

**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 first quarter ended 31 March 2010. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly condensed financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
 COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2010**

RM	Note	2010 Current quarter ended 31 March	2009 Comparative quarter ended 31 March	2010 3 months cumulative to date	2009 3 months cumulative to date
<b>REVENUE</b>		107,965,468	110,104,049	107,965,468	110,104,049
<b>OPERATING EXPENSES</b>	1	(96,142,336)	(102,497,424)	(96,142,336)	(102,497,424)
<b>OTHER OPERATING INCOME</b>		1,256,276	1,285,928	1,256,276	1,285,928
<b>PROFIT FROM OPERATIONS</b>		13,079,408	8,892,553	13,079,408	8,892,553
<b>FINANCE COSTS</b>		(3,670,974)	(4,364,996)	(3,670,974)	(4,364,996)
<b>INVESTING RESULTS</b>	2	2,105,613	2,143,986	2,105,613	2,143,986
<b>PROFIT BEFORE TAXATION</b>		11,514,047	6,671,543	11,514,047	6,671,543
<b>TAX EXPENSE</b>		(3,431,196)	(2,906,258)	(3,431,196)	(2,906,258)
<b>PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		8,082,851	3,765,285	8,082,851	3,765,285
<b>Foreign currency translation differences for foreign operations</b>		(7,639,569)	267,897	(7,639,569)	267,897
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		443,282	4,033,182	443,282	4,033,182

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
 COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2010**

RM	Note	2010 Current quarter ended  31 March	2009 Comparative quarter ended  31 March	2010 3 months cumulative  to date	2009 3 months cumulative  to date
<b>PROFIT ATTRIBUTABLE TO :-</b>					
<b>OWNERS OF THE COMPANY</b>		7,745,981	3,695,895	7,745,981	3,695,895
<b>MINORITY INTEREST</b>		336,870	69,390	336,870	69,390
<b>PROFIT FOR THE PERIOD</b>		<b>8,082,851</b>	<b>3,765,285</b>	<b>8,082,851</b>	<b>3,765,285</b>

<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO :-</b>					
<b>OWNERS OF THE COMPANY</b>		106,412	3,963,792	106,412	3,963,792
<b>MINORITY INTEREST</b>		336,870	69,390	336,870	69,390
<b>PROFIT FOR THE PERIOD</b>		<b>443,282</b>	<b>4,033,182</b>	<b>443,282</b>	<b>4,033,182</b>

**EARNINGS PER SHARE (SEN)  
 ATTRIBUTABLE TO OWNERS OF THE  
 COMPANY:**

<b>Basic (sen)</b>	2.80	1.34	2.80	1.34
<b>Diluted (sen)</b>	2.80	na	2.80	na

**Note 1 - Operating Expenses**

Operating expenses represents the followings:-

Cost of sales	88,226,319	97,205,715	88,226,319	97,205,715
Other operating expenses	7,916,017	5,291,709	7,916,017	5,291,709
<b>Total</b>	<b>96,142,336</b>	<b>102,497,424</b>	<b>96,142,336</b>	<b>102,497,424</b>

**Note 2 - Investing Results**

Investing results represents the followings:-

Share of results from associated companies	2,073,768	1,681,372	2,073,768	1,681,372
Share of results from joint ventures	31,845	462,614	31,845	462,614
<b>Total</b>	<b>2,105,613</b>	<b>2,143,986</b>	<b>2,105,613</b>	<b>2,143,986</b>

**UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION**

	<b>Not Audited As at 31/03/2010</b>	<b>(Audited) As at 31/12/2009</b>
<b>Non-current assets</b>		
Property, plant and equipment	50,314,379	49,932,707
Prepaid lease payment	7,817,115	7,902,103
Goodwill	3,744,605	3,744,605
New planting expenditure	92,700,439	82,011,852
Investment properties	19,500,000	19,500,000
Investments in associates	97,753,267	95,679,500
Interest in joint ventures	(28,637,206)	(28,637,206)
Other investments	2,615,500	2,615,500
<b>Total non current assets</b>	<b>245,808,099</b>	<b>232,749,061</b>
<b>Current assets</b>		
Inventories	10,817,415	12,045,447
Property development expenditure	1,968,447	1,459,535
Trade & other receivables	344,454,363	319,254,486
Tax assets	3,671,650	4,268,175
Cash & cash deposits	202,245,800	152,619,459
<b>Total current assets</b>	<b>563,157,675</b>	<b>489,647,102</b>
<b>Total assets</b>	<b>808,965,774</b>	<b>722,396,163</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	138,340,125	138,317,965
Reserves and treasury shares	89,602,214	89,493,142
<b>Total equity</b>	<b>227,942,339</b>	<b>227,811,107</b>
<b>Minority interest</b>	<b>5,456,524</b>	<b>5,119,654</b>
<b>Total equity and minority interest</b>	<b>233,398,863</b>	<b>232,930,761</b>
<b>Non-current liabilities</b>		
Long-term borrowings	102,504,488	103,931,069
Deferred tax	4,279,382	4,274,357
<b>Total non-current liabilities</b>	<b>106,783,870</b>	<b>108,205,426</b>
<b>Current liabilities</b>		
Trade and other payables	365,624,845	279,872,669
Short term borrowings	45,469,093	45,216,376
Current portion of long-term borrowings	56,392,139	55,375,650
Tax liabilities	1,296,964	795,281
Proposed dividend	-	-
<b>Total current liabilities</b>	<b>468,783,041</b>	<b>381,259,976</b>
<b>Total liabilities</b>	<b>575,566,911</b>	<b>489,465,402</b>
<b>Total equity and liabilities</b>	<b>808,965,774</b>	<b>722,396,163</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE PERIOD ENDED 31 MARCH 2010**

		Attributable to equity holders of the parent						Minority Interest	Total Equity	
		Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
<b>3 months ended 31 Mar 2010</b>										
Balance at the beginning of the period		138,317,965	6,260	(811,168)	67,951	91,234,721	(1,004,622)	227,811,107	5,119,654	232,930,761
Movements during the year										
Issue of option pursuant to ESOS		22,160	2,659	-	-	-	-	24,819	-	24,819
Total comprehensive income for the period		-	-	(7,639,569)	-	7,745,981	-	106,412	336,870	443,282
<b>Balance at the end of the period</b>		<b>138,340,125</b>	<b>8,919</b>	<b>(8,450,737)</b>	<b>67,951</b>	<b>98,980,702</b>	<b>(1,004,622)</b>	<b>227,942,339</b>	<b>5,456,524</b>	<b>233,398,863</b>
<b>3 months ended 31 Mar 2009</b>										
Balance at the beginning of the period		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										
Total comprehensive income for the period		-	-	267,897	-	3,695,895	-	3,963,792	69,390	4,033,182
<b>Balance at the end of the period</b>		<b>138,265,800</b>	<b>-</b>	<b>(2,202,784)</b>	<b>67,951</b>	<b>80,171,753</b>	<b>(1,004,622)</b>	<b>215,298,098</b>	<b>4,730,989</b>	<b>220,029,087</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>3 months ended 31 Mar 2010 RM</b>	<b>3 months ended 31 Mar 2009 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before taxation</b>	<b>11,514,047</b>	<b>6,671,543</b>
Adjustments for:-		
Amortisation of prepaid lease rental	1,736	1,736
Depreciation of property, plant & equipment	2,201,540	2,143,173
Interest expenses	2,822,509	3,287,989
Interest revenue	(611,146)	(1,063,493)
Gain on disposal of property, plant & equipment	-	(38,231)
Unrealised loss/(gain) of foreign exchange	130,701	(2,549,536)
Share of results of joint ventures	(31,845)	(462,614)
Share of results of associated companies	(2,073,768)	(1,681,372)
<b>Operating profit before working capital changes</b>	<b>13,953,773</b>	<b>6,309,195</b>
Increase in inventories	1,228,032	1,366,751
(Increase)/Decrease in amount due from customers for contract work	(5,122,626)	(17,904,574)
(Increase)/Decrease in property development expenditure	(508,912)	(203,535)
(Increase)/Decrease in trade and other receivables	(20,276,160)	4,117,734
Increase/(Decrease) in amount due to customers for contract v	7,925,354	(14,685,315)
Increase/(Decrease) in trade and other payables	81,708,732	23,500,463
<b>Cash generated/(used in ) from operations</b>	<b>78,908,194</b>	<b>2,500,719</b>
Tax paid	(2,327,948)	(4,023,569)
Interest payment	(4,391,279)	(4,856,330)
<b>Net cash generated/(used in) from operating activities</b>	<b>72,188,967</b>	<b>(6,379,180)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development expenditure	(10,605,335)	(6,382,110)
Distribution of Joint Venture profits	31,845	-
Interest received	612,847	1,056,029
Purchase of property, plant & equipment	(1,901,557)	(651,347)
Proceeds from disposal of property, plant & equipment	27,651	134,072
<b>Net cash used in investing activities</b>	<b>(11,834,549)</b>	<b>(5,843,356)</b>
BALANCE CARRIED FORWARD	60,354,418	(12,222,536)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW CONT'D**

