

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 4th quarter ended 31 December 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 YEAR ENDED 31 DECEMBER 2010**

RM	Note	2010 Current quarter ended 31 Dec	2009 Comparative quarter ended (Restated) 31 Dec	2010 12 months cumulative to date	2009 12 months cumulative (Restated) to date
REVENUE		52,623,074	105,558,001	431,342,599	459,400,393
OPERATING EXPENSES	1	(142,913,396)	(97,786,690)	(489,486,486)	(427,664,257)
OTHER OPERATING INCOME		8,782,383	3,181,745	11,711,703	7,919,874
(LOSS)/PROFIT FROM OPERATIONS		(81,507,939)	10,953,056	(46,432,184)	39,656,010
FINANCE COSTS		(2,501,376)	(5,168,820)	(12,430,618)	(17,599,297)
INVESTING RESULTS	2	1,802,110	2,196,905	10,105,767	10,372,246
(LOSS)/PROFIT BEFORE TAXATION		(82,207,205)	7,981,141	(48,757,035)	32,428,959
TAX EXPENSE (Refer Note 5b(vi))		(896,656)	(2,494,651)	(12,245,637)	(11,014,791)
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(83,103,861)	5,486,490	(61,002,672)	21,414,168
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX					
Foreign currency translation differences for foreign operations		14,885,186	197,083	(1,076,214)	1,659,513
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR		(68,218,675)	5,683,573	(62,078,886)	23,073,681

QUARTERLY REPORT ON THE FOURTH QUARTER ENDED 31 DECEMBER 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

RM	Note	2010 Current quarter ended 31 Dec	2009 Comparative quarter ended (Restated) 31 Dec	2010 12 months cumulative to date	2009 12 months cumulative (Restated) to date
(LOSS)/PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		(83,058,501)	5,134,607	(61,281,544)	20,764,713
MINORITY INTEREST		(45,360)	351,883	278,872	649,455
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(83,103,861)	5,486,490	(61,002,672)	21,414,168
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		(68,173,315)	5,331,690	(62,357,758)	22,424,226
MINORITY INTEREST		(45,360)	351,883	278,872	649,455
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(68,218,675)	5,683,573	(62,078,886)	23,073,681

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

Basic (sen)	(30.03)	1.86	(22.15)	7.50
Diluted (sen)	na	1.86	na	7.50

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	128,889,284	85,948,428	443,777,852	392,745,708
Other operating expenses	14,024,112	11,838,262	45,708,634	34,918,549
Total	142,913,396	97,786,690	489,486,486	427,664,257

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	1,802,110	2,030,322	9,860,343	8,952,617
Share of results from joint ventures (refer note 5b(v))	-	133,822	245,424	1,419,629
Total	1,802,110	2,164,144	10,105,767	10,372,246

UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION

	Not Audited As at 31/12/2010	(Audited) As at 31/12/2009 (Restated)
Non-current assets		
Property, plant and equipment	53,173,530	49,932,707
Prepaid lease payment	7,562,150	7,902,103
Goodwill	3,744,605	3,744,605
New planting expenditure	108,519,739	82,011,852
Investment properties	18,500,000	19,500,000
Investments in associates	163,802	95,679,500
Interest in joint ventures	(288,351)	(288,351)
Other investments	115,500	2,615,500
Total non current assets	191,490,975	261,097,916
Current assets		
Inventories	7,180,286	12,045,446
Property development expenditure	5,128,549	1,459,535
Trade & other receivables	322,363,150	319,254,486
Tax assets	4,683,978	4,268,175
Cash & cash deposits	115,945,375	152,619,459
Total current assets	455,301,338	489,647,101
Total assets	646,792,313	750,745,017
Equity attributable to equity holders of the parent		
Share capital	138,347,702	138,317,965
Reserves and treasury shares	40,599,484	110,266,996
Total equity	178,947,186	248,584,961
Minority interest	5,168,846	5,119,654
Total equity and minority interest	184,116,032	253,704,615
Non-current liabilities		
Long-term borrowings	92,924,835	103,931,069
Deferred tax	11,849,951	11,849,357
Total non-current liabilities	104,774,786	115,780,426
Current liabilities		
Trade and other payables	306,094,123	279,872,669
Short term borrowings	25,922,963	45,216,376
Current portion of long-term borrowings	25,522,071	55,375,650
Tax liabilities	362,338	795,281
Dividend payable	-	-
Total current liabilities	357,901,495	381,259,976
Total liabilities	462,676,281	497,040,402
Total equity and liabilities	646,792,313	750,745,017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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		
12 months ended 31 December 2010									
Balance at the beginning of the year	138,317,965	6,260	(811,168)	67,951	112,008,575	(1,004,622)	248,584,961	5,119,654	253,704,615
Movements during the year									
Issue of option pursuant to ESOS	29,737	3,568	-	-	-	-	33,305	-	33,305
Disposal of associated company				(67,951)	(67,951)		(67,951)		(67,951)
Purchase of own shares						(21,165)	(21,165)		(21,165)
Total comprehensive (loss)/income for the year	-	-	(1,076,214)	-	(61,281,544)	-	(62,357,758)	278,872	(62,078,886)
First & final dividend 2009 - RM3.0 sen per share less tax					(7,224,206)		(7,224,206)	(229,680)	(7,453,886)
Balance at the end of the year	138,347,702	9,828	(1,887,382)	-	43,502,825	(1,025,787)	178,947,186	5,168,846	184,116,032

