

AHMAD ZAKI RESOURCES BERHAD
 CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009
 (Figures have not been audited)

RM	Note	2009 Current quarter ended 30 September	2008 Comparative quarter ended 30 September	2009 9 months cumulative to date	2008 9 months cumulative to date
REVENUE		161,823,667	165,643,558	353,842,392	508,445,211
OPERATING EXPENSES	1	(153,141,355)	(156,895,922)	(329,877,567)	(485,166,282)
OTHER OPERATING INCOME		2,000,722	1,684,386	4,738,129	4,873,657
PROFIT FROM OPERATIONS		10,683,034	10,432,022	28,702,954	28,152,586
FINANCE COSTS		(4,565,054)	(4,148,215)	(12,430,477)	(11,318,282)
INVESTING RESULTS	2	2,563,481	2,710,379	8,175,341	6,202,341
PROFIT BEFORE TAXATION		8,681,461	8,994,186	24,447,818	23,036,645
TAXATION		(3,026,449)	(3,438,207)	(8,520,140)	(9,877,323)
PROFIT FOR THE PERIOD/YEAR		5,655,012	5,555,979	15,927,678	13,159,322
ATTRIBUTABLE TO :-					
EQUITY HOLDERS OF THE PARENT		5,575,202	5,372,322	15,630,106	12,523,094
MINORITY INTEREST		79,810	183,657	297,572	636,228
PROFIT FOR THE PERIOD/YEAR		5,655,012	5,555,979	15,927,678	13,159,322
EPS - Basic (sen)	3	2.02	1.94	5.65	4.53
EPS - Diluted (sen)	3	2.01	1.94	5.65	4.52

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	142,723,792	150,982,680	306,797,280	450,765,794
Other operating expenses	10,417,563	5,913,242	23,080,287	34,400,488
Total	153,141,355	156,895,922	329,877,567	485,166,282

Note 2 - Investing Results

Investing results represents the followings:-

Share of profit/(losses) from associated companies	2,292,947	2,314,193	6,922,295	5,505,139
Share of profit/(losses) from joint ventures	270,534	396,186	1,253,046	697,202
Total	2,563,481	2,710,379	8,175,341	6,202,341

AHMAD ZAKI RESOURCES BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009
(Figures have not been audited)

Note 3 - EPS - Basic & Diluted (sen)

The basic earnings per share has been calculated based on the consolidated profit after taxation and minority interests of **RM15,630,106 (2008: RM12,523,094)** and on the weighted average number of ordinary shares in issue during the period of **276,575,070 (2008 :276,531,600)**.

The fully diluted earnings per share for the period has been calculated using an enlarged weighted average number of shares of **276,685,421 (2008: 276,866,798)** after the inclusion of the number of unexercised options outstanding as at 30 September 2009 of **569,994 (2008: 762,353)** shares .

The share options were calculated based on the number of shares which could have been acquired at the market price (The share options were calculated based on the number of shares which could have been acquired at the market price (the average 6 months price of the Company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to the shareholders for the share options calculations as the exercise price of the option shares is deemed to be their average fair value during the period.

	No. of Shares of RM0.50 each
Weighted average number of shares as at 30/09/2009	276,575,070
Add : Dilutive ESOS	110,351
Adjusted weighted average number of shares	276,685,421

Note 4 - Recurrent Related Party Transactions

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

	2009 9 months cumulative to date	2008 9 months cumulative to date
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	4,681,173	14,798,858
- Chuan Huat Hardware Sdn Bhd	0	54,450
Purchases from following companies, companies in which Dato' Sri Haji Wan Zaki has substantial financial interest and is also a director		
- QMC Sdn Bhd	320,236	151,495
- Kemaman Quarry Sdn Bhd	492,548	643,121
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	94,140	91,800
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	315,000	315,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	331,811	518,479
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	16,482	15,061
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	27,000	27,000

AHMAD ZAKI RESOURCES BERHAD
CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPT 2009

