

AHMAD ZAKI RESOURCES BERHAD  
 CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 December 2009  
 (Figures have not been audited)

RM	Note	2009 Current quarter ended 31 December	2008 Comparative quarter ended 31 December	2009 12 months cumulative to date	2008 12 months cumulative to date
REVENUE		104,295,737	154,231,727	458,138,129	662,676,939
OPERATING EXPENSES	1	(96,084,860)	(145,595,513)	(425,962,427)	(630,761,795)
OTHER OPERATING INCOME		2,952,292	2,554,296	7,690,421	7,427,952
<b>PROFIT FROM OPERATIONS</b>		<b>11,163,169</b>	<b>11,190,510</b>	<b>39,866,123</b>	<b>39,343,096</b>
FINANCE COSTS		(4,980,076)	(4,514,765)	(17,410,553)	(15,833,047)
INVESTING RESULTS	2	2,288,580	(669,519)	10,463,920	5,532,822
<b>PROFIT BEFORE TAXATION</b>		<b>8,471,673</b>	<b>6,006,226</b>	<b>32,919,490</b>	<b>29,042,871</b>
TAXATION		(3,034,716)	(2,719,253)	(11,554,856)	(12,596,576)
<b>PROFIT FOR THE PERIOD/YEAR</b>		<b>5,436,957</b>	<b>3,286,973</b>	<b>21,364,634</b>	<b>16,446,295</b>
<b>ATTRIBUTABLE TO :-</b>					
EQUITY HOLDERS OF THE PARENT		5,073,815	3,205,059	20,703,921	15,728,153
MINORITY INTEREST		363,142	81,914	660,713	718,142
<b>PROFIT FOR THE PERIOD/YEAR</b>		<b>5,436,957</b>	<b>3,286,973</b>	<b>21,364,634</b>	<b>16,446,295</b>
EPS - Basic (sen)	3	1.83	1.16	7.49	5.69
EPS - Diluted (sen)	3	1.83	1.16	7.48	5.68

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	85,469,166	136,554,307	392,266,445	587,320,101
Other operating expenses	10,615,695	9,041,206	33,695,981	43,441,694
<b>Total</b>	<b>96,084,861</b>	<b>145,595,513</b>	<b>425,962,426</b>	<b>630,761,795</b>

**Note 2 - Investing Results**

Investing results represents the followings:-

Share of profit/(losses) from associated companies	2,060,536	(837,897)	8,982,830	4,667,242
Share of profit/(losses) from joint ventures	228,044	168,378	1,481,090	865,580
<b>Total</b>	<b>2,288,580</b>	<b>(669,519)</b>	<b>10,463,920</b>	<b>5,532,822</b>

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*(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 **RM20,703,921 (2008: RM15,728,153)** 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 year has been calculated using an enlarged weighted average number of shares of **276,722,520 (2008: 276,804,883)** after the inclusion of the number of unexercised options outstanding as at 31 December 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 average 12 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 year.

	No. of Shares of RM0.50 each
Weighted average number of shares as at 31/12/2009	276,575,070
Add : Dilutive ESOS	147,450
Adjusted weighted average number of shares	276,722,520

**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:

	<b>2009 12 months cumulative to date</b>	<b>2008 12 months cumulative to date</b>
<b>Trade</b>		
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	8,497,017	17,143,469
- 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	462,702	161,750
- Kemaman Quarry Sdn Bhd	537,852	905,970
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	125,520	122,450
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	420,000	420,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	432,713	637,385
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	29,564	0
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	36,000	36,000

