

AHMAD ZAKI RESOURCES BERHAD (432768-X)
INCORPORATED IN MALAYSIA
QUARTERLY REPORT ON THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

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 3rd quarter ended 30 September 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 SEPTEMBER 2010**

RM	Note	2010 Current quarter ended 30 Sept	2009 Comparative quarter ended 30 Sept	2010 9 months cumulative to date	2009 9 months cumulative to date
REVENUE		130,395,801	161,823,667	378,719,525	353,842,392
OPERATING EXPENSES	1	(118,081,136)	(153,141,355)	(346,573,090)	(329,877,567)
OTHER OPERATING INCOME		955,306	2,000,722	2,929,320	4,738,129
PROFIT FROM OPERATIONS		13,269,971	10,683,034	35,075,755	28,702,954
FINANCE COSTS		(3,719,603)	(4,565,054)	(9,929,242)	(12,430,477)
INVESTING RESULTS	2	2,928,902	2,563,481	8,303,657	8,175,341
PROFIT BEFORE TAXATION		12,479,270	8,681,461	33,450,170	24,447,818
TAX EXPENSE		(4,557,902)	(3,026,449)	(11,348,981)	(8,520,140)
PROFIT FOR THE PERIOD OTHER COMPREHENSIVE INCOME, NET OF TAX		7,921,368	5,655,012	22,101,189	15,927,678
Foreign currency translation differences for foreign operations		(8,182,841)	420,189	(15,961,400)	1,462,430
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(261,473)	6,075,201	6,139,789	17,390,108

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QUARTERLY REPORT ON THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

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

RM	Note	2010 Current quarter ended 30 Sept	2009 Comparative quarter ended 30 Sept	2010 9 months cumulative to date	2009 9 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		7,951,655	5,575,202	21,776,957	15,630,106
MINORITY INTEREST		(30,287)	79,810	324,232	297,572
PROFIT FOR THE PERIOD		7,921,368	5,655,012	22,101,189	15,927,678
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		(231,186)	5,995,391	5,815,557	17,092,536
MINORITY INTEREST		(30,287)	79,810	324,232	297,572
PROFIT FOR THE PERIOD		(261,473)	6,075,201	6,139,789	17,390,108
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		2.87	2.02	7.87	5.65
Diluted (sen)		2.87	2.01	7.87	5.65

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	106,863,098	142,723,792	314,888,568	306,797,280
Other operating expenses	11,218,038	10,417,563	31,684,522	23,080,287
Total	118,081,136	153,141,355	346,573,090	329,877,567

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	2,849,666	2,292,947	8,058,233	6,922,295
Share of results from joint ventures	79,236	270,534	245,424	1,253,046
Total	2,928,902	2,563,481	8,303,657	8,175,341

UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION

	Not Audited As at 30/09/2010	(Audited) As at 31/12/2009
Non-current assets		
Property, plant and equipment	50,224,880	49,932,707
Prepaid lease payment	7,647,138	7,902,103
Goodwill	3,744,605	3,744,605
New planting expenditure	102,142,083	82,011,852
Investment properties	18,500,000	19,500,000
Investments in associates	103,063,295	95,679,500
Interest in joint ventures	(28,637,206)	(28,637,206)
Other investments	115,500	2,615,500
Total non current assets	256,800,295	232,749,061
Current assets		
Inventories	13,253,423	12,045,447
Property development expenditure	3,642,398	1,459,535
Trade & other receivables	344,977,498	319,254,486
Tax assets	7,445,869	4,268,175
Cash & cash deposits	109,203,039	152,619,459
Total current assets	478,522,227	489,647,102
Total assets	735,322,522	722,396,163
Equity attributable to equity holders of the parent		
Share capital	138,340,125	138,317,965
Reserves and treasury shares	88,065,981	89,493,142
Total equity	226,406,106	227,811,107
Minority interest	5,443,886	5,119,654
Total equity and minority interest	231,849,992	232,930,761
Non-current liabilities		
Long-term borrowings	52,460,042	103,931,069
Deferred tax	4,279,716	4,274,357
Total non-current liabilities	56,739,758	108,205,426
Current liabilities		
Trade and other payables	347,928,001	279,872,669
Short term borrowings	45,271,066	45,216,376
Current portion of long-term borrowings	48,080,605	55,375,650
Tax liabilities	5,453,100	795,281
Dividend payable	-	-
Total current liabilities	446,732,772	381,259,976
Total liabilities	503,472,530	489,465,402
Total equity and liabilities	735,322,522	722,396,163

