

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 2nd quarter ended 30 June 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 30 JUNE 2010**

RM	Note	2010 Current quarter ended 30 June	2009 Comparative quarter ended 30 June	2010 6 months cumulative to date	2009 6 months cumulative to date
REVENUE		140,358,256	81,914,676	248,323,724	192,018,725
OPERATING EXPENSES	1	(132,349,618)	(74,238,788)	(228,491,954)	(176,736,212)
OTHER OPERATING INCOME		717,738	1,451,479	1,974,014	2,737,407
PROFIT FROM OPERATIONS		8,726,376	9,127,367	21,805,784	18,019,920
FINANCE COSTS		(2,538,665)	(3,500,427)	(6,209,639)	(7,865,423)
INVESTING RESULTS	2	3,269,142	3,467,873	5,374,755	5,611,860
PROFIT BEFORE TAXATION		9,456,853	9,094,813	20,970,900	15,766,357
TAX EXPENSE		(3,359,883)	(2,587,433)	(6,791,079)	(5,493,691)
PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME, NET OF TAX		6,096,970	6,507,380	14,179,821	10,272,666
Foreign currency translation differences for foreign operations		(138,990)	774,344	(7,778,559)	1,042,241
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,957,980	7,281,724	6,401,262	11,314,907

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME FOR THE PERIOD ENDED 30 JUNE 2010**

RM	Note	2010 Current quarter ended 30 June	2009 Comparative quarter ended 30 June	2010 6 months cumulative to date	2009 6 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		6,079,321	6,359,008	13,825,302	10,054,904
MINORITY INTEREST		17,649	148,372	354,519	217,762
PROFIT FOR THE PERIOD		6,096,970	6,507,380	14,179,821	10,272,666

COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		5,940,331	7,133,352	6,046,743	11,097,145
MINORITY INTEREST		17,649	148,372	354,519	217,762
PROFIT FOR THE PERIOD		5,957,980	7,281,724	6,401,262	11,314,907

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

Basic (sen)	2.20	2.30	5.00	3.64
Diluted (sen)	2.20	2.30	4.99	3.64

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	119,799,151	66,867,773	208,025,470	164,073,488
Other operating expenses	12,550,467	7,371,015	20,466,484	12,662,724
Total	132,349,618	74,238,788	228,491,954	176,736,212

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	3,134,799	2,947,975	5,208,567	4,629,348
Share of results from joint ventures	134,343	519,898	166,188	982,512
Total	3,269,142	3,467,873	5,374,755	5,611,860

UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION

	Not Audited As at 30/06/2010	(Audited) As at 31/12/2009
Non-current assets		
Property, plant and equipment	49,965,198	49,932,707
Prepaid lease payment	7,923,403	7,902,103
Goodwill	3,744,605	3,744,605
New planting expenditure	96,694,344	82,011,852
Investment properties	18,500,000	19,500,000
Investments in associates	100,213,629	95,679,500
Interest in joint ventures	(28,637,206)	(28,637,206)
Other investments	115,500	2,615,500
Total non current assets	248,519,473	232,749,061
Current assets		
Inventories	13,451,192	12,045,447
Property development expenditure	2,183,728	1,459,535
Trade & other receivables	341,521,228	319,254,486
Tax assets	4,574,818	4,268,175
Cash & cash deposits	143,314,555	152,619,459
Total current assets	505,045,521	489,647,102
Total assets	753,564,994	722,396,163
Equity attributable to equity holders of the parent		
Share capital	138,340,125	138,317,965
Reserves and treasury shares	88,305,067	89,493,142
Total equity	226,645,192	227,811,107
Minority interest	5,474,173	5,119,654
Total equity and minority interest	232,119,365	232,930,761
Non-current liabilities		
Long-term borrowings	52,254,501	103,931,069
Deferred tax	4,279,610	4,274,357
Total non-current liabilities	56,534,111	108,205,426
Current liabilities		
Trade and other payables	360,317,606	279,872,669
Short term borrowings	47,290,125	45,216,376
Current portion of long-term borrowings	48,476,093	55,375,650
Tax liabilities	1,603,482	795,281
Dividend payable	7,224,212	-
Total current liabilities	464,911,518	381,259,976
Total liabilities	521,445,629	489,465,402
Total equity and liabilities	753,564,994	722,396,163