**AHMAD ZAKI RESOURCES BERHAD**  
**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DEC 2009**

	Not Audited As at 31 December 2009	(Audited) As at 31 December 2008
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	50,134,744	48,408,426
Prepaid lease payment	7,902,102	8,242,056
Goodwill	3,744,605	3,744,605
New planting expenditure	82,130,108	62,956,106
Investment properties	19,500,000	19,500,000
Investments in associates	95,709,713	89,784,333
Interest in joint ventures	(28,637,205)	(28,698,666)
Other investments	2,615,500	2,615,500
<b>Total non current assets</b>	<b>233,099,567</b>	<b>206,552,360</b>
<b>Current assets</b>		
Inventories	9,734,794	12,927,339
Property development expenditure	3,787,751	5,831,594
Trade & other receivables	316,362,171	306,258,522
Tax assets	5,281,297	3,931,817
Cash & cash deposits	154,063,173	185,642,625
<b>Total current assets</b>	<b>489,229,186</b>	<b>514,591,897</b>
<b>Total assets</b>	<b>722,328,754</b>	<b>721,144,257</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	138,317,964	138,265,800
Reserves	89,283,799	73,068,506
<b>Total equity</b>	<b>227,601,763</b>	<b>211,334,306</b>
<b>Minority interest</b>	<b>5,130,912</b>	<b>4,661,599</b>
<b>Total equity and minority interest</b>	<b>232,732,675</b>	<b>215,995,905</b>
<b>Non-current liabilities</b>		
Long-term borrowings	103,926,440	161,476,632
Deferred tax	4,564,004	5,153,614
<b>Total non-current liabilities</b>	<b>108,490,444</b>	<b>166,630,246</b>
<b>Current liabilities</b>		
Trade and other payables	280,338,196	288,922,481
Short term borrowings	45,216,376	37,723,565
Current portion of long-term borrowings	55,380,278	9,865,602
Tax liabilities	170,785	2,006,458
Proposed dividend	0	0
<b>Total current liabilities</b>	<b>381,105,635</b>	<b>338,518,106</b>
<b>Total liabilities</b>	<b>489,596,079</b>	<b>505,148,352</b>
<b>Total equity and liabilities</b>	<b>722,328,754</b>	<b>721,144,257</b>

**AHMAD ZAKI RESOURCES BERHAD**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 12 MONTHS ENDED 31 DECEMBER 2009**  
*(Figures have not been audited)*

12 months ended 31 December 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			Sub-total
Balance at the beginning of the year	138,265,800	-	(2,470,681)	67,951	-	76,475,858	(1,004,622)	211,334,306	4,661,599	215,995,905
Movements during the year	52,164	6,260						58,424	-	58,424
Issue of option pursuant to ESOS								20,703,921	660,713	21,364,634
Net profit for the year			1,694,423			(6,189,311)		1,694,423	-	1,694,423
Movement in foreign exchange difference								(6,189,311)	(191,400)	(6,380,711)
First & final dividend 2008 paid( 3 sen per share at (RM0.50/=) par value less 25% income tax)										
<b>Balance at the end of the year</b>	<b>138,317,964</b>	<b>6,260</b>	<b>(776,258)</b>	<b>67,951</b>	<b>-</b>	<b>90,990,468</b>	<b>(1,004,622)</b>	<b>227,601,763</b>	<b>5,130,912</b>	<b>232,732,675</b>

Balance at the beginning of the year  
Movements during the year  
Issue of option pursuant to ESOS  
Net profit for the year  
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 year**

12 months ended 31 December 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			Sub-total
Balance at the beginning of the year	69,132,900	4,723,875	(1,425,488)	67,951	-	86,453,281	-	158,952,519	3,603,457	162,555,976
Movements during the year								1,446,722	-	1,446,722
Issue of option pursuant to ESOS					1,446,722					
Transfer of expired option to retained profit					(1,446,722)					
Addition paid up capital from Minority Interest										
Issue of shares pursuant to Rights Issue		(3,813,329)				(16,926,541)		48,393,030	340,000	48,393,030
Corporate Exercise Expenses		(910,546)						(910,546)		(910,546)
Purchase of own shares										
Net profit for the year								(1,004,622)		(1,004,622)
Movement in foreign exchange difference								15,728,153	718,142	16,446,295
First & final dividend 2007 paid( 5 sen per share at (RM0.50/=) par value less 26% income tax)								(1,045,193)		(1,045,193)
<b>Balance at the end of the year</b>	<b>138,265,800</b>	<b>-</b>	<b>(2,470,681)</b>	<b>67,951</b>	<b>-</b>	<b>76,475,858</b>	<b>(1,004,622)</b>	<b>211,334,306</b>	<b>4,661,599</b>	<b>215,995,905</b>

Balance at the beginning of the year  
Movements during the year  
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 year  
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 year**

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009  
(Figures have not been audited)