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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
9 months ended 30 September 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						(21,165)	(21,165)		(21,165)
Total comprehensive income for the period	-	-	(15,961,400)	-	21,776,957	-	5,815,557	324,232	6,139,789
First & final dividend 2009-3.0 sen per share less tax					(7,224,212)		(7,224,212)	-	(7,224,212)
Balance at the end of the period	138,340,125	8,919	(16,772,568)	67,951	105,787,466	(1,025,787)	226,406,106	5,443,886	231,849,992

	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
9 months ended 30 September 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									
Issue of option pursuant to ESOS	52,164	6,260			-		58,424	-	58,424
Total comprehensive income for the period	-	-	1,462,430	-	15,630,106	-	17,092,536	297,572	17,390,108
Dividend paid by subsidiary								(191,400)	(191,400)
First & final dividend 2008 - 3.5sen per share less tax					(6,189,311)		(6,189,311)	-	(6,189,311)
Balance at the end of the period	138,317,964	6,260	(1,008,251)	67,951	85,916,653	(1,004,622)	222,295,955	4,767,771	227,063,726

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September 2010 RM	9 months ended 30 September 2009 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	33,450,170	24,447,818
Adjustments for:-		
Amortisation of prepaid lease rental	5,209	5,209
Depreciation of property, plant & equipment	6,597,946	6,335,434
Interest expenses	7,549,144	9,503,545
Interest revenue	(1,777,391)	(2,512,249)
Loss/(Gain) on disposal of property, plant & equipment	23,832	(179,863)
Fixed assets written off	1,912	-
Impairment loss on investment in unquoted shares & property	3,500,000	-
Unrealised loss/(gain) of foreign exchange	496,192	(731,533)
Share of results of joint ventures	(245,424)	(1,253,046)
Share of results of associated companies	(8,058,233)	(6,922,295)
Operating profit before working capital changes	41,543,357	28,693,020
(Increase)/Decrease in inventories	(1,207,975)	3,255,225
Decrease/(Increase) in amount due from customers for contract work	4,368,929	(24,951,537)
(Increase)/Decrease in property development expenditure	(2,182,863)	406,057
Increase in trade and other receivables	(30,588,543)	(14,063,485)
Increase in amount due to customers for contract work	7,457,922	28,217,193
Increase/(Decrease) in trade and other payables	62,058,285	(1,586,974)
Cash generated/(used in) from operations	81,449,112	19,969,499
Tax paid	(9,863,482)	(12,341,127)
Interest payment	(9,066,510)	(11,081,963)
Net cash generated/(used in) from operating activities	62,519,120	(3,453,591)
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	(18,491,041)	(12,762,864)
Distribution of Joint Venture profits	245,424	1,285,808
Interest received	1,667,508	2,453,240
Purchase of property, plant & equipment	(6,365,750)	(2,071,262)
Proceeds from disposal of property, plant & equipment	121,366	339,800
Dividend Revenue	674,438	1,798,500
Net cash used in investing activities	(22,148,055)	(8,956,778)
BALANCE CARRIED FORWARD	40,371,065	(12,410,369)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September 2010 RM	9 months ended 30 September 2009 RM
BALANCE CARRIED DOWN	40,371,065	(12,410,369)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from /(Repayment to) ultimate holding company	(56,495)	(77,424)
Advance from/(Repayment to) related companies	171,724	448,355
Advance from/(Repayment to) Joint Ventures	51,558	(504,001)
Dividend paid	(7,224,212)	(6,380,711)
Proceeds from paid up capital	24,819	58,424
Proceeds from trust receipts/murabahah	9,544,145	4,559,480
Repayment of trust receipts/murabahah	(13,028,947)	(5,572,892)
Payment to hire purchase creditors	(3,783,184)	(3,998,099)
Term loan drawdown	2,000,000	-
Repayment of term loan	(59,965,957)	(4,000,000)
Purchase of treasury shares	(21,165)	-
Net cash generated from/(used in) financing activities	(72,287,714)	(15,466,868)
Effects of exchange difference on cash & cash equivalents	(15,039,264)	922,231
Net increase/(decrease)in cash and cash equivalents	(31,916,649)	(27,877,237)
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	88,967,170	148,822,016
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	40,862,225	26,767,641
Cash deposits with licensed banks	68,340,813	138,782,410
Bank overdrafts	(20,235,868)	(16,728,035)
	88,967,170	148,822,016