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 JUNE 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
6 months ended 30 June 2010									
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
Purchase of own shares						(13,265)	(13,265)		(13,265)
Total comprehensive income for the period	-	-	(7,778,559)	-	13,825,302	-	6,046,743	354,519	6,401,262
First & final dividend 2009 at 3.5 sen per share at (RM0.50/=) par value less 25% income tax					(7,224,212)		(7,224,212)		(7,224,212)
Balance at the end of the period	138,340,125	8,919	(8,589,727)	67,951	97,835,811	(1,017,887)	226,645,192	5,474,173	232,119,365

	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
6 months ended 30 June 2009									
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	-	-	1,042,241	-	10,054,904	-	11,097,145	217,762	11,314,907
First & final dividend 2008 at 3 sen per share at (RM0.50/=) par value less 25% income tax					(6,189,311)		(6,189,311)	(191,400)	(6,380,711)
Balance at the end of the period	138,265,800	-	(1,428,440)	67,951	80,341,451	(1,004,622)	216,242,140	4,687,961	220,930,101

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended 30 June 2010 RM	6 months ended 30 June 2009 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	20,970,900	15,766,357
Adjustments for:-		
Amortisation of prepaid lease rental	3,473	3,473
Depreciation of property, plant & equipment	4,393,178	4,255,030
Interest expenses	5,306,204	6,664,913
Interest revenue	(1,289,499)	(1,810,306)
Loss/(Gain) on disposal of property, plant & equipment	23,832	(68,954)
Fixed assets written off	1,912	-
Impairment loss on investment in unquoted shares & property	3,500,000	-
Unrealised loss/(gain) of foreign exchange	459,548	(2,635,273)
Share of results of joint ventures	(166,188)	(982,511)
Share of results of associated companies	(5,208,567)	(4,629,348)
Operating profit before working capital changes	27,994,793	16,563,381
Increase in inventories	(1,405,744)	5,090,381
(Increase)/Decrease in amount due from customers for contract work	(26,531,198)	9,881,406
(Increase)/Decrease in property development expenditure	(724,192)	234,400
(Increase)/Decrease in trade and other receivables	3,755,973	(9,964,149)
Increase/(Decrease) in amount due to customers for contract work	1,632,233	(4,406,756)
Increase/(Decrease) in trade and other payables	80,256,183	(3,955,197)
Cash generated/(used in) from operations	84,978,048	13,443,466
Tax paid	(6,284,253)	(7,717,917)
Interest payment	(6,874,973)	(8,233,254)
Net cash generated/(used in) from operating activities	71,818,822	(2,507,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	(13,490,904)	(7,453,538)
Distribution of Joint Venture profits	166,188	-
Interest received	1,312,353	1,797,802
Purchase of property, plant & equipment	(4,101,724)	(1,201,904)
Proceeds from disposal of property, plant & equipment	122,678	164,800
Dividend Revenue	674,438	1,798,500
Net cash used in investing activities	(15,316,971)	(4,894,340)
BALANCE CARRIED FORWARD	56,501,851	(7,402,045)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended 30 June 2010 RM	6 months ended 30 June 2009 RM
BALANCE CARRIED DOWN	56,501,851	(7,402,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from /(Repayment to) ultimate holding company	(125,295)	(77,424)
Advance from/(Repayment to) related companies	225,112	411,470
Advance from/(Repayment to) Joint Ventures	51,558	517,710
Dividend paid	-	(191,400)
Proceeds from paid up capital	24,819	-
Proceeds from trust receipts/murabahah	5,548,143	2,552,794
Repayment of trust receipts/murabahah	(2,626,872)	(4,509,502)
Payment to hire purchase creditors	(2,635,707)	(2,697,625)
Term loan drawdown	2,000,000	-
Repayment of term loan	(59,965,957)	(4,000,000)
Purchase of treasury shares	(13,265)	-
Net cash generated from/(used in) financing activities	(57,517,464)	(7,993,977)
Effects of exchange difference on cash & cash equivalents	(7,441,769)	526,658
Net increase/(decrease)in cash and cash equivalents	(1,015,613)	(15,396,022)
Cash and cash equivalents at beginning of the year/period	135,923,083	175,777,022
Cash and cash equivalents at end of the period	127,465,701	160,907,658
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	26,969,848	25,729,926
Cash deposits with licensed banks	116,344,707	151,395,430
Bank overdrafts	(15,848,854)	(16,217,698)
	127,465,701	160,907,658

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

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

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
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.

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

7. CHANGES IN EQUITY/DEBT SECURITIES

a) Employee Share Option Scheme (ESOS)

A total of 44,320 AZRB Shares were issued under the AZRB Employees' Share Option Scheme at the option price of RM0.56 per share during the financial period to-date.

b) Treasury Shares

The detail of actual repurchased of own shares held as treasury shares upto year ended 30 June 2010 are as follows .

