture partner in year 2010 against breaches of a joint venture agreement in Malaysia. The Group has also filed a defence and counterclaim against the joint venture partner for breach of the joint venture agreement, breach of fiduciary duties and breach of trust and negligence. In August 2011, the High Court dismissed the application of the Group to strike out the claim by the joint venture partner. The Group filed an appeal with the Court of Appeal. In January 2012, the Court of Appeal, by majority, struck out the claims by the joint venture partner. The joint venture partner has filed an appeal with the Federal Court in February 2012 and the matter is now fixed for case management on 9 May 2013. The Directors are of the view that, based on the opinion of their external legal counsel, the Group has a good case and expect the Group to succeed at trial.

	Company	
	2012	2011
	RM	RM
Unsecured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	423,256,424	313,235,651
Secured		
Corporate guarantee given together with a pledge of cash deposits of the Company amounting to RM2,821,584 (2011: RM2,755,820) to a financial institution in respect of credit facilities granted to subsidiary	106,177,884	118,210,671
	529,434,308	431,446,322

38. 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 28), are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Subsidiaries				
Dividend income receivable	-	-	(25,000,110)	(28,000,120)
Management fees receivable	-	-	(2,200,000)	(2,195,000)
Holding company				
Administrative service payable	120,000	120,000	-	-
Insurance premium payable	855,975	871,856	61,429	79,280

38. Related parties (continued)

Significant related party transactions **(continued)**

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

	Group 2012 RM	2011 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.	18,952,970	33,219,698
- Chuan Huat Hardware Sdn. Bhd.	1,232,130	266,303
Rental of premises paid to a Director, Dato' Sri Haji Wan Zaki bin Haji Wan Muda	36,000	36,000
Professional fees paid to a Director, Dato' Ismail @ Mansor bin Said	18,000	18,000
Purchase of materials from other subsidiaries of ultimate holding company	2,391,407	2,298,478

The outstanding balances arising from the above transactions have been disclosed in Note 14 and Note 22 to the financial statements.

39. Acquisition of subsidiaries

a) On 25 October 2012, the Company acquired one (1) share of RM1 representing 50% of the issued and paid-up share capital of Temala Development Sdn. Bhd. ("Temala Development") for a cash consideration of RM1. Subsequently, the Company has subscribed RM349,999 new shares divided into 349,999 ordinary shares of RM1 each in Temala Development. Following the subscription of the new shares, Temala Development became a 70% subsidiary of the Company.

b) On 8 November 2012 , the Company acquired one (1) share of RM1 representing 50% of the issued and paid-up share capital of Betanaz Properties Sdn. Bhd. ("Betanaz Properties") for a cash consideration of RM1. Subsequently, the Company has subscribed RM509 new shares divided into 509 ordinary shares of RM1 each in Betanaz Properties. Following the subscription of the new shares, Betanaz Properties became a 51% subsidiary of the Company.

c) On 11 December 2012 , the Company incorporated a wholly-owned subsidiary known as Peninsular Prokonsult Sdn. Bhd. ("Prokonsult"). Prokonsult was incorporated with an authorised capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and an issued and paid up capital of RM2. The 2 ordinary shares of RM1 were issued to the Company for a cash consideration of RM2.

The acquisition of subsidiaries did not have any material impact to the financial statements of the Group.

40. Significant events during the year

The significant events during the financial year are as follows:

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

(ii) On 18 July 2012, the Group acquired a piece of 30 acres land located at Mukim Kuala Kuantan for a total cash consideration of RM8,494,200. The land is held for future commercial property development as disclosed in Note 5.

(iii) On 2 October 2012, one of the wholly owned subsidiary was awarded a building project, "Cadangan Meroboh Bangunan Podium Sediada dan Membina Bangunan Hotel 50 Tingkat Berserta 6 Tingkat Besmen yang Mengandungi Tempat Letak Kereta dan Servis Mekanikal/Eletrikal, dan 1 Blok Podium 5 Tingkat yang Mengandungi Tempat Letak Kereta, Pencawang Elektrik Utama Tenaga Nasional Berhad dan Kemudahan Hotel yang Akan Disambungkan Dengan Pejabat Sediada, dan Menaik Taraf Bangunan Pejabat 35 Tingkat yang Sediada" at Lot 1194 Jalan Sultan Ismail, Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan with a total value of approximately RM673 million.

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

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

In January 2012, the Group has submitted its memorial of claims to International Court of Arbitration under International Chamber of Commerce ("ICC Court"). The sole arbitrator appointed by the ICC Court has heard the case in May 2012. The Group is still awaiting for the sole arbitrator's final award to be issued as this has been postponed since September 2012. Based on the surrounding facts of the case and advice from their external legal counsels, the Directors are of the view that the Group has a strong case for this claim. Consequently, the Group has not made any provision for loss of the aforesaid outstanding amounts.

41. Subsequent events after the year end

On 13 February 2013, the Company signed a Concession Agreement with the Government of Malaysia for the design, construction, completion, operation, management and maintenance of the East Klang Valley Expressway for a concession period of fifty (50) years. Expenditure incurred in relation to this concession as at 31 December 2012 is disclosed in Note 8.

42. Supplementary 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, respectively, as at 31 December, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- realised	116,957,097	86,493,280	(56,543,318)	(67,438,197)
- unrealised	(4,774,385)	1,441,622	(5,025,196)	(4,521,577)
	112,182,712	87,934,902	(61,568,514)	(71,959,774)
Total share of retained earnings of associated companies				
- realised	49,115	50,646	-	-
Total share of accumulated losses of jointly-controlled entities				
- realised	(288,352)	(288,352)	-	-
Less: Consolidation adjustments	(40,427,472)	(34,859,757)	-	-
Total retained earnings/ (accumulated losses)	71,516,003	52,837,439	(61,568,514)	(71,959,774)

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.