	Not Audited As at 30 September 2009	(Audited) As at 31 December 2008
ASSETS		
Non-current assets		
Property, plant and equipment	44,660,689	48,408,426
Prepaid lease payment	7,987,090	8,242,056
Goodwill	3,744,605	3,744,605
New planting expenditure	76,678,236	62,956,106
Investment properties	19,500,000	19,500,000
Investments in associates	94,908,128	89,784,333
Interest in joint ventures	(28,731,427)	(28,698,666)
Other investments	2,615,500	2,615,500
Total non current assets	221,362,821	206,552,360
Current assets		
Inventories	9,672,114	12,927,339
Property development expenditure	5,425,537	5,831,594
Trade & other receivables	303,204,503	306,258,522
Tax assets	6,669,718	3,931,817
Cash & cash deposits	165,550,052	185,642,625
Total current assets	490,521,924	514,591,897
Total assets	711,884,745	721,144,257
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	138,317,964	138,265,800
Reserves	83,977,991	73,068,506
Total equity	222,295,955	211,334,306
Minority interest	4,767,771	4,661,599
Total equity and minority interest	227,063,726	215,995,905
Non-current liabilities		
Long-term borrowings	150,074,640	161,476,632
Deferred tax	5,157,325	5,153,614
Total non-current liabilities	155,231,965	166,630,246
Current liabilities		
Trade and other payables	270,981,628	288,922,481
Short term borrowings	46,307,911	37,723,565
Current portion of long-term borrowings	11,379,870	9,865,602
Tax liabilities	919,645	2,006,458
Proposed dividend	0	0
Total current liabilities	329,589,054	338,518,106
Total liabilities	484,821,019	505,148,352
Total equity and liabilities	711,884,745	721,144,257

AHMAD ZAKI RESOURCES BERHAD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2009
(Figures have not been audited)

9 months ended 30 September 2009

	Attributable to equity holders of the parent							Minority Interest	Total Equity
	Share Capital	Share Premium	Forex Translation Reserve	Capital Reserve	Reserve on Share Base Payment	Retained Profits	Treasury Shares		
Balance at the beginning of the period	138,265,800	-	(2,470,681)	67,951	-	76,475,858	(1,004,622)	211,334,306	215,995,905
Movements during the period	52,164	6,260				15,630,106		58,424	58,424
Issue of option pursuant to ESOS								15,630,106	15,927,678
Net profit for the period			1,462,430			(6,189,311)		1,462,430	1,462,430
Movement in foreign exchange difference								(6,189,311)	(6,380,711)
First & final dividend 2008 paid(3 sen per share at (RM0.50/=) par value less 25% income tax)									(191,400)
Balance at the end of the period	138,317,964	6,260	(1,008,251)	67,951	-	85,916,653	(1,004,622)	222,295,955	227,063,726

Balance at the beginning of the period
Movements during the period
Issue of option pursuant to ESOS
Net profit for the period
Movement in foreign exchange difference
First & final dividend 2008 paid(3 sen per share at (RM0.50/=) par value less 25% income tax)
Balance at the end of the period

9 months ended 30 September 2008

	Attributable to equity holders of the parent							Minority Interest	Total Equity
	Share Capital	Share Premium	Forex Translation Reserve	Capital Reserve	Reserve on Share Base Payment	Retained Profits	Treasury Shares		
Balance at the beginning of the period	69,132,900	4,723,875	(1,425,488)	67,951	-	86,453,281	-	158,952,519	162,555,976
Movements during the period					1,446,723	-		1,446,723	1,446,723
Issue of option pursuant to ESOS					(1,446,723)	1,446,723		-	-
Transfer of expired option to retained profit								48,393,030	340,000
Addition paid up capital from Minority Interest		(3,813,329)				(16,926,541)		(910,546)	48,393,030
Issue of shares pursuant to Rights Issue		(910,546)					(1,004,622)	(1,004,622)	(1,004,622)
Corporate Exercise Expenses								12,523,094	13,159,322
Purchase of own shares			695,673					695,673	695,673
Net profit for the period						12,523,094		(10,225,757)	(10,225,757)
Movement in foreign exchange difference									
First & final dividend 2007 paid(5 sen per share at (RM0.50/=) par value less 26% income tax)									
Balance at the end of the period	138,265,800	-	(729,815)	67,951	-	73,270,800	(1,004,622)	209,870,114	214,449,799

Balance at the beginning of the period
Movements during the period
Issue of option pursuant to ESOS
Transfer of expired option to retained profit
Addition paid up capital from Minority Interest
Issue of shares pursuant to Rights Issue
Corporate Exercise Expenses
Purchase of own shares
Net profit for the period
Movement in foreign exchange difference
First & final dividend 2007 paid(5 sen per share at (RM0.50/=) par value less 26% income tax)
Balance at the end of the period