	12 months ended 31 December 2009 RM	12 months ended 31 December 2008 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	32,919,490	29,042,871
Adjustments for:-		
Amortisation of prepaid lease rental	6,945	6,945
Depreciation of property, plant & equipment	8,743,233	8,581,444
Staff cost in respect of share base payment	-	1,410,824
Interest expenses	12,834,790	13,379,313
Interest revenue	(3,316,877)	(5,563,238)
Gain on disposal of property, plant & equipment	(307,890)	(1,170,416)
Gain on disposal of leasehold land	-	-
Loss on disposal of property, plant & equipment	-	-
Fixed assets written off	-	138,683
Inventories written off	-	-
Impairment loss on investment in unquoted shares	-	6,000,000
Unrealised loss/(gain) of foreign exchange	1,036,265	(1,522,102)
Share of results of joint ventures	(1,481,090)	(865,580)
Share of results of associated companies	(8,982,830)	(4,667,242)
<b>Operating profit before working capital changes</b>	<b>41,452,036</b>	<b>44,771,502</b>
Increase in inventories	3,192,545	(784,387)
(Increase)/Decrease in amount due from customers for contract work	(47,664,558)	(81,676,286)
(Increase)/Decrease in property development expenditure	2,043,843	(3,300,262)
(Decrease)/Increase in amount due to customers for contract work	(17,615,839)	6,215,574
Decrease in trade and other receivables	36,032,027	72,209,314
Increase/(Decrease) in trade and other payables	11,287,285	(16,038,650)
<b>Cash generated/(used in ) from operations</b>	<b>28,727,340</b>	<b>21,396,805</b>
Tax paid	(15,329,602)	(16,513,822)
Interest payment	(14,413,208)	(13,413,567)
<b>Net cash generated/(used in) from operating activities</b>	<b>(1,015,471)</b>	<b>(8,530,584)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development expenditure	(18,836,201)	(29,846,022)
Distribution of Joint Venture profits	1,368,071	691,082
Investment in quoted shares	-	(2,521,794)
Interest received	3,318,578	5,499,440
Purchase of property, plant & equipment	(7,770,652)	(8,141,942)
Proceeds from disposal of property, plant & equipment	657,663	306,967
Proceeds from disposal of subsidiary companies	-	2
Dividend Revenue	3,057,450	2,167,088
<b>Net cash used in investing activities</b>	<b>(18,205,091)</b>	<b>(31,845,179)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from /(Repayment to ) ultimate holding company	(77,424)	(69,803)
Advance from/(Repayment to) related companies	446,587	(576,005)
Advance from/(Repayment to) Joint Ventures	(504,000)	504,000
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	6,582,892	10,980,693
Repayment of trust receipts/murabahah	(8,656,180)	(29,560,708)
Payment to hire purchase creditors	(4,791,797)	(4,881,106)
Repayment of term loan	(7,034,043)	(90,213)
Purchase of treasury shares	-	(1,004,622)
<b>Net cash generated from/(used in) financing activities</b>	<b>(20,356,252)</b>	<b>12,558,963</b>
Effects of exchange difference on cash & cash equivalents	1,166,588	(899,421)
Net increase/(decrease )in cash and cash equivalents	(39,576,814)	(27,816,800)
Cash and cash equivalents at beginning of the year/period	175,777,022	204,493,244
<b>Cash and cash equivalents at end of the year</b>	<b>137,366,796</b>	<b>175,777,023</b>
<b>Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-</b>		
Cash and bank balances	25,685,691	24,144,007
Cash deposits with licensed banks	128,377,481	161,498,618
Bank overdrafts	(16,696,376)	(9,865,602)
	<b>137,366,796</b>	<b>175,777,023</b>

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) 134<sub>2004</sub> 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 except for the following:

A total issuance of 104,328 AZRB Shares under the AZRB Employees' Share Option Scheme at the option price of RM0.56 per share during the year.

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.