Ahmad Zaki Resources Berhad
(Company No. 432768-X)
(Incorporated in Malaysia)
and its subsidiaries

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 8 to 95 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 2012 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 96 has been properly compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
Raja Dato' Seri Aman bin Raja Haji Ahmad

....
Dato' Wan Zakariah bin Haji Wan Muda

Kuala Lumpur,

Date: 26 April 2013

Ahmad Zaki Resources Berhad

(Company No. 432768-X)
(Incorporated in Malaysia)

and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Azlan bin Ash'ari**, the officer primarily responsible for the financial management of Ahmad Zaki Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 96 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 Kuala Lumpur on 26 April 2013.

....
Azlan bin Ash'ari

Before me:

PESURUHJAYA SUMPAH
W493
LEE CHIN HIN
MALAYSIA

149, Jalan Aminuddin Baki
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KPMG

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Independent Auditors' Report to the members of Ahmad Zaki Resources Berhad

(Company No. 432768-X)
(Incorporated in Malaysia)

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 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 8 to 95.

Directors' Responsibility for the Financial Statements

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

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

KPMG

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 at 31 December 2012 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 14 and Note 40 (iv) to the financial statements in respect of amounts owing by a contract customer in relation to a development project in Saudi Arabia which remained under dispute amounting to RM97.9 million as at 31 December 2012. In January 2012, the Group has submitted its memorial of claims to International Court of Arbitration under International Chamber of Commerce ("ICC Court"). The sole arbitrator appointed by the ICC Court has heard the case in May 2012. The Group is still awaiting for the sole arbitrator's final award to be issued as this has been postponed since September 2012. Based on the surrounding facts of the case and advice from their external legal counsels, the Directors are of the view that the Group has a strong case for this claim. Consequently, the Group has not made any provision for loss of the aforesaid outstanding amounts.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

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

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

KPMG

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 42 on page 96 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Johan Idris
Approval Number: 2585/10/14(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 26 April 2013

AHMAD ZAKI RESOURCES BERHAD (432768-X)
INCORPORATED IN MALAYSIA
QUARTERLY REPORT ON THE FOURTH QUARTER ENDED 31 DECEMBER 2013

ANNOUNCEMENT

The Board of Directors of Ahmad Zaki Resources Berhad ("AZRB" or "the Company") would like to announce the following unaudited consolidated results for the 4th Quarter ended 31 December 2013. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

RM	Note	2013 Current quarter ended 31 December	2012 Comparative quarter ended 31 December	2013 12 months cumulative to date	2012 12 months cumulative to date
REVENUE		**120,500,099**	**160,637,438**	**584,977,153**	**674,649,586**
OPERATING EXPENSES	1	(113,781,824)	(150,650,626)	(560,739,774)	(626,317,910)
OTHER OPERATING INCOME		1,821,393	608,046	6,953,133	2,973,801
PROFIT FROM OPERATIONS		**8,539,668**	**10,594,858**	**31,190,512**	**51,305,477**
FINANCE COSTS		(4,171,258)	(3,657,121)	(14,387,969)	(13,529,167)
INVESTING RESULTS	2	-	(1,541)	-	(1,541)
PROFIT BEFORE TAXATION		**4,368,410**	6,936,196	**16,802,543**	**37,774,769**
TAX EXPENSE		(3,690,047)	(6,280,397)	(11,119,228)	(19,187,690)
PROFIT FOR THE YEAR	3	**678,363**	**655,799**	**5,683,315**	**18,587,079**
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		907,772	10,051	4,692,661	(2,488,778)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,586,135**	**665,850**	**10,375,976**	**16,098,301**

AHMAD ZAKI RESOURCES BERHAD (432768-X)
INCORPORATED IN MALAYSIA
QUARTERLY REPORT ON THE FOURTH QUARTER ENDED 31 DECEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

RM	Note	2013 Current quarter ended 31 December	2012 Comparative quarter ended 31 December	2013 12 months cumulative to date	2012 12 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		502,687	829,145	5,689,283	18,678,564
NON-CONTROLLING INTERESTS		175,676	(173,346)	(5,968)	(91,485)
PROFIT FOR THE YEAR		**678,363**	**655,799**	**5,683,315**	**18,587,079**
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		1,364,561	840,377	10,283,509	16,230,588
NON-CONTROLLING INTERESTS		221,574	(174,527)	92,467	(132,287)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,586,135**	**665,850**	**10,375,976**	**16,098,301**
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.18	0.30	2.05	6.75
Diluted (sen)		NA	NA	NA	NA

Note 1 - Operating Expenses

Operating expenses represents the followings:-

	2013 Current quarter	2012 Comparative quarter	2013 Cumulative	2012 Cumulative
Cost of sales	103,932,077	139,560,332	498,672,661	575,885,215
Other operating expenses	9,849,747	11,090,294	62,067,113	50,432,695
Total	**113,781,824**	**150,650,626**	**560,739,774**	**626,317,910**

Note 2 - Investing Results

Investing results represents the followings:-

	2013 Current quarter	2012 Comparative quarter	2013 Cumulative	2012 Cumulative
Share of results from associated companies	-	-	-	-
Share of results from joint ventures	-	(1,541)	-	(1,541)
Total	**-**	**(1,541)**	**-**	**(1,541)**

AHMAD ZAKI RESOURCES BERHAD (432768-X)
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Note 3 Profit is arrived at after charging/ (crediting) the following items:

	RM	2013 Current quarter ended 31 December	2012 Comparative quarter ended 31 December	2013 12 months cumulative to date	2012 12 months cumulative to date
a)	Interest income	(611,126)	(526,732)	(2,551,204)	(1,946,763)
b)	Other income including investment income	(1,210,267)	(81,314)	(4,401,929)	(1,027,038)
c)	Interest expense	3,943,960	2,636,755	13,173,594	9,385,557
d)	Depreciation and amortisation	9,145,918	3,898,514	18,875,115	15,468,132
e)	Provision for and write off of receivable	3,770	-	3,770	26,733
f)	Foreign exchange (gain) or loss	2,103,892	320,834	3,000,459	411,834

