

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 1st quarter ended 31 March 2011. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME FOR THE PERIOD ENDED 31 MARCH 2011

RM	Note	2011 Current quarter ended 31 Mar	2010 Comparative quarter ended 31 Mar	2011 3 months cumulative to date	2010 3 months cumulative to date
<b>REVENUE</b>		124,658,870	107,965,468	124,658,870	107,965,468
<b>OPERATING EXPENSES</b>	1	(114,328,432)	(96,142,336)	(114,328,432)	(96,142,336)
<b>OTHER OPERATING INCOME</b>		2,239,304	1,256,276	2,239,304	1,256,276
<b>PROFIT FROM OPERATIONS</b>		12,569,742	13,079,408	12,569,742	13,079,408
<b>FINANCE COSTS</b>		(3,254,942)	(3,670,974)	(3,254,942)	(3,670,974)
<b>INVESTING RESULTS</b>	2	-	2,105,613	-	2,105,613
<b>PROFIT BEFORE TAXATION</b>		9,314,800	11,514,047	9,314,800	11,514,047
<b>TAX EXPENSE</b>		(3,938,451)	(3,431,196)	(3,938,451)	(3,431,196)
<b>PROFIT FOR THE PERIOD</b>		5,376,349	8,082,851	5,376,349	8,082,851
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Foreign currency translation differences for foreign operations		61,153	(7,639,569)	61,153	(7,639,569)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		5,437,502	443,282	5,437,502	443,282

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME FOR THE PERIOD ENDED 31 MARCH 2011**

RM	Note	2011 Current quarter ended 31 Mar	2010 Comparative quarter ended 31 Mar	2011 3 months cumulative to date	2010 3 months cumulative to date
<b>PROFIT ATTRIBUTABLE TO :-</b>					
<b>OWNERS OF THE COMPANY</b>		5,160,957	7,745,981	5,160,957	7,745,981
<b>MINORITY INTEREST</b>		215,392	336,870	215,392	336,870
<b>PROFIT FOR THE PERIOD</b>		<b>5,376,349</b>	<b>8,082,851</b>	<b>5,376,349</b>	<b>8,082,851</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO :-</b>					
<b>OWNERS OF THE COMPANY</b>		5,222,110	106,412	5,222,110	106,412
<b>MINORITY INTEREST</b>		215,392	336,870	215,392	336,870
<b>PROFIT FOR THE PERIOD</b>		<b>5,437,502</b>	<b>443,282</b>	<b>5,437,502</b>	<b>443,282</b>
<b>EARNINGS PER SHARE (SEN)                  ATTRIBUTABLE TO OWNERS OF THE                  COMPANY:</b>					
<b>Basic (sen)</b>		1.86	2.80	1.86	2.80
<b>Diluted (sen)</b>		1.86	2.80	1.86	2.80

**Note 1 - Operating Expenses**

Operating expenses represents the followings:-

Cost of sales	102,813,251	88,226,319	102,813,251	88,226,319
Other operating expenses	11,515,181	7,916,017	11,515,181	7,916,017
<b>Total</b>	<b>114,328,432</b>	<b>96,142,336</b>	<b>114,328,432</b>	<b>96,142,336</b>

**Note 2 - Investing Results**

Investing results represents the followings:-

Share of results from associated companies	-	2,073,768	-	2,073,768
Share of results from joint ventures	-	31,845	-	31,845
<b>Total</b>	<b>-</b>	<b>2,105,613</b>	<b>-</b>	<b>2,105,613</b>

**UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION**

	<b>Not Audited</b>	<b>(Audited)</b>
	<b>As at 31/03/2011</b>	<b>As at 31/12/2010</b>
<b>Non-current assets</b>		
Property, plant and equipment	53,958,128	53,361,982
Prepaid lease payment	10,193,251	10,208,340
Goodwill	3,744,605	3,744,605
New planting expenditure	109,715,392	105,437,701
Investment properties	18,500,000	18,500,000
Investments in associates	162,700	162,700
Interest in joint ventures	(288,352)	(288,352)
Other investments	115,500	115,500
<b>Total non current assets</b>	<b>196,101,224</b>	<b>191,242,476</b>
<b>Current assets</b>		
Inventories	5,942,906	6,502,805
Property development expenditure	3,228,611	5,128,549
Trade & other receivables	314,814,206	332,905,818
Tax assets	5,219,716	5,287,491
Cash & cash deposits	110,027,620	115,915,364
<b>Total current assets</b>	<b>439,233,059</b>	<b>465,740,027</b>
<b>Total assets</b>	<b>635,334,283</b>	<b>656,982,503</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	138,381,722	138,347,702
Reserves and treasury shares	48,333,681	43,107,488
<b>Total equity</b>	<b>186,715,403</b>	<b>181,455,190</b>
<b>Minority interest</b>	<b>5,370,103</b>	<b>5,154,711</b>
<b>Total equity and minority interest</b>	<b>192,085,506</b>	<b>186,609,901</b>
<b>Non-current liabilities</b>		
Long-term borrowings	46,918,142	93,581,276
Deferred tax	8,641,320	8,641,320
<b>Total non-current liabilities</b>	<b>55,559,462</b>	<b>102,222,596</b>
<b>Current liabilities</b>		
Trade and other payables	288,411,235	311,795,083
Short term borrowings	25,652,133	25,922,963
Current portion of long-term borrowings	69,555,566	25,764,054
Tax liabilities	4,070,381	4,667,906
Dividend payable	-	-
<b>Total current liabilities</b>	<b>387,689,315</b>	<b>368,150,006</b>
<b>Total liabilities</b>	<b>443,248,777</b>	<b>470,372,602</b>
<b>Total equity and liabilities</b>	<b>635,334,283</b>	<b>656,982,503</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE PERIOD ENDED 31 MARCH 2011**

	Attributable to equity holders of the parent						Minority Interest	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
<b>3 months ended 31 March 2011</b>									
Balance at the beginning of the year	138,347,702	9,828	(2,015,812)	-	46,139,259	(1,025,787)	181,455,190	5,154,711	186,609,901
Movements during the period							-		
Issue of option pursuant to ESOS	34,020	4,083	-	-	-	-	38,103	-	38,103
Disposal of associated company				-			-		-
Purchase of own shares							-		-
Total comprehensive income for the period	-	-	61,153	-	5,160,957	-	5,222,110	215,392	5,437,502
<b>Balance at the end of the period</b>	<b>138,381,722</b>	<b>13,911</b>	<b>(1,954,659)</b>	<b>-</b>	<b>51,300,216</b>	<b>(1,025,787)</b>	<b>186,715,403</b>	<b>5,370,103</b>	<b>192,085,506</b>