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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		
12 months ended 31 December 2009									
Balance at the beginning of the year as previously stated	138,265,800	-	(2,470,681)	67,951	76,475,858	(1,004,622)	211,334,306	4,661,599	215,995,905
Prior years' adjustment arising from recognition of MCHJV as simple investment									
Balance at the beginning of the year as restated	138,265,800	-	(2,470,681)	67,951	97,433,173	(1,004,622)	232,291,621	4,661,599	236,953,220
Movements during the year									
Issue of option pursuant to ESOS	52,165	6,260					58,425		58,425
Total comprehensive income for the year as previously stated			1,659,513		20,948,174		22,607,687	649,455	23,257,142
Prior years' adjustment arising from recognition of MCHJV as simple investment					(183,461)		(183,461)		(183,461)
Total comprehensive income for the year as restated	-	-	1,659,513	-	20,764,713	-	22,424,226	649,455	23,073,681
First & final dividend 2008 -RM 3.5 sen per share less tax					(6,189,311)		(6,189,311)	(191,400)	(6,380,711)
Balance at the end of the year	138,317,965	6,260	(811,168)	67,951	112,008,575	(1,004,622)	248,594,961	5,119,654	253,704,615

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2009

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2010 RM	12 months ended 31 December 2009 RM (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss)/profit before taxation	(48,757,035)	32,428,959
Adjustments for:-		
Amortisation of prepaid lease rental	6,945	6,945
Depreciation of property, plant & equipment	8,966,860	8,758,754
Bad debt written off	65,076	632,989
Interest expenses	10,542,065	12,834,790
Interest revenue	(2,240,927)	(3,440,290)
Loss/(Gain) on disposal of property, plant & equipment	(112,164)	(316,285)
Fixed assets written off	4,912	-
Impairment loss on investment in unquoted shares & property	3,500,000	-
Unrealised loss/(gain) of foreign exchange	855,283	1,982,025
Share of results of joint ventures	(245,424)	(1,419,629)
Share of results of associated companies	(9,860,343)	(8,952,617)
Operating (loss)/profit before working capital changes	(37,274,752)	42,515,641
Decrease in inventories	4,865,162	881,892
Decrease/(Increase) in amount due from customers for contract work	77,161,682	(49,844,002)
(Increase)/Decrease in property development expenditure	(3,669,014)	4,372,059
Decrease/(Increase) in trade and other receivables	22,735,686	(17,615,839)
Increase in amount due to customers for contract work	22,391,346	33,788,408
Increase in trade and other payables	5,329,326	10,284,497
Cash generated from operations	91,539,436	24,382,656
Tax paid	(13,093,773)	(13,319,567)
Interest payment	(12,059,430)	(14,413,208)
Net cash generated/(used in) from operating activities	66,386,233	(3,350,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	(24,785,445)	(18,631,029)
Distribution of Joint Venture profits	245,424	1,419,629
Interest received	2,162,862	3,441,991
Purchase of property, plant & equipment	(10,440,781)	(7,270,705)
Proceeds from disposal of property, plant & equipment	687,595	629,903
Dividend Revenue	1,573,688	3,057,450
Net cash used in investing activities	(30,556,657)	(17,352,761)
BALANCE CARRIED FORWARD	35,829,576	(20,702,880)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2010 RM	12 months ended 31 December 2009 RM (Restated)
BALANCE CARRIED DOWN	35,829,576	(20,702,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from /(Repayment to) ultimate holding company	(18,152)	(171,611)
Advance from/(Repayment to) related companies	(129,179)	474,473
Advance from/(Repayment to) Joint Ventures	51,558	-
Dividend paid	(7,453,892)	(6,380,711)
Proceeds from paid up capital	33,305	58,424
Proceeds from trust receipts/murabahah	9,995,117	6,582,892
Repayment of trust receipts/murabahah	(14,995,117)	(8,656,180)
Payment to hire purchase creditors	(5,596,395)	(5,264,448)
Term loan drawdown	66,123,213	-
Repayment of term loan	(106,126,236)	(7,034,043)
Purchase of treasury shares	(21,165)	-
Net cash generated used in financing activities	(58,136,943)	(20,391,204)
Effects of exchange difference on cash & cash equivalents	(73,305)	1,240,142
Net increase/(decrease)in cash and cash equivalents	(22,307,367)	(41,094,084)
Cash and cash equivalents at beginning of the year	135,923,083	175,777,023
Cash and cash equivalents at end of the year	113,542,411	135,923,081
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	33,554,608	24,241,978
Cash deposits with licensed banks	82,390,766	128,377,481
Bank overdrafts	(2,402,963)	(16,696,378)
	113,542,411	135,923,081