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RM	(Not Audited) As at 31/12/2013	(Audited) As at 31/12/2012
Non-current assets		
Property, plant and equipment	80,898,188	86,113,177
Prepaid lease payment	8,398,950	9,190,342
Land held for development	8,958,539	8,657,433
Biological assets	123,323,285	125,585,877
Investment property	18,000,000	18,000,000
Goodwill	3,747,557	3,747,557
Intangible assets	5,280,696	5,002,546
Investments in associates	192,115	159,115
Interest in joint ventures	(288,352)	(288,352)
Available-for-sale investments	115,500	115,500
Deferred tax assets	10,381,120	2,976,412
Trade receivable-Long term	11,573,208	8,722,322
Total non current assets	**270,580,806**	**267,981,929**
Current assets		
Inventories	15,401,037	14,654,961
Property development costs	8,908,146	8,823,623
Trade & other receivables	444,487,275	330,080,809
Current tax assets	4,763,722	4,899,797
Cash & cash deposits	102,844,025	98,101,075
Total current assets	**576,404,205**	**456,560,265**
Total assets	**846,985,011**	**724,542,194**
Equity attributable to equity holders of the parent		
Share capital	138,471,095	138,471,095
Reserves and treasury shares	75,384,310	69,232,762
Total equity	**213,855,405**	**207,703,857**
Minority interest	5,439,045	5,345,872
Total equity and minority interest	**219,294,450**	**213,049,729**
Non-current liabilities		
Long-term borrowings	226,773,860	145,959,332
Deferred tax	22,092,280	13,460,425
Total non-current liabilities	**248,866,140**	**159,419,757**
Current liabilities		
Short term borrowings	40,688,271	19,723,720
Current portion of long-term borrowings	23,227,349	19,760,453
Trade and other payables	310,684,013	304,052,901
Current tax liabilities	4,224,788	8,535,634
Total current liabilities	**378,824,421**	**352,072,708**
Total liabilities	**627,690,561**	**511,492,465**
Total equity and liabilities	**846,985,011**	**724,542,194**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of the Company								
RM	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares	Sub-total	Non-Controlling Interests	Total Equity
Year ended 31 December 2013									
Balance at the beginning of the year	138,471,095	24,636	(1,282,090)	-	71,516,003	(1,025,787)	207,703,857	5,345,872	213,049,729
Movements during the year									
Foreign currency translation differences for foreign operations	-	-	4,594,226	-	-	-	4,594,226	98,435	4,692,661
Profit for the year	-	-	-	-	5,689,283	-	5,689,283	(5,968)	5,683,315
Total comprehensive income for the year	-	-	4,594,226	-	5,689,283	-	10,283,509	92,467	10,375,976
Changes in ownership interests in subsidiary							-	192,106	192,106
Dividend payable by subsidiary	-	-	-	-	-	-	-	(191,400)	(191,400)
Total transactions with non controlling interests	-	-	-	-	-	-	-	706	706
Dividend to owners of the Company	-	-	-	-	(4,131,961)	-	(4,131,961)		(4,131,961)
Total transactions with owners of the Company	-	-	-	-	(4,131,961)	-	(4,131,961)	-	(4,131,961)
Balance at the end of the year	138,471,095	24,636	3,312,136	-	73,073,325	(1,025,787)	213,855,405	5,439,045	219,294,450
Year ended 31 December 2012									
Balance at the beginning of the year	138,381,722	13,910	1,165,886	-	52,837,439	(1,025,787)	191,373,170	5,903,135	197,276,305
Movements during the year							-		-
Foreign currency translation differences for foreign operations	-	-	(2,447,976)	-	-	-	(2,447,976)	(40,802)	(2,488,778)
Profit for the year	-	-		-	18,678,564	-	18,678,564	(91,485)	18,587,079
Total comprehensive income for the year	-	-	(2,447,976)	-	18,678,564	-	16,230,588	(132,287)	16,098,301
Changes in owership interests in subsidiaries								149,224	149,224
Dividend paid by subsidiary	-	-	-	-	-	-	-	(574,200)	(574,200)
Total transactions with non controlling interests	-	-	-	-	-	-	-	(424,976)	(424,976)
Share-based payment transactions	89,373		-	-	-	-	89,373	-	89,373
Total transactions with owners of the Company	89,373	-	-	-	-	-	89,373	-	89,373
Transfer to share premium for share options exercised		10,726					10,726	-	10,726
Balance at the end of the year	138,471,095	24,636	(1,282,090)	-	71,516,003	(1,025,787)	207,703,857	5,345,872	213,049,729