	<b>3 months ended 31 Mar 2010 RM</b>	<b>3 months ended 31 Mar 2009 RM</b>
BALANCE CARRIED DOWN	60,354,418	(12,222,536)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from /(Repayment to ) ultimate holding company	(77,424)	(77,424)
Advance from/(Repayment to) related companies	(2,220,759)	355,769
Advance from/(Repayment to) Joint Ventures	51,558	246,204
Proceeds from paid up capital	24,819	-
Proceeds from trust receipts/murabahah	730,494	1,812,000
Repayment of trust receipts/murabahah	-	(3,694,655)
Payment to hire purchase creditors	(1,419,491)	(1,687,890)
<b>Net cash generated from/(used in) financing activities</b>	<b>(2,910,802)</b>	<b>(3,045,996)</b>
Effects of exchange difference on cash & cash equivalents	(7,339,498)	(178,649)
Net increase/(decrease )in cash and cash equivalents	57,443,616	(15,268,532)
Cash and cash equivalents at beginning of the year/period	135,923,083	175,777,022
<b>Cash and cash equivalents at end of the period</b>	<b>186,027,201</b>	<b>160,329,841</b>
<b>Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-</b>		
Cash and bank balances	81,750,818	20,198,704
Cash deposits with licensed banks	120,494,982	154,441,419
Bank overdrafts	(16,218,599)	(14,310,282)
	<b>186,027,201</b>	<b>160,329,841</b>

**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 2009 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 2009.

**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 2009 audited financial statements except those FRS(s) that take effects on financial period commencing and after 1 January 2010 as listed below:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures,
Amendments to FRS 8	Operating Segments
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investment in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement,,
Amendments to FRS 140	Investment in Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

**PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16**

IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the mentioned applicable FRSs, Amendments to FRSs and Interpretations is not expected to have any significant impact on the results and financial position of the Group and the Company:

The adoption of FRS101 would result in changes to interim financial statements to be presented through a statement of financial position , a statement of comprehensive income, a statement in changes in equity, a statement of cash flows and notes to financial statements.

### **3. STATUS OF FINANCIAL STATEMENTS QUALIFICATION**

The auditors’ report on preceding audited financial statements for the year ended 31 December 2009 was not subject to any qualification.

### **4. REVIEW OF SEASONALITY OR CYCLICALITY 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.

### **5. 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.

### **6. 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.

### **7. 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 period-to-date.



**PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16**

**8. DIVIDENDS PAID**

No dividend was paid during the financial period under review.

**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.

	<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-Mar-10</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>					
External revenue	96,182,627	9,626,534	2,156,308	-	107,965,468
Inter – segment revenue	-	6,673,526	-	(6,673,526)	-
<b>Total revenue</b>	<b>96,182,627</b>	<b>16,300,060</b>	<b>2,156,308</b>	<b>(6,673,526)</b>	<b>107,965,468</b>
<b>RESULT</b>					
Segment result	7,659,273	4,140,498	(179,974)	-	11,619,797
Interest revenue					611,146
Interest expenses					(2,822,509)
Share of results in joint ventures	31,845				31,845
Share of results in associated co.	4,660	2,069,108			2,073,768
Tax expenses					(3,431,196)
Profit after taxation but before minority interest					8,082,851
Minority interest					(336,870)
<b>Profits attributable to shareholders</b>					<b>7,745,981</b>

PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

	<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-Mar-09</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>					
External revenue	103,333,037	6,205,771	565,241	-	110,104,049
Inter – segment revenue	-	1,905,416	-	(1,905,416)	-
<b>Total revenue</b>	<b>103,333,037</b>	<b>8,111,187</b>	<b>565,241</b>	<b>(1,905,416)</b>	<b>110,104,049</b>
<b>RESULT</b>					
Segment result	4,249,327	3,419,597	(916,872)	-	6,752,052
Interest revenue					1,063,493
Interest expenses					(3,287,989)
Share of results in joint ventures	462,615				462,615
Share of results in associated co.	-	1,681,372			1,681,372
Tax expenses					(2,906,258)
Profit after taxation but before minority interest					3,765,285
Minority interest					(69,390)
Profits attributable to shareholders					3,695,895

## 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.

## 11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 26 May 2010 (being the latest practicable date from the date of issuance of the 1st Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

**PART A :EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16**

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter and financial period-to-date .

**13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT**

The Group do not have material contingent liabilities as at 26 May 2010 (being the latest practicable date from the date of issuance of the 1st Quarter Report) save as disclosed in item Part B item 11 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:

	<b>2010 3 months cumulative to date</b>	<b>2009 3 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	2,855,670	1,624,046
- Chuan Huat Hardware Sdn Bhd	0	0
Purchases from following companies, companies in which Dato' Sri Haji Wan Zaki has substantial financial interest and is also a director		
- QMC Sdn Bhd	207,542	1,987
- Kemaman Quarry Sdn Bhd	45,551	215,445
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	30,000	30,600
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	105,000	105,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	226,119	103,146
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	0	6,612
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	9,000	9,000

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
**1. REVIEW OF PERFORMANCE**

	<b>3 months ended 31/03/2010 (RM'000)</b>	<b>3 months ended 31/03/2009 (RM'000)</b>	<b>Variance (RM'000)</b>
Revenue	107,965	110,104	(2,139)
Profit before tax	11,514	6,672	4,842

The Group achieved higher profit before tax by **RM4.8M** owing to improved margin from domestic and overseas operations.

The construction division reported a lower revenue of **RM96.2 million** or 89% of the Group's revenue (2009: **RM103.3 million** or 94%) but with improved profit due to better margin from domestic operation.

The Group's bunkering operation performed better as compared to preceding year's period by registering a profit before tax of **RM4.1 million** (2009: **RM3.4 million**) on the back of a higher revenue by **RM8.0 million**. The bunkering division posted an overall external revenue of **RM9.6 million** or 8% of the Group's revenue (2009: **RM6.2 million** or 6%).

Associated company, Eastern Pacific Industrial Corporation Berhad ("EPIC"), improved its contribution to the Group for the period ,with a share of results of **RM2.1 million** ( 2009:**RM1.7 million**).

Overall, order book for its construction division stood at **RM1,267 million** mainly comprise of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM306 million**), Federal Road 3 from Pekan to Kuantan (**RM119 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM109 million**), University Darul Imam Infrastructure work (**RM9 million**), University Darul Imam Package 3 Building works (**RM216 million**), Maternity Hospital Terengganu (**RM98 million**), Rectification works at Dataran Putra Persint 1, Putrajaya (**RM35 million**) , Istana Negara Interchange to Jalan Duta (**RM89 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM22 million**), Hulu Terengganu Hydroelectric Project Lot Cw1-O preliminary Works (**RM49 million**) , The Proposed Construction And Completion Of Waterfront Shop Office And External Works On Plot 8c1, Precint 8, Putrajaya, Wilayah Persekutuan.(**RM60 million**),Reinforced Concrete Structures for Tower H1-A, Jabal Omar Development. Mecca (**RM155 million**).

In the opinion of the Directors, the results for the current quarter and financial period todate have not been affected by any transaction or event of a material and unusual nature which has arisen between 31 March 210 to 26 May 2010 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**

**2. REVIEW OF MATERIAL CHANGES BETWEEN CURRENT QUARTER AND PRECEDING QUARTER**

	<b>Current Qtr RM</b>	<b>Preceding Qtr RM</b>	<b>+/(-) RM</b>
Revenue	107,965	105,558	2,407
Profit before tax	11,514	8,043	3,472

On a quarter to quarter basis, the Group achieved higher revenue and profits due to better margin from both its domestic construction and bunkering operation.