	<b>Construction</b>	<b>Trading in oil and gas &amp; other related services</b>	<b>Other operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>31-Dec-09</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>					
External revenue	410,440,893	41,618,005	6,079,232	-	458,138,129
Inter – segment revenue	-	14,485,468	-	(14,485,468)	-
<b>Total revenue</b>	<b>410,440,893</b>	<b>56,103,473</b>	<b>6,079,232</b>	<b>(14,485,468)</b>	<b>458,138,129</b>
<b>RESULT</b>					
Segment result	21,984,157	13,252,225	(3,262,900)	-	31,973,482
Interest revenue					3,316,878
Interest expenses					(12,834,790)
Share of results in joint ventures	1,481,090				1,481,090
Share of results in associated co.	4,660	8,978,170			8,982,830
Income taxes					(11,554,856)
Profit after taxation but before minority interest					21,364,634
Minority interest					(660,713)
<b>Profits attributable to shareholders</b>					<b>20,703,921</b>



	<b>Construction</b>	<b>Trading in oil and gas &amp; other related services</b>	<b>Other operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>31-Dec-08</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>					
External revenue	593,766,340	63,889,962	5,020,637	-	662,676,939
Inter – segment revenue	-	10,531,498	-	(10,531,498)	-
<b>Total revenue</b>	<b>593,766,340</b>	<b>74,421,460</b>	<b>5,020,637</b>	<b>(10,531,498)</b>	<b>662,676,939</b>
<b>RESULT</b>					
Segment result	27,134,759	14,521,486	(10,330,121)	-	31,326,124
Interest revenue					5,563,238
Interest expenses					(13,379,313)
Share of results in joint ventures	865,580				865,580
Share of results in associated co.	866	4,666,376			4,667,242
Income taxes					(12,596,576)
Profit after taxation but before minority interest					16,446,295
Minority interest					(718,142)
<b>Profits attributable to shareholders</b>					<b>15,728,153</b>

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 25 February 2010 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> 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 25 February 2010 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report) save as disclosed in item 11 below.

**Explanatory Notes**  
**Bursa Malaysia Revised Listing Requirements**

1. **Review of Performance**

	<b>12 months ended 31/12/2009 (RM'000)</b>	<b>12 months ended 31/12/2008 (RM'000)</b>	<b>Variance (RM'000)</b>
Revenue	458,138	662,677	(204,539)
Profit before tax	32,919	29,043	3,876

The Group achieved better profit before tax by **RM3.8M** despite a significant decline in revenue for the year under review. The Group achieved better results, largely due to lower overhead costs, expected improved margins for selected projects and higher contribution from an associated company.

The construction division reported a lower revenue of **RM410.4 million** or 90% of the Group's revenue (2008: **RM593.7 million** or 90%) and a corresponding decline in profit before tax before associated companies and joint-ventures' results and interest at **RM21.9 million** (2008: **RM27.1 million**).

The Group's bunkering operation performed marginally lower as compared to preceding year by registering a profit before tax of **RM13.2 million** (2008: **RM14.5 million**) on the back of a lower revenue by **RM22.2 million**. The bunkering division posted an overall annual revenue of **RM41.6 million** or 9.0% of the Group's revenue (2008: **RM63.8 million** or 10.0%).

Associated company, Eastern Pacific Industrial Corporation Berhad ("EPIC"), improved its contribution to the Group for the year, with a share of results of **RM8.9 million** (2008: **RM4.7 million**).

Overall, order book for its construction division stood at **RM1,294 million** mainly comprise of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM307 million**), Federal Road 3 from Pekan to Kuantan (**RM143 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM123 million**), Sekolah Menengah Sains Hulu Terengganu (**RM4 million**), University Darul Imam Infrastructure work (**RM17 million**), University Darul Imam Package 3 Building works (**RM223 million**), Maternity Hospital Terengganu (**RM103 million**), Rectification works at Dataran Putra Persint 1, Putrajaya (**RM36 million**), Istana Negara Interchange to Jalan Duta (**RM101 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM24 million**), Hulu Terengganu Hydroelectric Project Lot Cw1-O preliminary Works (**RM49 million**), Reinforced Concrete Structures for Tower H1-A, Jabal Omar Development, Mecca (**RM164 million**).

In the opinion of the Directors, the results for the current quarter and financial year have not been affected by any transaction or event of a material and unusual nature which has arisen between 31 December 2009 to 25 February 2010 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report).

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

	Current Qtr RM	Preceding Qtr RM	+ / (-) RM
Revenue	104,296	161,824	(57,528)
Profit before tax	8,472	8,681	(209)

On quarter to quarter basis, the Group achieved lower revenue and earnings mainly due to lower construction activities during the quarter .