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2013 RM	Year ended 31 December 2012 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**16,802,543**	**37,774,769**
Adjustments for:-		
Amortisation of prepaid land lease payments	445,616	205,540
Amortisation of biological assets	8,524,807	5,349,434
Depreciation of property, plant & equipment	9,904,692	9,913,158
Provision for and write off of receivable	3,770	26,733
Negative goodwill recognised	(688,427)	-
Interest expenses	13,173,594	9,385,557
Interest revenue	(2,551,204)	(1,946,763)
Gain on disposal of property, plant & equipment	(1,283,947)	(423,317)
Property, plant & equipment written off	-	10,845
Dividend income		(3,900)
Gain on disposal of investment in associated company	119,503	-
Loss on foreign exchange -unrealised	3,000,459	411,834
Changes in fair value of investment properties	-	500,000
Share of results of associated companies	-	1,541
Operating profit before working capital changes	**47,451,406**	**61,205,431**
Increase in inventories	(746,076)	(4,703,151)
Increase in in amount due from customers for contract work	(70,436,231)	(29,576,587)
Increase in property development expenditure	(84,523)	(2,544,585)
Increase in intangible	-	(5,002,546)
Increase in trade and other receivables	(47,442,474)	(89,452)
Decrease in amount due to customers for contract work	(4,411,807)	(2,089,640)
Increase in trade and other payables	8,736,816	3,832,613
Cash (used in)/generated from operations	**(66,932,889)**	**21,032,083**
Tax paid	(15,553,671)	(12,476,696)
Interest received	1,956,506	1,613,139
Interest paid	(12,484,393)	(8,632,807)
Net cash (used in)/generated from operating activities	**(93,014,447)**	**1,535,719**
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(6,389,273)	(9,907,216)
Purchase of land held for development	(301,106)	(8,657,433)
Effect of acquisition of subsidiaries , net of cash received	(108,417)	150,489
Purchase of property, plant & equipment	(1,881,044)	(26,438,551)
Proceeds from disposal of property, plant & equipment	1,384,130	484,662
Investment in associated company	(33,000)	-
Dividend received	-	3,900
Net cash generated from/(used in) investing activities	**(7,328,710)**	**(44,364,149)**
BALANCE CARRIED FORWARD	(100,343,157)	(42,828,430)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2013 RM	Year ended 31 December 2012 RM
BALANCE CARRIED DOWN	(100,343,157)	(42,828,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(50,095)	(241,686)
Repayment to related companies	(500,347)	181,419
Decrease in pledged fixed deposits	18,306,682	3,342,062
Dividend paid	(4,131,961)	(191,400)
Proceeds from issuance of shares	-	100,099
Proceeds from trust receipts	36,089,518	16,599,770
Repayment of trust receipts	(13,378,296)	(27,676,456)
Payment for finance lease liabilities	(4,976,692)	(5,505,456)
Term loan drawdown	117,267,992	50,631,808
Term loan repayment	(30,463,346)	(12,190,364)
Net cash generated from/(used in) financing activities	**118,163,455**	**25,049,796**
Effects of exchange difference on cash & cash equivalents	6,976,003	(1,565,275)
Net decrease in cash and cash equivalents	17,820,298	(17,778,634)
Cash and cash equivalents at beginning of the year	15,946,953	35,290,862
Cash and cash equivalents at end of the year	**40,743,254**	**15,946,953**
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	39,351,328	27,947,651
Cash deposits with licensed banks	63,492,697	70,153,424
Bank overdrafts	(17,564,069)	(19,310,739)
Less: Pledged fixed deposits	(44,536,701)	(62,843,383)
	40,743,255	**15,946,953**

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PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

1. ACCOUNTING POLICIES

The interim financial statements has been prepared in accordance with Financial Reporting Standards (FRS) 134 Interim Financial Reporting, and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and these explanatory notes attached to the interim financial statements as they provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those used in the preparation of the 2012 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2013.

The adoption of the any new/revised standards or interpretations is not expected to have any significant impact on the results and financial position of the Group and the Company.

3. STATUS OF FINANCIAL STATEMENTS QUALIFICATION

The auditors' report on preceding audited financial statements for the year ended 31 December 2012 was not subject to any qualification.

4. REVIEW OF SEASONALITY OR CYCLICALITY OF OPERATIONS

The divisions are not significantly affected by any seasonal or cyclical factors.

5. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL TO THE NATURE, SIZE OR INCIDENCE

There were no unusual items due to the nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows for the financial quarter ended 31 December 2013.

6. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL PERIOD

There was no material changes in estimates of amounts reported in prior financial periods which have a material effect on the current quarter.

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PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

7. CHANGES IN EQUITY/DEBT SECURITIES

Treasury Shares

There was no sharebuyback exercise during the financial quarter under review. The total treasury shares as at 31 December 2013 comprise of 1,478,100 units at RM1,025,787.

There were no issuance, cancellation, resale of treasury shares and repayment of debt and equity securities by the Company during the current quarter and financial year-to-date.

8. DIVIDENDS PAID

The 1st interim dividend of RM4,131,961 was paid on 23 August 2013 in respect of the financial period ended 30 June 2013 .

9. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business segment. Inter-segment pricing is determined based on cost plus method.

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
31-Dec-13	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
REVENUE						
External revenue	516,793,997	53,726,883	4,076,853	12,601,389	(2,221,969)	584,977,153
Inter – segment revenue	-	8,704,325	-	-	(8,704,325)	-
Total revenue	516,793,997	62,431,208	4,076,853	12,601,389	(10,926,294)	584,977,153
RESULT						
Segment results	40,855,712	20,580,034	(25,911,305)	(4,979,978)	(13,741,920)	16,802,543
Interest revenue	2,365,276	87,652	3,288	94,988	-	2,551,204
Interest expenses	(7,959,664)	(71,512)	(669,493)	(4,472,925)	-	(13,173,594)
Non cash expenses Note (i)	179,650	(3,770)	(12,680,635)	343,059	187,044	(11,974,652)
Depreciation	(7,068,311)	(1,026,632)	(908,352)	(901,397)	-	(9,904,692)

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PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

9 SEGMENT REPORTING (continued)

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
31-Dec-12	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
REVENUE						
External revenue	596,987,181	69,505,668	2,472,340	5,684,397	-	674,649,586
Inter – segment revenue	-	15,374,138	-	2,200,000	(17,574,138)	-
Total revenue	596,987,181	84,879,806	2,472,340	7,884,397	(17,574,138)	674,649,586
RESULT						
Segment results	42,785,706	20,263,812	(12,377,640)	12,231,841	(25,128,950)	37,774,769
Interest revenue	1,585,245	201,631	1,613	158,274	-	1,946,763
Interest expenses	(4,524,516)	(73,979)	(28,222)	(4,758,840)	-	(9,385,557)
Share of results in associated co.	(1,541)				-	(1,541)
Non cash expenses Note (i)	(911,420)	(26,733)	(5,548,029)	(7,359)	-	(6,493,541)
Depreciation	(7,095,303)	(968,000)	(1,024,870)	(824,985)	-	(9,913,158)

Note (i) : Non cash expenses

	Group	
	2013	**2012**
	RM	**RM**
Amortisation of planting expenditures	8,524,807	5,349,434
Amortisation of prepaid land lease payments	445,616	205,540
Loss on foreign exchange -unrealised	3,000,459	411,834
Provision for and write off of receivable	3,770	26,733
Change in fair value of investment property	-	500,000
	11,974,652	6,493,541

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment has been brought forward without amendment from the latest audited annual financial statements.

PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 27 February 2014 (being the latest practicable date from the date of issuance of the 4th Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date except the following:

Acquisition of Residence Inn & Motel Sdn. Bhd ("RIM")

On 25 February 2014, the Company entered into a Sale of Shares Agreement with Zaki Holdings (M) Sdn Bhd ("ZHSB") to acquire 100% or 750,000 ordinary shares of RM1.00 each in RIM held by ZHSB for a cash consideration of RM1.0 million only. RIM has an authorised share capital of RM1,000,000 and a paid-up share capital of RM750,000. The acquisition will result in RIM becoming a wholly-owned susbidiary of AZRB. RIM's principal activities are managing a Hotel, Resort, and Chalet chain and all activities related to the tourism industry.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial year-to-date except the following :

(i) Acquisition of Peninsular Precast Sdn Bhd

Its wholly-owned subsidiary, Ahmad Zaki Sdn Bhd ("AZSB") has on 30 August 2013 acquired two (2) shares of RM1.00 each representing 100% of the issued and paid-up share capital of Peninsular Precast Sdn Bhd ("Peninsular Precast") for a cash consideration of RM2.00 only ("the Acquisition").

Peninsular Precast was incorporated on 11 December 2012 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each and issued and paid-up share capital of RM2 divided into two (2) ordinary shares of RM1 each.

Subsequently, the paid-up share capital was increased up to RM100,000 divided into 100,000 ordinary shares of RM1 each. AZSB has subscribed RM80,000 new shares divided into 80,000 ordinary shares of RM1 each in Peninsular Precast. Following the subscription of the new shares, Peninsular Precast became an 80% subsidiary of AZSB.

Peninsular Precast is principally engaged in the fabricating and marketing of Industrial Building Products and System ("IBS") and undertaking any other activities relating the development of the IBS.

PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

12. CHANGES IN THE COMPOSITION OF THE GROUP (continued)

(ii) Joint – venture with Malaysian Harvest Sdn Bhd ("MHSB")and Primary Horizon Sdn Bhd ("PHSB") (the JV Agreement")

On 2 October 2013, the Company entered into a Joint Venture Agreement with MHSB and PHSB to participate in a joint venture company named Peninsular IFM Sdn Bhd ("PIFM") to provide integrated facilities management services for buildings or facilities or certain projects undertaken by the JV parties. Each of the JV parties shall participate in the equity of PIFM in the following percentage:

a) AZRB - 34%
b) MHSB - 33%
c) PHSB - 33%

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 27 February 2014 (being the latest practicable date from the date of issuance of the 4th Quarter Report) save as disclosed in Part B item 8 below.

14. SIGNIFICANT RELATED PARTY'S TRANSACTION

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

	2013 12 months cumulative to date RM	2012 12 months cumulative to date RM
Trade		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director :-		
- Chuan Huat Industrial Marketing Sdn Bhd	6,677,542	18,952,970
- Chuan Huat Hardware Sdn Bhd	1,261,077	1,232,130
Purchases from following companies, companies in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director		
- QMC Sdn Bhd	173,684	716,596
- Kemaman Quarry Sdn Bhd	111,410	1,674,511
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	120,000	90,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	894,863	652,035
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	34,150	35,719
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	36,000	36,000

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

1. REVIEW OF PERFORMANCE

The Group's revenue for 12 months FY13 decreased by **RM89.7 million** (or 13.3%) year on year ("Y-o-Y") to **RM585.0 million** mainly attributable to lower revenue derived from Construction Division.

The Group's pre-tax profit declined by **RM21.0 million** (or 55.5%) Y-o-Y to **RM16.8 million** mainly due to losses from Plantation Division and further write off of non recoverable receivables. Nevertheless, Oil and Gas Division showed slightly higher pre-tax profit.

Overall, the balance order book in Construction Division stood at **RM1,842 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM14 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM65 million**) , The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan ("UIAH"), Pahang through Private Finance Initiative (**RM327 million**), Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for the Package V6 Construction and Completion of Viaduct Guideway and Other Associated Works from Plaza Phoenix to Bandar Tun Hussein Onn Station (**RM452 million**) ("MRTV6"), Upgrading existing 35 storey office blocks and reconstruction of new 56 storey hotel tower at Lot 1194, Jalan Sultan Ismail, Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan for Permodalan Nasional Berhad (**RM652 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM170 million**), The Proposed Construction and Completion of the Pangkalan Semenanjung Pasukan Gerakan Udara Polis Diraja Malaysia on Part of Lot 1210 (PA 27811), and Jalan Lapangan Terbang Subang, Seksyen U3, Shah Alam Selangor (**RM162 million**).

2. REVIEW OF MATERIAL CHANGES BETWEEN CURRENT QUARTER AND PRECEDING QUARTER

	Current Qtr RM	Preceding Qtr RM	+/(-) RM
Revenue	120,500	195,607	(75,107)
Profit before tax	4,368	2,194	2,174

On a quarter to quarter basis, the Group's revenue decreased with the lower revenue achieved in Construction Division for the quarter under review. However profit before tax was slightly higher mainly due to lower operating costs incurred in 4Q'13.

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

3. PROSPECTS

The Group's Construction Division expects to perform better as the remaining order book balance remains strong and the prospects for enhancement of the order book is encouraging. Moving forward, the Oil and Gas Division continues to be robust with steady flow of income to the Group. The Group also looks forward to achieving positive development in Plantation Division.

4. VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

5. TAXATION

Taxation comprises :

	Current Qtr 31.12.2013 RM	Cumulative Current YTD 31.12.2013 RM
Based on results for the year	3,053,702	11,585,855
Origination of temporary differences	632,459	17,561
	3,686,161	11,603,416
Under/(Over) provision in prior years	3,886	(484,188)
Based on results for the year	**3,690,047**	**11,119,228**

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation as a result of the following differences :

	Current Qtr 31.12.2013 RM	Cumulative Current YTD 31.12.2013 RM
Accounting profits before taxation	4,368,410	16,802,543
Tax at the statutory income tax rate of 25%	1,092,103	4,200,636
- Non deductible expenses	2,594,058	7,402,780
- Under/(Over) provision - income tax	3,886	(484,188)
Tax Expense	**3,690,047**	**11,119,228**

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

5. TAXATION (continued)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation as a result of the following differences :

Movement of Deferred Tax Liabilites /(Assets)