Month	No of Treasury Shares purchased Unit	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Cost (RM)- exclude transaction cost
Opening balance	1,451,100.00				1,004,621.52
Apr-10	-			-	
May-10	5,000.00	0.7550	0.7900	0.777	3,885.00
Jun-10	12,000.00	0.7850	0.7800	0.782	9,380.00
Closing balance	1,468,100.00				1,017,886.52

Other than the above Esos or share-buy-back, there were no issuance, cancellation, resale of treasury shares and repayment of debt and equity securities by the Company during the current quarter and financial period-to-date.

8. DIVIDENDS PAID

No dividend was paid during the financial period under review.

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

9. SEGMENT REPORTING

Segment reporting is presented in respect of the Group's business segment. Inter-segment pricing is determined based on cost plus method.

	Construction	Trading in oil and gas & other related services	Other operations	Eliminations	Consolidated
30-Jun-10	RM	RM	RM	RM	RM
REVENUE					
External revenue	221,209,363	24,785,840	2,328,522	-	248,323,724
Inter – segment revenue	-	12,636,084	-	(12,636,084)	-
Total revenue	221,209,363	37,421,924	2,328,522	(12,636,084)	248,323,724
RESULT					
Segment result	15,487,747	8,425,310	(4,300,207)	-	19,612,850
Interest revenue					1,289,499
Interest expenses					(5,306,204)
Share of results in joint ventures	166,188				166,188
Share of results in associated co.	-	5,208,567			5,208,567
Tax expenses					(6,791,079)
Profit after taxation but before minority interest					14,179,821
Minority interest					(354,519)
Profits attributable to shareholders					13,825,302

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

	Construction	Trading in oil and gas & other related services	Other operations	Eliminations	Consolidated
30-Jun-09	RM	RM	RM	RM	RM
REVENUE					
External revenue	174,768,253	15,483,815	1,766,657	-	192,018,725
Inter – segment revenue	-	5,918,779	-	(5,918,779)	-
Total revenue	174,768,253	21,402,594	1,766,657	(5,918,779)	192,018,725
RESULT					
Segment result	9,099,853	7,090,963	(1,181,712)	-	15,009,104
Interest revenue					1,810,306
Interest expenses					(6,664,913)
Share of results in joint ventures	982,512				982,512
Share of results in associated co.	-	4,629,348			4,629,348
Tax expenses					(5,493,691)
Profit after taxation but before minority interest					10,272,666
Minority interest					(217,762)
Profits attributable to shareholders					10,054,904

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 August 2010 (being the latest practicable date from the date of issuance of the 2nd 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 August 2010 (being the latest practicable date from the date of issuance of the 2nd 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:

	2010 6 months cumulative to date	2009 6 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	8,308,288	2,808,891
- 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	427,707	104,784
- Kemaman Quarry Sdn Bhd	200,240	337,951
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	60,000	62,400
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	210,000	210,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	437,102	206,045
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	18,414	14,802
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	18,000	18,000

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

	6 months ended 30/06/2010 (RM'000)	6 months ended 30/06/2009 (RM'000)	Variance (RM'000)
Revenue	248,323	192,018	56,305
Profit before tax	20,971	15,765	5,206

Improved performance for the period to date owing to stronger performance from its domestic construction activities and its bunkering activities as well as its associated company.

The construction division reported a higher revenue of **RM221.3 million** or 89% of the Group's revenue (2009: **RM174.8 million** or 91%) with increase in number of on going projects that contributed to higher revenue and profits.

The Group's bunkering operation performed better as compared to preceding year's period by registering a profit before tax of **RM8.4 million** (2009: **RM7.0million**) on the back of a higher revenue by **RM9.3 million**. The bunkering division posted an overall external revenue of **RM24.8 million** or 10% of the Group's revenue (2009: **RM15.5 million** or 8%).

Associated company, Eastern Pacific Industrial Corporation Berhad ("EPIC"), improved its contribution to the Group for the period, with a share of results of **RM5.2 million** (2009: **RM4.6 million**).