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

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

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
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.

PART A EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16**5. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL TO THE NATURE, SIZE OR INCIDENCE**

There were 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:

a) Receivable from King Faisal Foundation (“KFF”)

In the 3rd 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 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.

b) Prior years’ adjustments

During the financial year, the Board of AZRB has reviewed back whether its application of equity accounting in accordance with FRS131 for its interest in Malaysia-China Hydro Joint Venture (MCHJV) was correctly applied in its financial statements from Year 2003. After deliberation and consultation with independent advisers, the Board concluded that its interest in the MCHJV is more appropriate to be accounted for as a simple investment in accordance with FRS139 by virtue of AZRB not having any joint control nor significant influence over the said joint-venture. Consequently, the Group has derecognised its share of results in MCHJV totalling to a loss of RM28.6 million and adjustments have been done retrospectively via prior years’ adjustments to the relevant comparative figures which are set in following manner.

PART A EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

i) Deferred Tax	Group RM
Opening Balance as at 1.1.2009 as previously stated	5,153,614
Adjustment arising from recognition of MCHJV as simple investment	7,453,000
Opening balance as restated	<u>12,606,614</u>
Recognised in income statement-as previously stated	(878,944)
Adjustment arising from recognition of MCHJV as simple investment	122,000
Recognised in income statement as restated	(756,944)
Translation differences	(313)
Balance as at 31.12.2009	<u><u>11,849,357</u></u>
 ii) Retained Profits	 Group RM
Opening Balance as at 1.1.2009 as previously stated	76,475,858
Adjustment arising from recognition of MCHJV as simple investment net of deferred tax	20,957,315
Opening balance as restated	<u>97,433,173</u>
Current year's profit as previously stated	20,948,174
Adjustment arising from recognition of MCHJV as simple investment net of deferred tax	(183,461)
Current year's profit as restated	20,764,713
Dividend	(6,189,311)
Balance as at 31.12.2009	<u><u>112,008,575</u></u>

PART A EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

iii) Investment in joint ventures	Group	
	RM	
Opening Balance as at 1.1.2009 as previously stated	(28,698,666)	
Adjustment arising from recognition of MCHJV as simple investment	28,410,315	
Opening balance as restated	<u>(288,351)</u>	
Current year's profit	1,481,090	
Adjustment arising from recognition of MCHJV as simple investment	(61,461)	
Current year's profit as restated	1,419,629	
Less: Profit distribution from a joint venture	(1,419,629)	
Balance as at 31.12.2009	<u><u>(288,351)</u></u>	
iv) Net Asset per share	31.12.2009	
	RM	
Amount as previously stated	0.8235	
Adjustment arising from recognition of MCHJV as simple investment	0.0750	
Amount as restated	<u><u>0.8985</u></u>	
v) Share of results from joint ventures	4th Qtr 2009	YTD 2009
	RM	RM
Amount as previously stated	228,044	1,481,090
Adjustment arising from recognition of MCHJV as simple investment	(94,222)	(61,461)
Amount as restated	<u><u>133,822</u></u>	<u><u>1,419,629</u></u>
vi) Tax expense	4th Qtr 2009	YTD 2009
	RM	RM
Amount as previously stated	2,372,651	10,892,791
Adjustment arising from recognition of MCHJV as simple investment	122,000	122,000
Amount as restated	<u><u>2,494,651</u></u>	<u><u>11,014,791</u></u>