	Current Qtr 31.12.2013 RM	Cumulative Current YTD 31.12.2013 RM
At beginning of the period/year	10,648,456	10,484,013
Transfer to income statement	632,459	17,561
Arising from acquisition of new subsidiary	-	34,100
Translation differences	430,245	1,175,486
At end of the year	**11,711,160**	**11,711,160**

Recognised deferred tax assets/(liabilities)

	Assets RM	**Liabilities RM**	**Net RM**
Tax loss carry-forward	10,381,120	-	10,381,120
Taxable temporary differences	-	(14,235,647)	(14,235,647)
Property, plant and equipment	319,993	(482,029)	(162,036)
Fair value adjustment of investment property	-	(494,140)	(494,140)
Fair value adjustment of acquisition of subsidiary	-	(2,610,777)	(2,610,777)
Derecognition of results of joint venture in MCHJV	-	(4,589,680)	(4,589,680)
Tax assets/(liabilities)	**10,701,113**	**(22,412,273)**	**(11,711,160)**
Set off of tax	(319,993)	319,993	-
Net tax assets/(liabilities)	**10,381,120**	**(22,092,280)**	**(11,711,160)**

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 27 February 2014 (being the latest practicable date from the date of issuance of the 4th Quarter Report) except for the following :

6. CORPORATE PROPOSALS (continued)

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 AZRB via the cancellation of RM0.25 of the par value of each existing ordinary share of RM0.50 each in AZRB ("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 ("AZRB Shares") ("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 (6) Rights Shares together with three (3) free Warrants for every eight (8) existing AZRB Shares held after the Proposed Par Value Reduction ("Proposed Rights Issue With Warrants");
(iii) proposed establishment of an employees' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Directors of AZRB and its subsidiaries ("AZRB Group" or "Group") which are not dormant at any point in time ("Proposed ESS"); and
(iv) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction ("Proposed Amendments to M&A").

The Proposals are subject to the following approvals being obtained:-

(a) the approval of Bursa Securities for:-
  (i) the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants; and
  (ii) the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue With Warrants as well as the new AZRB Shares to be issued pursuant to the Proposed ESS and the exercise of the Warrants on the Main Market of Bursa Securities;
(b) the approval of shareholders of AZRB at an Extraordinary General Meeting ("EGM") to be convened on 17 March 2014 for the Proposals;
(c) the confirmation of the High Court of Malaya in respect of the Proposed Par Value Reduction; and
(d) consent or approval of any other authorities and/or parties.

The Proposed Par Value Reduction and Proposed Amendments to M&A are inter-conditional upon one another but not conditional or inter-conditional upon the Proposed Rights Issue With Warrants or Proposed ESS.

The Proposed ESS is not conditional or inter-conditional upon the Proposed Rights Issue With Warrants. The Proposals are not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

The Company obtained approval from Bursa on 19 February 2014.

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 31 December 2013 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	17,564	-	17,564
Trust Receipts	RM	1,169	-	1,169
Revolving Credits	RM	21,955	-	21,955
Term Loans	RM	18,119	185,415	203,534
Term Loans	USD	-	22,603	22,603
Term Loans	IDR		12,155	12,155
Finance Lease Liabilities	RM	4,973	6,545	11,518
Finance Lease Liabilities	IDR	135	56	191
Total		63,915	226,774	290,689

8. MATERIAL LITIGATION

At the date of this announcement, the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group and the Company except as disclosed as follows:

a) Claim or litigation brought against the Company :

(i) **Sime Engineering Sdn Bhd ("SESB") vs Ahmad Zaki Resources Berhad**

On 13 October 2010 SESB served a Writ and Statement of Claim dated 12 October 2010 on AZRB, claiming a sum of RM15, 246,000 for alleged breaches by AZRB of the Malaysia-China Hydro Joint Venture Agreement dated 12 June 2002 relating to the Bakun Hydroelectric Project Package CW2 - Main Civil Works.

AZRB had filed its Defence at the Kuala Lumpur High Court on 2 December 2010 and also instituted a Counterclaim against Sime Engineering and members of the Malaysia-China Hydro Joint Venture ("MCH JV") Executive Committee ("Exco") namely Sinohydro Corporation (formerly known as China Water Resources, and Hydropower Engineering Company) ("Sinohydro") and WCT Berhad ("WCT") for the sum of RM58,000,600 as special damages ("AZRB Counterclaim").

8. MATERIAL LITIGATION (continued)

(i) **Sime Engineering Sdn Bhd ("SESB") vs Ahmad Zaki Resources Berhad (continued)**

On 19 January 2011, AZRB filed an application to strike out SESB's Writ and Statement of Claim which was dismissed by the High Court on 17 August 2011. However, on 5 January 2012, the Court of Appeal has allowed AZRB's appeal against the decision of the High Court on 17 August 2011 in dismissing AZRB's striking out application of SESB's Writ and Statement of Claim. SESB have filed their Notice of Motion for leave to appeal in the Federal Court against the decision of the Court of Appeal on 3 February 2012 and the Federal Court has on 29 April 2013 dismissed SESB's leave to appeal accordingly. In light of the dismissal, SESB's claim against AZRB in the High Court for the sum of RM15,246,000.00, interests and costs has now come to an end and stand dismissed.

With regards to AZRB's Counterclaim, parties are undergoing the process of discovery. On 7 November 2013, the Court has fixed the Trial dates as follows:

- 9 to 13 June 2014
- 25 to 29 August 2014
- 27 to 31 October 2014

AZRB has also been served with an application to strike out its Counterclaim by SESB and Sinohydro Corporation. The Hearing date for such application has been fixed on 3rd March 2014.

AZRB, in consultation with its solicitors, is of the view that AZRB has a valid case against SESB and the MCH JV Exco in its counterclaim.

(ii) **Arbitration on Alfaisal University project**

On 3 March 2011, the Company filed its arbitration notice with the ICC International Court of Arbitration seeking various reliefs and claims including the bonds liquidated by King Faisal Foundation in respect of the contract entered into by Al-Faisal University and the Company pertaining to Al-Faisal University Campus Development Project Phase 1 & 2 in Riyadh, Saudi Arabia. AZRB had filed its statement of claim in respect of the final relief on 18 January 2012.