Overall, order book for its construction division stood at **RM1,086 million** mainly comprise of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM297 million**), Federal Road 3 from Pekan to Kuantan (**RM78 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM91 million**), University Darul Imam Infrastructure work (**RM9 million**), University Darul Imam Package 3 Building works (**RM206 million**), Maternity Hospital Terengganu (**RM91 million**), Rectification works at Dataran Putra Persint 1, Putrajaya (**RM32 million**), Istana Negara Interchange to Jalan Duta (**RM71 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM19 million**), Hulu Terengganu Hydroelectric Project Lot Cw1-O preliminary Works (**RM36 million**), The Proposed Construction And Completion Of Waterfront Shop Office And External Works On Plot 8c1, Precint 8, Putrajaya, Wilayah Persekutuan. (**RM59 million**), Animal Production Units and other associated facilities (Pekan) (**RM48**

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

million) . The Construction & Completion Of Earthworks & Infrastructure Works For Works For Phase 1a & 1b At Kertih Polymer Park In Lot Q, Kertih **(RM 49 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 30 June 2010 to 26 August 2010 (being the latest practicable date from the date of issuance of the 2nd Quarter Report).

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

	Current Qtr RM	Preceding Qtr RM	+/(-) RM
Revenue	140,358	107,965	32,393
Profit before tax	9,458	11,513	(2,054)

On a quarter to quarter basis, the Group reported lower profits due to allocation of additional RM3.5 million cost on impairment of investment in subordinated bond pertaining to CLO and property.

3. PROSPECTS

The AZRB Group will remain focused on strategies and initiatives to provide a strong and stable foundation to support its existing businesses. Internally, it will continuously 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.

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

5. TAXATION

Taxation comprises :

	Current Qtr 30.06.2010 RM	Cumulative Current YTD 30.06.2010 RM
Based on results for the year	3,359,883	6,791,079

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 30.06.2010 RM	Cumulative Current YTD 30.06.2010 RM
Accounting profits before taxation	9,456,852	20,970,899
Tax at the statutory income tax rate of 25%	2,364,213	5,242,725
- Non deductible expenses	995,670	1,548,354
Tax Expense	3,359,883	6,791,079

Deferred Tax Liabilites Movement :

	Current Qtr 30.06.2010 RM	Cumulative Current YTD 30.06.2010 RM
At beginning of the year	4,279,382	4,274,357
Transfer from/(to) income statement	-	-
Translation differences	228	5,253
At end of the year	4,279,610	4,279,610

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

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 period to date.

b) The total investment in quoted shares as at end of the financial period to date are as follows:

	30.06.2010
	RM'000
i) At Cost	85,487
ii) At Carrying Value	85,487
iii) At Market Value	66,185

8. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 26 August 2010 (being the latest practicable date from the date of issuance of the 2nd Quarter Report).

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
9. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 June 2010 are as follows:

	Secured RM	Unsecured RM	Total RM
<i>Short Term</i>			
Bank Overdrafts	15,848,854	-	15,848,854
Trust Receipts	2,921,271	-	2,921,271
Murabahah	28,520,000	-	28,520,000
Term Loans	0	45,000,000	45,000,000
Hire Purchase	3,476,093	-	3,476,093
Subtotal	50,766,218	45,000,000	95,766,218
<i>Long Term</i>			
Term Loan	2,000,000	40,000,000	42,000,000
Hire Purchase	10,254,501	-	10,254,501
Subtotal	12,254,501	40,000,000	52,254,501
Grand total	63,020,719	85,000,000	148,020,719

The Group does not have any foreign loan as at 30 June 2010.

10. OFF BALANCE SHEETS FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheets risk as at 26 August 2010 (being the latest practicable date from the date of issuance of the 2nd 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**

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

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 **20 October 2010** for case mention.

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. 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.

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

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 has been withdrawn by Plaintiff and notice of discontinuance was filed on 26 June 2010.

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 dividend for the financial period ended 30 June 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:

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

	Current Quarter ended 30/06/2010	Current Quarter ended 30/06/2009	Cumulative Quarters ended 30/06/2010	Cumulative Quarters ended 30/06/2010
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	6,079,321	6,359,008	13,825,302	10,054,904
Basic				
a) Weighted average number of ordinary shares in issue	276,680,250	276,531,600	276,680,250	276,531,600
Diluted				
b) Weighted average number of ordinary shares in issue	276,680,250	276,531,600	276,680,250	276,531,600
Effects of dilution resulting from ESOS	185,346	57,799	185,346	57,799
Adjusted weighted average number of ordinary shares in issue and issuable	276,865,596	276,589,399	276,865,596	276,589,399

The effects of dilution from employee share options (ESOS) is for unexercised outstanding options as at 30 June 2010 of **514,851** (2009:**674,322**) shares.

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.