	Attributable to equity holders of the parent						Minority Interest	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
<b>3 months ended 31 March 2010</b>									
Balance at the beginning of the year	138,317,965	6,260	(811,168)	67,951	114,993,575	(1,004,622)	251,569,961	5,119,654	256,689,615
Movements during the period							-		
Issue of option pursuant to ESOS	22,160	2,659	-	-	-	-	24,819	-	24,819
Purchase of own shares							-		-
Total comprehensive income for the period			(7,639,569)		7,745,981		106,412	336,870	443,282
<b>Balance at the end of the period</b>	<b>138,340,125</b>	<b>8,919</b>	<b>(8,450,737)</b>	<b>67,951</b>	<b>122,739,556</b>	<b>(1,004,622)</b>	<b>251,701,192</b>	<b>5,456,524</b>	<b>257,157,716</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 March 2011 RM	3 months ended 31 March 2010 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before taxation</b>	<b>9,314,800</b>	<b>11,514,047</b>
Adjustments for:-		
Amortisation of prepaid lease rental	1,737	1,736
Depreciation of property, plant & equipment	2,277,507	2,201,540
Bad debt written off	-	-
Interest expenses	2,339,341	2,822,509
Interest revenue	(503,224)	(611,146)
(Gain)/Loss on disposal of property, plant & equipment	(320,605)	-
Unrealised loss/(gain) of foreign exchange	146,367	130,701
Share of results of joint ventures	-	(31,845)
Share of results of associated companies	-	(2,073,768)
<b>Operating profit before working capital changes</b>	<b>13,255,923</b>	<b>13,953,774</b>
Decrease in inventories	559,900	1,228,032
Increase in amount due from customers for contract work	(2,327,183)	(5,122,626)
Decrease/(Increase) in property development expenditure	1,899,938	(508,912)
Decrease/(Increase) in trade and other receivables (Decrease)/Increase in amount due to customers for contract work	20,108,540 (7,850,137)	(20,276,160) 7,925,354
(Decrease)/Increase in trade and other payables	(14,774,226)	81,708,732
<b>Cash generated from operations</b>	<b>10,872,755</b>	<b>78,908,194</b>
Tax paid	(4,468,202)	(2,327,948)
Interest payment	(3,125,336)	(4,391,279)
<b>Net cash generated from operating activities</b>	<b>3,279,217</b>	<b>72,188,967</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development expenditure	(4,194,439)	(10,605,335)
Distribution of Joint Venture profits	-	31,845
Interest received	488,828	612,847
Purchase of property, plant & equipment	(2,586,564)	(1,901,557)
Proceeds from disposal of property, plant & equipment	508,707	27,651
<b>Net cash used in investing activities</b>	<b>(5,783,468)</b>	<b>(11,834,549)</b>
BALANCE CARRIED FORWARD	(2,504,251)	60,354,418

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 March 2011 RM	3 months ended 31 March 2010 RM
BALANCE CARRIED DOWN	(2,504,251)	60,354,418
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from /(Repayment to ) ultimate holding company	(99,199)	(77,424)
Advance from/(Repayment to) related companies	303,994	(2,220,759)
Advance from/(Repayment to) Joint Ventures	-	51,558
Proceeds from paid up capital	38,103	24,819
Proceeds from trust receipts/murabahah	369,206	730,494
Repayment of trust receipts/murabahah	(9,858,456)	-
Payment to hire purchase creditors	(1,342,785)	(1,419,491)
Term loan drawdown	2,100,000	-
Repayment of term loan	(3,979,567)	-
<b>Net cash generated used in financing activities</b>	<b>(12,468,704)</b>	<b>(2,910,803)</b>
Effects of exchange difference on cash & cash equivalents	(133,208)	(7,339,497)
Net increase/(decrease )in cash and cash equivalents	(14,972,955)	57,443,615
Cash and cash equivalents at beginning of the year	113,512,400	135,923,083
<b>Cash and cash equivalents at end of the year</b>	<b>98,406,237</b>	<b>186,027,201</b>
<b>Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-</b>		
Cash and bank balances	18,592,504	81,750,818
Cash deposits with licensed banks	91,435,116	120,494,982
Bank overdrafts	(11,621,383)	(16,218,599)
	<b>98,406,237</b>	<b>186,027,201</b>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2010.

**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 2010 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 2010.

**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 2010 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2011

The adoption of the any new/revised standards or interpretations is not expected to have any significant impact on the results and financial position of the Group and the Company:

**3. STATUS OF FINANCIAL STATEMENTS QUALIFICATION**

The auditors' report on preceding audited financial statements for the year ended 31 December 2010 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 were no unusual items due to the nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows for the financial quarter ended 31 March 2011.

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

**6. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL YEAR**

There was no material 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 68,040 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 March 2011 comprise of 1,478,100 units at RM1,025,787/=.

Other than the above ESOS 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**

No dividend was paid during the financial period under review.