8. MATERIAL LITIGATION (continued)

(ii) Arbitration on Alfaisal University project (continued)

The hearing was held on 27 May 2012 and on 29 July 2013, the Company has received notification that the Sole Arbitrator in ICC Arbitration case No. 17768/ND/MCP, AZRB Vs AFU and King Faisal Foundation ("KFF") pertaining to the Contract ("the Arbitration") has issued his final judgement and award. In the aforesaid final judgement and award, the Sole Arbitrator had ordered AFU and KFF to jointly and severally pay to AZRB the total amount of SAR 92,570,300 in respect of claims made by the Company in the Arbitration. Currently, the Company's Legal Counsel are in the midst of filing the award with the Commercial Court of Appeal for an enforcement order.

9. DIVIDEND

Other than the 1st interim dividend of RM0.02/= gross declared on 25 June 2013, the Board did not recommend any dividend for the current financial period under review.

10. EARNINGS PER SHARE

The basic earnings per share was calculated based on the consolidated profit after taxation and minority interests over the weighted average number of ordinary shares in issue during the period as set out below:

	Current Quarter ended 31/12/2013	Current Quarter ended 31/12/2012	Cumulative Quarters ended 31/12/2013	Cumulative Quarters ended 31/12/2012
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**502,687**	**829,145**	**5,689,283**	**18,678,564**
Basic				
Weighted average number of ordinary shares in issue	276,942,190	276,880,222	276,942,190	276,880,222

11. STATEMENT ON REALISED AND UNREALISED RETAINED PROFITS DISCLOSURE

	Current financial Quarter ended 31.12.2013	**As at the end of last financial year**
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	118,478	116,957
- Unrealised	(9,619)	(4,774)
	108,859	112,183
Total share of retained profits from associated companies		
- Realised	49	49
- Unrealised	-	-
	49	49
Total share of retained profits from jointly controlled companies		
- Realised	(288)	(288)
- Unrealised	-	
	(288)	(288)
Less : Consolidated adjustments	(34,880)	(40,427)
Total Group retained profits as per consolidated accounts	73,740	71,517

AZRB
AHMAD ZAKI RESOURCES BERHAD
(432768-X)

Date: 20 MAR 2014

The Shareholders of

AHMAD ZAKI RESOURCES BERHAD
("AZRB" OR THE "COMPANY")

Dear Sir / Madam,

On behalf of the Board of Directors of AZRB ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 31 December 2012 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantees or indemnities given by the Group;

(e) there has not been, since the latest audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group;

(f) save as disclosed in the unaudited consolidated financial statements of the Group for the twelve (12)-month financial period ended 31 December 2013 as set out in Appendix V of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(g) as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of
AHMAD ZAKI RESOURCES BERHAD

DATO' WAN ZAKARIAH BIN HAJI WAN MUDA
Managing Director

Head Office : **MENARA AZRB**, No. 71, Persiaran Gurney, 54000 Kuala Lumpur. Tel : +603-2698 7171 Fax : +603-2694 8181
Regional Office: K-709, Taman Merpati Jaya, Jalan Air Putih, 24000 Kemaman, Terengganu. Tel : +609-859 2337 Fax : +609-859 2437
www.azrb.com

1. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each in our Company, all of which rank *pari passu* with one another.

(iii) No securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.

(iv) Save as discussed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus:-

(a) The Rights Shares to be issued pursuant to the Rights Issue With Warrants, which are the subject of this Abridged Prospectus; and

(b) The Employees' Share Scheme which involves the granting a combination of shares or options of up to fifteen (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Employees' Share Scheme. The Employees' Share Scheme shall be in force for a period of five (5) years, commencing from the effective date on which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with. However, the Board shall have the discretion upon the recommendation of the ESS Committee to extend the tenure of the Employees' Share Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years. As at the date of this Abridged Prospectus, the Employees' Share Scheme has yet to be implemented / effected.

2. REMUNERATION OF DIRECTORS

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:-

Article 89 – Remuneration of Directors

(a) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Provided that such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(b) Executive director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits), or partly in one way and partly in another) as the Directors may from time to time determine. All remuneration payable to the non-executive Director(s) shall be determined by a resolution of the Company in general meeting.

(c) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover.

(d) Salaries payable to executive Director(s) may not include a commission on or percentage of turnover.

(e) Any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 90 – Reimbursement of expenses

(1) *The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.*

(2) *If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence of any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Any extra remuneration payable to non-executive Director(s) shall not include a commission on or percentage of turnover or profits.*

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there are no other material contracts which have been (not being contracts entered into in the ordinary course of business) entered into by our Group during the two (2) years preceding the date of this Abridged Prospectus:-

(i) On 18 March 2014, we executed the Deed Poll;

(ii) On 17 March 2014, we have entered into an underwriting agreement with AmInvestment Bank for the underwriting of up to 83,858,544 Rights Shares for an underwriting commission of RM930,937.15 and a managing fee of RM103,437.46 and upon the terms and conditions contained therein;

(iii) On 13 February 2013, EKVE Sdn Bhd executed a concession agreement with the Government of Malaysia as represented by the Ministry of Works in relation to the design, construction, completion, operation, management and maintenance of the EKVE over a concession period of 50 years. The estimated total construction costs of the EKVE project is approximately RM1,551,130,000.00.

(iv) On 18 July 2012, Betanaz executed a sale and purchase agreement with Pasdec Putra Sdn Bhd in relation to the acquisition by Betanaz of 30 acres of agricultural land which forms part of the land held under Lot PT 91677, HSD 29915, Mukim Kuala Kuantan, Kuantan, Pahang Darul Makmur, free from encumbrances and with vacant possession on an "as is where is" basis, subject to the conditions and restrictions in interest to the issue document of title for a purchase price of RM8,494,200.00.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither AZRB nor any of its subsidiary companies are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of the Group and, to the best of the Board's knowledge and belief, it is not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group: -

(a) **Kuala Lumpur High Court Civil Suit No. D-22NCC-1618-11/2012**
Sime Engineering Sdn Bhd ("SESB") vs AZRB

On 13 October 2010 SESB served a Writ and Statement of Claim dated 12 October 2010 on AZRB, claiming a sum of RM15,246,000 for alleged breaches by AZRB of the Malaysia-China Hydro Joint Venture Agreement dated 12 June 2002 relating to the Bakun Hydroelectric Project Package CW2 – Main Civil Works.