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008

Ok- updated 25/10/2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2009
(Figures have not been audited)

	9 months ended 30 September 2009 RM	9 months ended 30 September 2008 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	24,447,818	23,036,645
Adjustments for:-		
Amortisation of prepaid lease rental	5,209	5,209
Depreciation of property, plant & equipment	6,335,434	6,260,329
Staff cost in respect of share base payment	-	1,394,812
Interest expenses	9,503,545	9,623,969
Interest revenue	(2,512,249)	(4,219,038)
Gain on disposal of property, plant & equipment	(179,863)	(42,014)
Gain on disposal of leasehold land	-	-
Loss on disposal of property, plant & equipment	-	-
Fixed assets written off	-	134,794
Inventories written off	-	-
Impairment loss on investment in unquoted shares	-	4,500,000
Unrealised loss/(gain) of foreign exchange	(731,533)	14,499
Share of results of joint ventures	(1,253,046)	(697,202)
Share of results of associated companies	(6,922,295)	(5,505,139)
Operating profit before working capital changes	28,693,020	34,506,864
Increase in inventories	3,255,225	(1,536,998)
(Increase)/Decrease in amount due from customers for contract work	(24,951,537)	(53,575,286)
(Increase)/Decrease in property development expenditure	406,057	(2,490,927)
(Decrease)/Increase in amount due to customers for contract work	(14,063,485)	(1,869,734)
(Increase)/Decrease in trade and other receivables	28,217,193	74,166,025
Decrease in trade and other payables	(1,586,974)	(25,550,623)
Cash generated/(used in) from operations	19,969,499	23,649,321
Tax paid	(12,341,127)	(14,546,078)
Interest payment	(11,081,963)	(11,236,213)
Net cash generated/(used in) from operating activities	(3,453,591)	(2,132,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	(12,762,864)	(25,016,643)
Investment in quoted shares	-	(3,429,523)
Interest received	2,453,240	4,344,122
Purchase of property, plant & equipment	(2,071,262)	(6,611,989)
Proceeds from disposal of property, plant & equipment	339,800	97,022
Dividend Revenue	1,798,500	919,021
Net cash used in investing activities	(10,242,586)	(29,697,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from /(Repayment to) ultimate holding company	(77,424)	-
Advance from/(Repayment to) related companies	448,355	(70,904)
Advance from/(repayment to) Joint Ventures	781,807	1,117,160
Dividend paid	(6,380,711)	(10,225,757)
Proceeds from paid up capital	58,424	48,393,030
Settlement of right issue expenses	-	(910,546)
Proceeds from trust receipts/murabahah	4,559,480	9,921,934
Repayment of trust receipts/murabahah	(5,572,892)	(24,781,915)
Payment to hire purchase creditors	(3,998,099)	(3,643,362)
Repayment of term loan	(4,000,000)	(90,213)
Net cash generated from/(used in) financing activities	(14,181,060)	19,709,427
Effects of exchange difference on cash & cash equivalents	922,231	600,905
Net increase/(decrease)in cash and cash equivalents	(27,877,237)	(12,121,533)
Cash and cash equivalents at beginning of the year/period	175,777,022	204,493,244
Cash and cash equivalents at end of the year	148,822,016	192,972,616
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	26,767,641	36,221,497
Cash deposits with licensed banks	138,782,410	160,253,721
Bank overdrafts	(16,728,035)	(3,502,602)
	148,822,016	192,972,616

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2008.

Selected Explanatory Notes

a. Accounting Policies

The interim financial statements has been prepared in accordance with Financial Reporting Standards (FRS) 134₂₀₀₄ 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 2008 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 2008.