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 1	First time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
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 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
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

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

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
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 15	Arrangements for the Construction of Real Estate
IC Interpretation 16	Hedges of Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

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 except the following:

During the financial quarter, AZRB has recognised RM44.68 million (SAR52.56 million) arising from liquidation of performance and advance bonds by King Faisal Foundation (“KFF”) for Alfaisal University Campus Development Project Phase 1 & 2 in Riyadh, Saudi

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

Arabia (“the Contract”) on 1 September 2010 as an amount receivable from KFF instead of an expense on the basis that AZRB has a contractual right to recoup the bonds.

The Board views that the action of liquidating the bonds by KFF is equivalent to a breach of contract on the part of KFF. AZRB has initiated arbitration process against KFF to protect and defend the interests of AZRB. The liquidated bonds were fully settled by AZRB on 7 September 2010 via internal fund and borrowing , hence no further liabilities to be recorded at the reporting date pertaining to these liquidation of bonds.

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

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 September 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	1,468,100.00				1,017,886.52
Jul-10	10,000.00	0.8600	0.7700	-	7,900.00
Aug-10	-	-	-		-
Sep-10	-	-	-		-
Closing balance	1,478,100.00				1,025,786.52

Other than the above ESOS or repurchased of own shares as treasury shares, 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.

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

8. DIVIDENDS PAID

The Company had on 20th July 2010 paid a first and final dividend of 3.5 Sen less tax at 25% amounting to RM7,224,212/- in respect of the financial year ended 31 December 2009.

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-Sep-10	RM	RM	RM	RM	RM
REVENUE					
External revenue	334,872,175	41,518,828	2,328,522	-	378,719,525
Inter – segment revenue	-	19,985,127	-	(19,985,127)	-
Total revenue	334,872,175	61,503,955	2,328,522	(19,985,127)	378,719,525
RESULT					
Segment result	23,892,573	14,385,020	(7,359,327)	-	30,918,266
Interest revenue					1,777,391
Interest expenses					(7,549,144)
Share of results in joint ventures	245,424				245,424
Share of results in associated co.	-	8,058,233			8,058,233
Tax expenses					(11,348,981)
Profit after taxation but before minority interest					22,101,189
Minority interest					(324,232)
Profits attributable to shareholders					21,776,957

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

	Construction	Trading in oil and gas & other related services	Other operations	Eliminations	Consolidated
30-Sep-09	RM	RM	RM	RM	RM
REVENUE					
External revenue	323,239,904	28,129,714	2,472,774	-	353,842,392
Inter – segment revenue	-	10,835,555	-	(10,835,555)	-
Total revenue	323,239,904	38,965,269	2,472,774	(10,835,555)	353,842,392
RESULT					
Segment result	13,559,538	10,894,623	(1,190,388)	-	23,263,773
Interest revenue					2,512,249
Interest expenses					(9,503,545)
Share of results in joint ventures	1,253,046				1,253,046
Share of results in associated co.	(32,761)	6,955,056			6,922,295
Tax expenses					(8,520,140)
Profit after taxation but before minority					15,927,678
Minority interest					(297,572)
Profits attributable to shareholders					15,630,106