AZRB had filed its Defence at the Kuala Lumpur High Court on 2 December 2010 and also instituted a Counterclaim against SESB and members of the Malaysia-China Hydro Joint Venture Executive Committee, namely Sinohydro Corporation (formerly known as China Water Resources and Hydropower Engineering Company), WCT Berhad, Edward & Sons (EM) Sdn Bhd, Syarikat Ismail Ibrahim Sdn Bhd and Mtd Capital Berhad for the sum of RM58,000,600 as special damages ("**AZRB's Counterclaim**").

On 19 January 2011, AZRB filed an application to strike out SESB's Writ and Statement of Claim, which was dismissed by the High Court on 17 August 2011. On 5 January 2012, the Court of Appeal allowed AZRB's appeal against the decision of the High Court on 17 August 2011 in dismissing AZRB's striking out application of SESB's Writ and Statement of Claim. SESB filed their Notice of Motion for leave to appeal in the Federal Court against the decision of the Court of Appeal on 3 February 2012. The Federal Court on 29 April 2013 dismissed SESB's leave to appeal accordingly. In light of the dismissal, SESB's claim against AZRB in the High Court for the sum of RM15,246,000, interests and costs has now come to an end and stands dismissed.

With regards to AZRB's Counterclaim, the parties are undergoing the process of discovery. At the case management held on 7 November 2013, the Court fixed the following:

(i) hearing date for discovery application of further documents on 13 December 2013;

(ii) trial dates on 9 to 13 June 2014, 25 to 29 August 2014 and 27 to 31 October 2014; and

(iii) case management date on 24 January 2014.

On 13 December 2013, the Court had granted AZRB's discovery application and on 24 January 2014, the Court ordered Sinohydro Corporation to produce and make available all the documents requested by AZRB.

AZRB has also been served with an application to strike out the Counterclaim by SESB and Sinohydro Corporation. Both application was heard on 3 March 2014. On 27 March 2014, the High Court has allowed such application made by SESB and Sinohydro Corporation. AZRB has decided to file an appeal against the decision of the High Court. AZRB's solicitor are of the opinion that AZRB has a good arguable case in succeeding in the appeal.

(b) **International Court of Arbitration International Chamber of Commerce ICC Case No. 17768/ND**
Arbitration in respect of Al Faisal University project

On 3 March 2011, AZRB filed its arbitration notice with the ICC International Court of Arbitration seeking various reliefs and claims including the bonds liquidated by King Faisal Foundation in respect of the contract entered into by Al Faisal University and AZRB pertaining to Al Faisal University Campus Development Project Phase 1 and 2 in Riyadh, Saudi Arabia. AZRB filed its statement of claim in respect of the final relief on 18 January 2012, for the sum of SAR170,000,000 in damages and the hearing was held on 27 May 2012.

On 29 July 2013, AZRB was notified by its solicitors that the Arbitrator has decided in its favour whereby Al Faisal University and King Faisal Foundation was ordered to jointly and severally pay to AZRB the total amount of SAR92,570,300 in respect of the claims made by AZRB. AZRB's solicitors are in the midst of enforcing the Award granted by the Arbitrator.

(c) **Arbitration between Ahmad Zaki Sdn Bhd ("AZSB") vs Perbadanan Putrajaya**

On 13 February 2012, AZSB commenced legal proceedings against Perbadanan Putrajaya to claim a sum of RM9,944,382.20 in respect of AZSB's damages sustained due to the prolongation of the construction period between 6 February 2006 to 31 December 2007 pursuant to a project known as "Cadangan Kerja-kerja Bangunan untuk Pembangunan Sebuah Masjid, Kiblat Walk dan Kerja-kerja yang berkaitan dengannya diatas Plot 12080 dengan Plot 12080 dengan Plot 12072 serta sebahagian Plot 12072, Presint 3".

The parties are at the stage of discovery and inspection of documents. Perbadanan Putrajaya has yet to provide the documents that AZSB has requested for inspection. On 7 February 2014, the Arbitrator has fixed new trial dates on 20th – 24th October 2014 and 27th – 31st October 2014 and provided new directions for both parties to comply with.

AZSB's solicitors are of the opinion that AZSB has a good arguable case against Perbadanan Putrajaya.

5. GENERAL

(i) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus, our Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits; and

(iii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:-

   (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;

   (b) any material commitment for capital expenditure of our Group;

   (c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations; and

(d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

6. CONSENTS

(i) The written consents of the Principal Adviser, Managing Underwriter and Underwriter, Company Secretary, Share Registrar, Solicitors for the Rights Issue With Warrants and Principal Bankers for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of our Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letter and report relating to our proforma consolidated statement of financial position as at 31 December 2012 and our audited consolidated financial statements for the FYE 31 December 2012, and all reference thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) our Company's Memorandum and Articles of Association;

(ii) our proforma consolidated statement of financial position as at 31 December 2012 together with the Reporting Accountants' Letter thereon as set out in Appendix III of this Abridged Prospectus;

(iii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2011 and 2012;

(iv) our unaudited consolidated financial statements for FYE 31 December 2013;

(v) the Undertakings referred to in Section 5 of this Abridged Prospectus;

(vi) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(vii) the material contracts referred to in Section 3 above;

(viii) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 4 above;

(ix) the letters of consent as referred to in Section 6 above; and

(x) the certified true extract of the ordinary resolution pertaining to the Rights Issue With Warrants passed at our EGM convened on 17 March 2014 as set out in Appendix I of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

(i) Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and our Directors, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) AmInvestment Bank, being the Principal Adviser for the Rights Issue With Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue With Warrants.

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