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

vi) Earning per share

	4th Qtr 2009	YTD 2009
	RM	RM
Amount as previously stated	1.94	7.57
Adjustment arising from recognition of MCHJV as simple investment	(0.08)	(0.07)
Amount as restated	<u>1.86</u>	<u>7.50</u>

6. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL YEAR

There was no material changes in estimates of amounts reported in prior interim periods 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 other than the following:

In the current financial quarter, the Group has included in its book a total of RM99 million loss sustained from the termination of Alfaizal University contract after due assessment on all aspects of claims to be put forward to King Faisal Foundation via the arbitration process. This has resulted the Group suffered a net loss before tax of RM48 million for the financial year under review.

7. CHANGES IN EQUITY/DEBT SECURITIES

a) Employee Share Option Scheme (ESOS)

A total of 59,473 AZRB Shares were issued under the AZRB Employees' Share Option Scheme at the option price of RM0.56 per share during the financial year to-date.

b) Treasury Shares

There was no sharebuyback exercise during the financial quarter under review. The total treasury shares as at 31 December 2010 comprise of 1,478,100 units at RM1,025,787/=.

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 year-to-date.

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.

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
31-Dec-10	RM	RM	RM	RM	RM
REVENUE					
External revenue	373,372,773	55,615,496	2,354,330	-	431,342,599
Inter – segment revenue	-	25,928,972	-	(25,928,972)	-
Total revenue	373,372,773	81,544,468	2,354,330	(25,928,972)	431,342,599
RESULT					
Segment result	(66,835,043)	17,955,026	(1,681,647)	-	(50,561,664)
Interest revenue					2,240,927
Interest expenses					(10,542,065)
Share of results in joint ventures	245,424				245,424
Share of results in associated co.	-	9,860,343			9,860,343
Tax expenses					(12,245,637)
Loss after taxation but before minority interest					(61,002,672)
Minority interest					(278,872)
Loss attributable to shareholders					(61,281,544)

PART A EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16

	Construction	Trading in oil and gas & other related services	Other operations	Eliminations	Consolidated
31-Dec-09	RM	RM	RM	RM	RM
REVENUE					
External revenue	411,703,495	41,617,667	6,079,231	-	459,400,393
Inter – segment revenue	-	14,485,468	-	(14,485,468)	-
Total revenue	411,703,495	56,103,135	6,079,231	(14,485,468)	459,400,393
RESULT					
Segment result	20,897,625	12,207,008	(1,653,420)	-	31,451,213
Interest revenue					3,440,290
Interest expenses					(12,834,790)
Share of results in joint ventures (refer note item 5b(iv) above)	1,419,629				1,419,629
Share of results in associated co.	1,862	8,950,755			8,952,617
Tax expenses					(11,014,791)
Profit after taxation but before minority					21,414,168
Minority interest					(649,455)
Profit attributable to shareholders					20,764,713

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 25 February 2011 (being the latest practicable date from the date of issuance of the 4th 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 year-to-date .

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group do not have material contingent liabilities as at 25 February 2011 (being the latest practicable date from the date of issuance of the 4th 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 12 months cumulative to date	2009 12 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	16,670,086	8,497,017
- 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	872,233	537,852
- Kemaman Quarry Sdn Bhd	283,993	462,702
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	120,000	122,450
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	420,000	420,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	816,156	432,713
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	28,380	29,564
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	36,000	36,000

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

I. REVIEW OF PERFORMANCE

	12 months ended 31/12/2010 (RM'000)	12 months ended 31/12/2009 (RM'000)	Variance (RM'000)
Revenue	431,343	459,400	(28,057)
Profit before tax	44,840	32,429	12,411
Exceptional loss from Alfaisal University	(93,597)	-	(93,597)
(Loss)/Profit before tax	(48,757)	32,429	(81,186)

The Group's results was severely affected by its exceptional loss of **RM94 million** derived from the termination of Alfaisal University for the financial year under review. Despite the improvement by RM12 million in the Groups' profit before tax for the year, the Group's result was brought down to a net loss of **RM48 million** as a result of the exceptional loss in Alfaisal University.