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 29 November 2010 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

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 ASSETS

The Group do not have material contingent liabilities as at 29 November 2010 (being the latest practicable date from the date of issuance of the 3rd 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 9 months cumulative to date	2009 9 months cumulative to date
Trade		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director :-		
- Chuan Huat Industrial Marketing Sdn Bhd	11,131,370	4,681,173
- 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	599,900	320,236
- Kemaman Quarry Sdn Bhd	238,056	492,548
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	60,000	94,140
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	315,000	315,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	564,708	331,811
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	23,184	16,482
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	18,000	27,000

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

	9 months ended 30/09/2010	9 months ended 30/09/2009	Variance
	(RM'000)	(RM'000)	(RM'000)
Revenue	378,720	353,842	24,878
Profit before tax	33,450	24,447	9,003

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 **RM334.8 million** or 88% of the Group's revenue (2009: **RM323.2 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 **RM14.3 million** (2009: **RM10.8 million**) on the back of a higher revenue by **RM13.4 million**. The bunkering division posted an overall external revenue of **RM41.5 million** or 11% of the Group's revenue (2009: **RM28.1 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 **RM8.0 million** (2009: **RM6.9 million**).

Overall, order book for its construction division stood at **RM1,001 million** mainly comprise of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM284 million**), Federal Road 3 from Pekan to Kuantan (**RM67 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM90 million**), University Darul Imam Package 3 Building works (**RM202 million**), Maternity Hospital Terengganu (**RM87 million**), Rectification works at Dataran Putra Persint 1, Putrajaya (**RM28 million**), Istana Negara Interchange to Jalan Duta (**RM56 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM17 million**), Hulu Terengganu Hydroelectric Project Lot Cw1-O preliminary Works (**RM22 million**), The Proposed Construction And Completion Of Waterfront Shop Office And External Works On Plot 8c1, Precint 8, Putrajaya, Wilayah Persekutuan. (**RM56 million**), Animal Production Units and other associated facilities (Pekan) (**RM43 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 to date have not been affected by any transaction or event of a material and unusual nature which has arisen between 30 September 2010 to 29 November 2010 (being the latest practicable date from the date of issuance of the 3rd 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

	Current Qtr RM	Preceding Qtr RM	+/-) RM
Revenue	130,397	140,358	(9,961)
Profit before tax	12,479	9,458	3,021

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

3. PROSPECTS

The Board's view on the outlook for domestic operations remains positive and is expecting its domestic operations to continue with reasonably good performance in the coming period. However, in the light of the recent developments on the Bakun project and our project in Saudi, the Board is now studying the legal and cost impact to the Group and will address the issues as soon as they are finalised.

4. VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

5. TAXATION

Taxation comprises :

	Current Qtr 30.09.2010 RM	Cumulative Current YTD 30.09.2010 RM
Based on results for the year	4,475,490	11,266,569
Under/(over) provision in prior years	82,412	82,412
	4,557,902	11,348,981

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The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation as a result of the following differences :

	Current Qtr 30.09.2010 RM	Cumulative Current YTD 30.09.2010 RM
Accounting profits before taxation	12,479,270	33,450,170
Tax at the statutory income tax rate of 25%	3,119,817	8,362,542
- Non deductible expenses	1,355,673	2,904,027
- Under/(over) provision in prior years	82,412	82,412
Tax Expense	4,557,902	11,348,981

Deferred Tax Liabilites Movement :

	Current Qtr 30.09.2010 RM	Cumulative Current YTD 30.09.2010 RM
At beginning of the year	4,279,382	4,274,357
Transfer from/(to) income statement	-	-
Translation differences	334	5,359
At end of the year	4,279,716	4,279,716

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:

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	30.09.2010 RM'000
i) At Cost	85,487
ii) At Carrying Value	85,487
iii) At Market Value	71,580

8. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 29 November 2010 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) other than stated below.