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 2008 audited financial statements

b. Status of Financial Statements Qualification

The auditors' report on preceding audited financial statements for the year ended 31 December 2008 was not subject to any qualification.

c. Review of Seasonality or Cyclicity of Operations

Seasonality due to weather is not foreseen to affect the construction operations. However, the bunkering activity will be affected by the monsoon at the end of the year and this has been taken into consideration in the Group's annual business plan.

d. Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows That are Unusual to the Nature, Size or Incidence

There was no unusual items due to the nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

e. Changes in Estimates Reported in Prior Financial Year

There was no material changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimates of amounts reported in prior financial years which have a material effect on the current quarter.

f. Changes in Equity/Debt Securities

There were no issuance, cancellation, share-buy-back, resale of treasury shares and repayment of debt and equity securities by the Company during the current quarter and financial year-to-date.

g. **Dividends Paid**

The Company had on 21st July 2009 paid a first and final dividend of 3 Sen less tax at 25% amounting to RM6,189,311/- in respect of the financial year ended 31 December 2008.

h. **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	Other operations	Eliminations	Consolidated
30-Sep-09	RM	RM	RM	RM	RM
REVENUE					
External revenue	323,239,904	28,129,714	2,472,775	-	353,842,392
Inter – segment revenue	-	10,835,555	-	(10,835,555)	-
Total revenue	323,239,904	38,965,268	2,472,775	(10,835,555)	353,842,392
RESULT					
Segment result	13,559,538	10,894,623	(1,190,388)	-	23,263,773
Interest revenue					2,512,249
Interest expenses					(9,503,545)
Share of results in joint ventures	1,253,046				1,253,046
Share of results in associated co.	(32,761)	6,955,056			6,922,295
Income taxes					(8,520,140)
Profit after taxation but before minority interest					15,927,678
Minority interest					(297,572)
Profits attributable to shareholders					15,630,106

	Construction	Trading in oil and gas & other related services	Other operations	Eliminations	Consolidated
30-Sep-08	RM	RM	RM	RM	RM
REVENUE					
External revenue	452,942,029	51,136,996	4,366,186	-	508,445,211
Inter – segment revenue	-	8,233,249	-	(8,233,249)	-
Total revenue	452,942,029	59,370,246	4,366,186	(8,233,249)	508,445,211
RESULT					
Segment result	18,806,178	9,646,827	(6,213,770)	-	22,239,235
Interest revenue					4,219,038
Interest expenses					(9,623,969)
Share of results in joint ventures	697,202				697,202
Share of results in associated co.	404	5,504,735			5,505,139
Income taxes					(9,877,323)
Profit after taxation but before minority					13,159,322
Minority interest					(636,228)
Profits attributable to shareholders					12,523,094

i. **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.

j. **Subsequent Events**

There were no material events subsequent to the end of the current quarter up to 24 November 2009 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

k. **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 .

l. **Changes in Contingent Liabilities and Contingent Assets**

The Group do not have material contingent liabilities as at 24 November 2009 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) save as disclosed in item 11 below.

Explanatory Notes
Bursa Malaysia Revised Listing Requirements

1. **Review of Performance**

	9 months ended 30/09/2009 (RM'000)	9 months ended 30/09/2008 (RM'000)	Variance (RM'000)
Revenue	353,842	508,445	(154,603)
Profit before tax	24,448	23,037	1,411

The Group achieved better profit before tax by **RM1.4M** despite a significant decline in revenue for the period under review. The Group sustained its results at lower overhead costs and expected improved margins for selected projects.

The construction division reported lower revenue of **RM323.2 million** or 91% of the Group's revenue (2008: **RM452 million** or 88%) and a corresponding decline in profit before tax before associated companies and joint-ventures' results and interest at **RM14.2 million** (2008: **RM18.8 million**)

The Group's bunkering operation continue to sustain similar performance as per preceeding year quarter by registering a profit before tax of **RM10.8 million** (2008: **RM9.6million**) on the back of a lower revenue by **RM23.0 million**. The bunkering division overall posted a revenue of **RM28.1 million** or 8.0% of the Group's revenue (2008: **RM51.1 million** or 10.0%) which mainly due to lower sales prices and volume recorded.

Associated company, Eastern Pacific Industrial Corporation Berhad ("EPIC"), improved its contribution to the Group for the period todate ,with a share of results of **RM6.9 million** (2008:**RM5.5 million**).

Overall, order book for its construction division stood at **RM1,334 million** mainly comprise of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM309 million**), Federal Road 3 from Pekan to Kuantan (**RM168 million**), Lebuh raya Pantai Timur Package 6, 5A & 9C (**RM142 million**), Sekolah Menengah Sains Hulu Terengganu (**RM6 million**), University Darul Imam Infrastructure work (**RM20 million**), University Darul Imam Package 3 Building works (**RM225 million**), Maternity Hospital Terengganu (**RM106 million**), Rectification works at Dataran Putra Persint 1, Putrajaya (**RM40 million**) , Istana Negara Interchange to Jalan Duta (**RM105 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM27 million**), Alfaisal University (**RM10 million**), Reinforced Concrete Structures for Tower H1-A, Jabal Omar Development. Mecca (**RM176 million**).