The construction division posted **RM373.4 million** or 86% of the Group's revenue (2009: **RM411.7 million** or 91%) mainly from its domestic construction activities. The lower revenue was due to reversal of revenue effected on Alfaisal University in the 4th Quarter.

The Group's bunkering operation continued to show strong growth in its revenue and profits as compared to preceeding year. The division registered a profit before tax of **RM17.9 million** (2009: **RM12.2 million**) and an overall external revenue of **RM55.6 million** or 13% of the Group's revenue (2009: **RM41.6 million** or 9%).

The disposal of investment in EPIC during the year has also contributed extra gain of **RM7.7 million** for the Group in addition to its equity share of associated results of **RM9.8 million** for the whole year.

Overall, order book for its construction division stood at **RM1,023 million** mainly comprise of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM278 million**), Federal Road 3 from Pekan to Kuantan (**RM35 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM75 million**), University Darul Imam Package 3 Building works (**RM198 million**), Maternity Hospital Terengganu (**RM83 million**), Rectification works at Dataran Putra Persint 1, Putrajaya (**RM19 million**), Istana Negara Interchange to Jalan Duta (**RM45 million**), University Sains Islam Malaysia-

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

Pusat Tamhidi (RM14 million), Hulu Terengganu Hydroelectric Project Lot Cw1-O preliminary Works (RM19 million) , The Proposed Construction And Completion Of Waterfront Shop Office And External Works On Plot 8c1, Precint 8, Putrajaya, Wilayah Persekutuan.(RM53 million),Animal Production Units and other associated facilities (Pekan) (RM32 million) . The Construction & Completion Of Earthworks & Infrastructure Works For Works For Phase 1a & 1b At Kertih Polymer Park In Lot Q, Kertih (RM47 million). The Construction and Completion of 1002 Units Of Flats In Three (3) Blocks Of 17 Storeys And Related Works For The Public Housing Program At Padang Hiliran, Chabang Tiga, Kuala Terengganu, Terengganu Darul Iman (RM125 million)

In the opinion of the Directors, the results for the current quarter and financial year todate have not been affected by any transaction or event of a material and unusual nature which has arisen between 31 December 2010 to 25 February 2011 (being the latest practicable date from the date of issuance of the 4th Quarter Report).

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

	Current Qtr RM	Preceding Qtr RM	+ /(-) RM
Revenue	52,623	130,397	(77,774)
(Loss)/Profit before tax	(82,207)	12,479	(94,686)

On a quarter to quarter basis, the Group results was affected by the exceptional loss arising from termination of Alfaisal University project .

3. PROSPECTS

Despite the substantial loss suffered from its Alfaizal University, the Board is of the view that the loss from its Saudi operation is a one off isolated event due to exceptional circumstances with no further significant cash outflows expected. The Board, therefore believes that the loss would not hinder the Group from continuing to achieve better performance in the coming years. The Board maintains a positive outlook for its overall operations and believes its operations shall excel with reasonably good performance in the coming year.

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 31.12.2010 RM	Cumulative Current YTD 31.12.2010 RM
Based on results for the year	3,104,144	14,370,713
Under/(over) provision in prior years	(2,207,488)	(2,125,076)
	896,656	12,245,637

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 31.12.2010 RM	Cumulative Current YTD 31.12.2010 RM
Accounting loss before taxation	(82,207,205)	(48,757,035)
Tax at the statutory income tax rate of 25%	(20,551,801)	(12,189,259)
- Non taxable revenue	(1,943,150)	(1,943,150)
- Non deductible expenses	5,329,133	10,309,074
- Deferred Tax assets not recognised	20,659,134	20,659,134
- Share of results of associated companies	(389,172)	(2,465,086)
- Under/(over) provision in prior years	(2,207,488)	(2,125,076)
Tax Expense	896,656	12,245,637

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

Deferred Tax Liabilites Movement :

	Current Qtr 31.12.2010 RM	Cumulative Current YTD 31.12.2010 RM
At beginning of the period/year	11,854,716	11,849,357
Transfer from/(to) income statement	-	-
Translation differences	(4,765)	594
At end of the period/year	<u>11,849,951</u>	<u>11,849,951</u>

6. PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

7. INVESTMENT IN QUOTED SECURITIES

There is no purchase of any quoted securities during the financial quarter or financial year to date.

8. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 25 February 2011 (being the latest practicable date from the date of issuance of the 4th Quarter Report) other than stated below.