**3. PROSPECTS**

The AZRB Group will remain focused on strategies and initiatives to grow its businesses. Internally, it will strive to achieve better results for the remaining quarters 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 31.03.2010 RM</b>	<b>Cumulative Current YTD 31.03.2010 RM</b>
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Based on results for the year

3,431,196

3,431,196

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**

**5. TAXATION (CONT'D)**

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 31.03.2010 RM</b>	<b>Cumulative Current YTD 31.03.2010 RM</b>
Accounting profits before taxation	11,514,047	11,514,047
Tax at the statutory income tax rate of 25%	2,878,512	2,878,512
- Effect of lower tax rate of foreign subsidiary	-	-
- Non deductible expenses	552,684	552,684
- Under/(over) provision in prior years	-	-
<b>Tax Expense</b>	<b>3,431,196</b>	<b>3,431,196</b>

Deferred Tax Liabilities Movement :

	<b>Current Qtr 31.03.2010 RM</b>	<b>Cumulative Current YTD 31.03.2010 RM</b>
At beginning of the year	4,274,357	4,274,357
Transfer from/(to) income statement	-	-
Translation differences	5,025	5,025
<b>At end of the year</b>	<b>4,279,382</b>	<b>4,279,382</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 period-to-date.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
**7. INVESTMENT IN QUOTED SECURITIES**

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

	<b>31.03.210</b> <b>RM'000</b>
i) At Cost	85,487
ii) At Carrying Value	85,487
iii) At Market Value	57,552

**8. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 26 May 2010 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

**9. GROUP BORROWINGS AND DEBTS SECURITIES**

The Group borrowings as at 31 March 2010 are as follows:

	<b>Secured RM</b>	<b>Unsecured RM</b>	<b>Total RM</b>
<b><i>Short Term</i></b>			
Bank Overdrafts	16,218,599	-	16,218,599
Trust Receipts	730,494	-	730,494
Murabahah	28,520,000	-	28,520,000
Term Loans	7,434,707	45,000,000	52,434,707
Hire Purchase	3,957,432	-	3,957,432
<b>Subtotal</b>	<b>56,861,232</b>	<b>45,000,000</b>	<b>101,861,232</b>
<b><i>Long Term</i></b>			
Term Loan	52,531,250	40,000,000	92,531,250
Hire Purchase	9,973,238	-	9,973,238
<b>Subtotal</b>	<b>62,504,488</b>	<b>40,000,000</b>	<b>102,504,488</b>
<b>Grand total</b>	<b>119,365,720</b>	<b>85,000,000</b>	<b>204,365,720</b>

The Group does not have any foreign loan as at 31 March 2010.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**

**10. OFF BALANCE SHEETS FINANCIAL INSTRUMENTS**

The Group does not have any financial instruments with off balance sheets risk as at 26 May 2010 (being the latest practicable date from the date of issuance of the 1st 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.



PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

(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. However, the Court had dismissed AZRB’s application with cost to plaintiff and is now awaiting for Plaintiff to file pre-trial case management for the matter to go for full trial.

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 mentioned on **26 June 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.*

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**

**12. DIVIDEND**

The Board does not recommend any dividend for the financial period ended 31 March 2010.

**13. 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:

	<b>Current Quarter ended 31/3/2010</b>	<b>Current Quarter ended 31/3/2010</b>	<b>Cumulative Quarters ended 31/03/2010</b>	<b>Cumulative Quarters ended 31/03/2010</b>
<b>(LOSS)/PROFITS ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT</b>	<b>7,745,981</b>	<b>3,695,895</b>	<b>7,745,981</b>	<b>3,695,895</b>
<b>Basic</b>				
a) Weighted average number of ordinary shares in issue	276,635,929	276,531,600	276,635,929	276,531,600
<b>Diluted</b>				
b) Weighted average number of ordinary shares in issue	276,635,929	na	276,635,929	na
Effects of dilution resulting from ESOS	197,959	na	197,959	na
Adjusted weighted average number of ordinary shares in issue and issuable	276,833,888	na	276,833,888	na

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**

Fully diluted profit per share for the preceding year's quarter and financial year-to-date are not presented as the exercise price of the assumed conversion of the outstanding options under the Group's employees share option scheme is anti-dilutive

The share options were calculated based on the number of shares which could have been acquired at the market price ( the average 3 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.