In the opinion of the Directors, the results for the current quarter and financial year todate have not been affected by any transaction or event of a material and unusual

nature which has arisen between 30 September 2009 to 24 November 2009 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).

2. Review of Material Changes between Current Quarter and Preceding Quarter

	Current Qtr RM	Preceding Qtr RM	+ / (-) RM
Revenue	161,824	81,914	79,910
Profit before tax	8,682	9,093	(411)

On quarter to quarter basis, the Group achieved higher revenue mainly due to increased construction activities during the quarter. Profit at operational level increased in tandem. However overall profitability for the quarter was lower mainly due to unrealised foreign currency translation losses on advances to a foreign subsidiary.

3. Prospects

The Group managed to achieve favourable results for the first 9 months of the year. This was mainly contributed by better control on costs and overall prudent spending.

While the Group manages to ensure sustainability of its business activities during this trying times, it shall continue to focus on the cost rationalisation initiatives in order to maintain and strengthen its financial position.

4. Variation of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee

Not applicable.

5. Taxation

Taxation comprises :

	Current Qtr 30.09.2009 RM	Cumulative Current YTD 30.09.2009 RM
Base on results for the year	3,026,449	8,520,140
Origination and reversal of temporary differences	-	-
	<u>3,026,449</u>	<u>8,520,140</u>
Under/(over) provision in prior years	-	-
	<u>3,026,449</u>	<u>8,520,140</u>

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 30.09.2009 RM	Cumulative Current YTD 30.09.2009 RM
Accounting profits before taxation	8,681,460	24,447,818
Tax at the statutory income tax rate of 25%	2,170,365	6,111,954
- Effect of lower tax rate of foreign subsidiary	-	-
- Non deductible expenses	886,084	2,408,186
- Under/(over) provision in prior years	-	-
Tax Expense	<u>3,056,449</u>	<u>8,520,140</u>

6. Profit on Sale of Unquoted Investments and/or Properties

There were no other profits on the sale of unquoted investments and/or properties out of the ordinary course of business for the current quarter/financial period-to-date.

7. Investment in Quoted Securities

- a) There is no purchase of any quoted securities during the financial quarter or financial year to date.
- b) The total investment in quoted shares as at end of the financial period to date are as follows:

30.09.2009

RM'000

i) At Cost	85,487
ii) At Carrying Value	85,487
iii) At Market Value	<u>54,674</u>

8. Corporate Proposals

There are no corporate proposals which have been announced by the Company but not completed as at 24 November 2009 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).

9. Group Borrowings and Debts Securities

The Group borrowings as at 30 September 2009 are as follows:

	Secured RM	Unsecured RM	Total RM
<i>Short Term</i>			
Bank Overdrafts	16,728,035	-	16,728,035
Trust Receipts	1,059,876	-	1,059,876
Murabahah	28,520,000	-	28,520,000
Term Loans	6,281,250	-	6,281,250
Hire Purchase	5,098,620	-	5,098,620
Subtotal	57,687,781	-	57,687,781
<i>Long Term</i>			
Term Loan	56,718,750	85,000,000	141,718,750
Hire Purchase	8,355,890	-	8,355,890
Subtotal	65,074,640	85,000,000	150,074,640
Grand total	122,762,421	85,000,000	207,762,421

The Group does not have any foreign loan as at 30 September 2009.

10. Off Balance Sheets Financial Instruments

The Group does not have any financial instruments with off balance sheets risk as at 24 September 2009 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).

11. 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) Tenaga Nasional Berhad (TNB) vs Ahmad Zaki Resources Berhad

TNB has on 7 December 2006 filed a negligence suit against AZRB, for damage allegedly caused by AZRB on their 33kV cables. The amount of TNB's claim is RM312,995.00 in special damages and RM9 million in general damages for loss of reputation and grievances. AZRB has filed its defence and counter-claim on 28 February 2007, claiming that TNB has been negligent in not providing a proper plan which accurately states the location of the 33kV cables. AZRB's insurer, Hong Leong Assurance Berhad is holding a watching brief in this matter.