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

On 10 December 2010, the Company has obtained shareholders’ approval for the 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.

**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 31 December 2010 are as follows:

	Secured RM	Unsecured RM	Total RM
Short Term			
Bank Overdrafts	2,402,963	-	2,402,963
Trust Receipts	0	-	0
Murabahah	23,520,000	-	23,520,000
Term Loans	10,143,789	10,500,000	20,643,789
Hire Purchase	4,878,282	-	4,878,282
Subtotal	40,945,034	10,500,000	51,445,034
Long Term			
Term Loan	38,319,145	46,000,000	84,319,145
Hire Purchase	8,605,690	-	8,605,690
Subtotal	46,924,835	46,000,000	92,924,835
Grand total	87,869,869	56,500,000	144,369,869

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

10. OFF BALANCE SHEETS FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheets risk as at 25 February 2011 (being the latest practicable date from the date of issuance of the 4th 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

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

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. The Court has fixed 11 May 2011 for further case management for parties to settle the issues to be tried and for plaintiff to file its Opening and Witness statements.

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 for striking off with cost to plaintiff. The court has fixed for case management on 11 April 2011.

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**

(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.

AZRB has filed its Defence at the Kuala Lumpur High Court on **2 December 2010** and also instituted a Counterclaim against Sime Engineering and members of the Malaysia-China Hydro Joint Venture (“MCH JV”) Executive Committee (“Exco”) namely Sinohydro Corporation (formerly known as China Water Resources and Hydropower Engineering Company) (“Sinohydro”) and WCT Berhad (“WCT”) for special damages of RM58,000,600 for loss of profits; general damages; interest; and costs. On 19 January 2011, AZRB filed an application to stay the above Suit pending the outcome of K.L High Court Civil Suit between SESB and its former directors and staff.

The case is now pending case management on **31 March 2011**.

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

b) Arbitration on Alfaisal University project

AZRB has initiated an arbitration request with the filing of the notice of arbitration with the International Court of Arbitration on 21 February 2010. The notice of arbitration includes the seeking of various reliefs and claims with respect to the contract entered into by King Faisal Foundation and AZRB on 28 June 2005.

AZRB, in consultation with its solicitors, is of the view that AZRB has a firm case in its arbitration proceedings with King Faisal Foundation.

12. DIVIDEND

The Board does not recommend any dividend for the financial year ended 31 December 2010.

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

13. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share was calculated based on the consolidated (loss)/profit after taxation and minority interests over the weighted average number of ordinary shares in issue during the year as set out below:

	Current Quarter ended 31/12/2010	Current Quarter ended 31/12/2009	Cumulative Quarters ended 31/12/2010	Cumulative Quarters ended 31/12/2009
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	(83,058,501)	5,134,607	(61,281,544)	20,764,713
Basic				
a) Weighted average number of ordinary shares in issue	276,682,345	276,575,070	276,682,345	276,575,070
Diluted				
b) Weighted average number of ordinary shares in issue	na	276,575,070	na	276,575,070
Effects of dilution resulting from ESOS	na	147,450	na	147,450
Adjusted weighted average number of ordinary shares in issue and issuable	na	276,722,520	na	276,722,520

The full diluted loss per ordinary share for the current year is not presented as the effect of assumed subscriptions for new ordinary shares by employee share option (ESOS) option holders is anti-dilutive.

The effect from dilution of ESOS for the previous financial year is for unexercised outstanding options of 569,994 shares.

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

**14 STATEMENT ON REALISED AND UNREALISED RETAINED PROFITS
/LOSSES DISCLOSURE**

	Preceding financial Quarter ended 30.09.2010	Current financial Quarter ended 31.12.2010	As at the end of last financial year
	RM'000	RM'000	RM'000
Total retained profits/(accumulated losses) of Ahmad Zaki Resources Berhad and its subsidiaries			
- Realised	138,821	80,216	
- Unrealised	705	(6,870)	
	139,526	73,346	
Total share of retained profits/(accumulated losses) from associated companies			
- Realised	54	54	NOT APPLICABLE
- Unrealised	-	-	
	54	54	
Total share of retained profits/(accumulated losses) from jointly controlled companies			
- Realised	(288)	(288)	
- Unrealised	-	-	
	(288)	(288)	
Less : Consolidated Adjustments	(12,731)	(29,609)	
Total group retained profits as per consolidated accounts	126,561	43,503	