**3. Prospects**

Despite tentative signs of economic stabilisation in 2009, AZRB's business activities, particularly in the construction segment, were still experiencing tough challenges throughout the year. Nevertheless, the Group was able to achieve commendable earnings, largely due to expected improvements in project margins, better contribution from an associated company and better management of costs.

The AZRB Group will remain focused on strategies and initiatives to grow its businesses. Internally, it will strive to achieve better results by taking prudent measures and improving operational efficiency.

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

Not applicable.

## 5. Taxation

Taxation comprises :

	<b>Current Qtr 31.12.2009 RM</b>	<b>Cumulative Current YTD 31.12.2009 RM</b>
Base on results for the year	4,249,558	12,769,698
Origination and reversal of temporary differences	(593,200)	(593,200)
	<u>3,656,358</u>	<u>12,176,498</u>
Under/(over) provision in prior years	(621,642)	(621,642)
	<u><b>3,034,716</b></u>	<u><b>11,554,856</b></u>

Origination and reversal of temporary differences arising from differences between the carrying amount of property, plants and equipment and its tax base.

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 :

	<b>Current Qtr 31.12.2009 RM</b>	<b>Cumulative Current YTD 31.12.2009 RM</b>
Accounting profits before taxation	8,471,672	32,919,489
Tax at the statutory income tax rate of 25%	2,117,918	8,229,872
- Effect of lower tax rate of foreign subsidiary	-	-
- Non deductible expenses	2,131,640	4,539,826
- Under/(over) provision in prior years	(1,214,842)	(1,214,842)
Tax Expense	<u><b>3,034,716</b></u>	<u><b>11,554,856</b></u>

Deferred Tax Liabilities Movement :

	<b>Current Qtr 31.12.2009 RM</b>	<b>Cumulative Current YTD 31.12.2009 RM</b>
At beginning of the year	5,157,325	5,153,614
Transfer from/(to) income statement	(593,200)	(593,200)
Translation differences	(121)	3,590
At end of the year	<b>4,564,004</b>	<b>4,564,004</b>

**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 year-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 year to date are as follows:

	<b>31.12.2009 RM'000</b>
i) At Cost	85,487
ii) At Carrying Value	85,487
iii) At Market Value	<b>54,674</b>

**8. Corporate Proposals**

There are no corporate proposals which have been announced by the Company but not completed as at 25 February 2010 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report).

## 9. Group Borrowings and Debts Securities

The Group borrowings as at 31 December 2009 are as follows:

	Secured RM	Unsecured RM	Total RM
<b><i>Short Term</i></b>			
Bank Overdrafts	16,696,376	-	16,696,376
Trust Receipts	0	-	0
Murabahah	28,520,000	-	28,520,000
Term Loans	5,340,957	45,000,000	50,340,957
Hire Purchase	5,039,321	-	5,039,321
<b>Subtotal</b>	<b>55,596,654</b>	<b>45,000,000</b>	<b>100,596,654</b>
<b><i>Long Term</i></b>			
Term Loan	54,625,000	40,000,000	94,625,000
Hire Purchase	9,301,440	-	9,301,440
<b>Subtotal</b>	<b>63,926,440</b>	<b>40,000,000</b>	<b>103,926,440</b>
<b>Grand total</b>	<b>119,523,094</b>	<b>85,000,000</b>	<b>204,523,094</b>

The Group does not have any foreign loan as at 31 December 2009.

## 10. Off Balance Sheets Financial Instruments

The Group does not have any financial instruments with off balance sheets risk as at 25 February 2010 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> 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 **26 May 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 further mention on **20 April 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 case management on **8 March 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 is recommending a first and final dividend of 3.5 sen gross per share [2008: 3 sen gross per share] for the financial year ended 31 December 2009 for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

### 13. Earnings Per Share

The basic earnings per share has been calculated based on the consolidated profit after taxation and minority interests of **RM20,703,921** (2008: **RM15,728,153**) 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 **276,722,520** (2008: **276,804,883**) after the inclusion of the number of unexercised options outstanding as at 30 December 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 average 12 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 year.

	No. of Share of RM0.50 each
Weighted average number of shares as at 31/12/2009	276,575,070
Add: Dilutive ESOS	147,450
Adjusted weighted average number of shares	276,722,520