Pursuant to a court order dated 5 July 2007 obtained pursuant to AZRB's application, TNB has filed further and better particulars on its statement of claim. In the mean time, the TNB has filed an application to amend their statement of claim, but the application has yet to be sealed and extracted. The court has fixed 4 October 2007 for case management, but the court would only issue case management directions after pleadings are closed.

During the case management on 4 October 2007, the court granted TNB's application to amend their statement of claim, and instructed TNB to file in the duly amended statement of claim. The said case was transferred from the Commercial Division to Civil Division of High Court and the Court has fixed **24 February 2010** for further case management.

AZRB, in consultation with its solicitors, is of the opinion that TNB would not be able to prove its case against AZRB, and that AZRB stands a reasonable chance of proving that negligence, if any, was the part of TNB for failure to provide a proper plan indicating the existence of the cables at the point of damage and to expediently relocate the 33kV cables.

(ii) Signage Incorporated Sdn Bhd ("Signage") vs Ahmad Zaki Resources Berhad

Signage has on 21 September 2007 filed a suit against AZRB at the Kuala Lumpur High Court for inter alia damages under the tort of conversion purportedly for demolition and/or removal of structures and advertisement

board by AZRB. The amount of Signage's claim is RM4,400,000.00. The sealed copy of the suit was served on AZRB's solicitors on 3 October 2007. AZRB has filed its statement of defence with the High Court on 24 October 2007 and application to strike out the suit by Signage on 8 July 2008 and the Court had fixed the case for mention on **27 January 2010**.

AZRB, in consultation with its solicitors, is of the view that AZRB has a firm defence against Signage's allegations.

b) Claims or litigations brought against its wholly owned subsidiary, Ahmad Zaki Sdn Bhd ["AZSB"] by creditors of its joint venture projects with 3rd parties

(i) **Westbury Tubular (M) Sdn. Bhd. ("Westbury") vs. AZSB, Murray & Roberts (Malaysia) Sdn. Bhd. ("M&R") and WCT Engineering Berhad ("WCT") (collectively "the Defendants")**

(a) Kuala Lumpur High Court No. S2-22-132-2000

(b) Kuala Lumpur High Court No. S4-22-758-2005

In the suit referred to in paragraph (a) above, Westbury filed a claim against the Defendants on 24 February 2000 for RM3,090,204.11 allegedly for certain works carried out Westbury for the Defendants under a subcontract agreement between them. The matter is fixed for trial from 3 March 2008 to 5 March 2008.

The suit referred to in paragraph (b) above was filed by Westbury against the Defendants on 6 September 2005 for RM14,776,522.48 allegedly for works carried out by it pursuant to variation orders issued under the aforesaid subcontract agreement.

Pursuant to Westbury's application, the court had on 8 June 2007 ordered that both suits be consolidated. On 31 July 2007, the court files in relation to both matters have been physically transferred to the same court.

The case is now fixed for mention on **14 January 2010** pending settlement.

The Directors are of the opinion that the above litigations or claim will not have any material impact on the financial position and business of the Group due to the fact that the respective joint venture partners are contractually bound to indemnify AZSB in respect of any claims arising howsoever from the implementation of the joint-venture projects.

12. **Dividend**

The Board does not recommend any interim dividend for the current financial period ended 30 September 2009.

13. **Earnings Per Share**

The basic earnings per share has been calculated based on the consolidated profit after taxation and minority interests of **RM15,630,106** (2008: **RM12,523,094**) and on the weighted average number of ordinary shares in issue during the year of **276,575,070** (2008: **276,531,600**).

The fully diluted earnings per share for the period has been calculated using an enlarged weighted average number of shares of **276,685,421** (2008: **276,866,798**) after the inclusion of the number of unexercised options outstanding as at 30 September 2009 of **569,994** (2008: **762,353**) shares.

The share options were calculated based on the number of shares which could have been acquired at the market price (The share options were calculated based on the number of shares which could have been acquired at the market price (the average 6 months price of the Company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to the shareholders for the share options calculations as the exercise price of the option shares is deemed to be their average fair value during the period.

	No. of Share of RM0.50 each
Weighted average number of shares as at 30/09/2009	276,575,070
Add: Dilutive ESOS	110,351
Adjusted weighted average number of shares	276,685,421