Proposed Disposal Of 21.57% Equity Interest In Eastern Pacific Industrial Corporation Berhad (“Epic”).

On 8 November 2010, the Company has announced a proposal to dispose of its 21.57% equity interest in EPIC comprising 35,970,000 Ordinary Shares of RM1.00 each to Lembaga Tabung Amanah Warisan Negeri Terengganu (“LTAW”) for a total cash consideration of RM111.5 Million. The Proposed Disposal is subject to approvals being obtained from the following:

- (i) The shareholders of AZRB at an extraordinary general meeting to be convened; and (ii) Any other relevant authorities and/or parties, if required.

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**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 September 2010 are as follows:

	Secured RM	Unsecured RM	Total RM
<i>Short Term</i>			
Bank Overdrafts	20,235,868	-	20,235,868
Trust Receipts	1,515,198	-	1,515,198
Murabahah	23,520,000	-	23,520,000
Term Loans	0	45,000,000	45,000,000
Hire Purchase	3,080,605	-	3,080,605
Subtotal	48,351,671	45,000,000	93,351,671
<i>Long Term</i>			
Term Loan	2,000,000	40,000,000	42,000,000
Hire Purchase	10,460,042	-	10,460,042
Subtotal	12,460,042	40,000,000	52,460,042
Grand total	60,811,713	85,000,000	145,811,713

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

10. OFF BALANCE SHEETS FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheets risk as at 29 November 2010 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).

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**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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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 **27 January 2011** 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.

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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 has directed that both parties to file written submission for case management on **25 November 2010**. However, the plaintiff has applied for this case to be consolidated with similar suit against Majlis Perbandaran Subang Jaya and the court has fixed on **31 January 2011** for the case management on their consolidation application.

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

(iii) Sime Engineering Sdn Bhd ("SESB") vs Ahmad Zaki Resources Berhad

On 13 October 2010 SESB served a Writ and Statement of Claim dated 12 October 2010 on AZRB, claiming a sum of RM15,246,000 for alleged breaches by AZRB of the Malaysia-China Hydro Joint Venture Agreement dated 12 June 2002 relating to the Bakun Hydroelectric Project Package CW2 - Main Civil Works. The matter is fixed for case management on **1 December 2010** and AZRB is scheduled to file its Defence and Counterclaim at the Kuala Lumpur High Court on **2 December 2010**.

AZRB, in consultation with its solicitors, is of the view that AZRB has a valid defence against SESB's claim.

12. DIVIDEND

The Board does not recommend any dividend for the financial period ended 30 September 2010.

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**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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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:

	Current Quarter ended 30/09/2010	Current Quarter ended 30/09/2009	Cumulative Quarters ended 30/09/2010	Cumulative Quarters ended 30/09/2010
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	7,951,655	5,575,202	21,776,957	15,630,106
Basic				
a) Weighted average number of ordinary shares in issue	276,680,250	276,575,070	276,680,250	276,575,070
Diluted				
b) Weighted average number of ordinary shares in issue	276,680,250	276,575,070	276,680,250	276,575,070
Effects of dilution resulting from ESOS	185,346	110,351	185,346	110,351
Adjusted weighted average number of ordinary shares in issue and issuable	276,865,596	276,685,421	276,865,596	276,685,421

The effects of dilution from employee share options (ESOS) is for unexercised outstanding options as at 30 September 2010 of **514,851** (2009:**569,994**) shares.

The share options were calculated based on the number of shares which could have been acquired at the market price (the average 9 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.