**9. SEGMENT REPORTING**

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



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

	<b>Construction</b>	<b>Trading in oil and gas &amp; other related services</b>	<b>Other operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>31-Mar-11</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>					
External revenue	112,591,071	10,524,478	1,543,321	-	124,658,870
Inter – segment revenue	-	5,696,574	-	(5,696,574)	-
<b>Total revenue</b>	<b>112,591,071</b>	<b>16,221,052</b>	<b>1,543,321</b>	<b>(5,696,574)</b>	<b>124,658,870</b>
<b>RESULT</b>					
Segment result	7,718,237	6,060,933	(4,464,370)	-	9,314,800
Interest revenue	391,229	40,515	71,480	-	503,224
Interest expenses	(245,093)	(11,593)	(2,082,655)	-	(2,339,341)
Share of results in joint ventures	-	-	-	-	-
Share of results in associated co.	-	-	-	-	-
Non cash expenses Note (i)	-	-	148,103	-	148,103
Depreciation	1,901,302	164,635	211,570	-	2,277,507
<b>31-Mar-10</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>					
External revenue	96,182,627	9,626,534	2,156,307	-	107,965,468
Inter – segment revenue	-	6,673,526	-	(6,673,526)	-
<b>Total revenue</b>	<b>96,182,627</b>	<b>16,300,060</b>	<b>2,156,307</b>	<b>(6,673,526)</b>	<b>107,965,468</b>
<b>RESULT</b>					
Segment results	7,948,862	6,260,898	(2,695,713)	-	11,514,047
Interest revenue	421,370	55,708	134,068	-	611,146
Interest expenses	(354,904)	(9,074)	(2,458,531)	-	(2,822,509)
Share of results in joint ventures	31,845	-	-	-	31,845
Share of results in associated co.	-	2,073,768	-	-	2,073,768
Non cash expenses Note (i)	130,621	-	1,736	-	132,357
Depreciation	1,831,253	194,511	175,776	-	2,201,540

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

<b>Note (i) : Non cash expenses</b>	Group	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Amortisation of prepaid land	1,737	1,736
Loss on foreign exchange -unrealised	146,367	130,621
	<b>148,104</b>	<b>132,357</b>

### **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 30 May 2011 (being the latest practicable date from the date of issuance of the 1st Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

### **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 30 May 2011 (being the latest practicable date from the date of issuance of the 1st Quarter Report) save as disclosed in item Part B item 11 below.

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

**14. SIGNIFICANT RELATED PARTY'S TRANSACTION**

The significant transactions with the Directors, parties connected to the Directors and companies in which the Directors have substantial financial interest are as follows:

	<b>2011 3 months cumulative to date</b>	<b>2010 3 months cumulative to date</b>
<b>Trade</b>		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director :-		
- Chuan Huat Industrial Marketing Sdn Bhd	6,271,717	2,855,670
- Chuan Huat Hardware Sdn Bhd	115,793	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	272,719	207,542
- Kemaman Quarry Sdn Bhd	9,872	45,551
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	30,000	30,000
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	105,000	105,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	271,079	226,119
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	4,635	0
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	9,000	9,000

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

**1. REVIEW OF PERFORMANCE**

	<b>3 months ended 31/03/2011 (RM'000)</b>	<b>3 months ended 31/03/2010 (RM'000)</b>	<b>Variance (RM'000)</b>
Revenue	124,659	107,965	16,694
Profit before tax	9,315	11,514	(2,199)

The Group posted a lower profit for the quarter by RM2.2 million despite the higher revenue mainly as a result of higher operating costs for the quarter under review in particular due to higher salaries as well as legal costs.

The above performance was achieved via marginal improvement in volume of work done by its construction activities supported further by its bunkering activities. The Group's bunkering operation maintained its performance with a profit before tax of **RM6.0 million** (2010: **RM6.2 million**) and an overall external revenue of **RM10.5 million** or 8% of the Group's revenue (2010: **RM9.6 million** or 9%).

Overall, order book for its construction division stood at **RM1,056 million** mainly comprised of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM266 million**); Federal Road 3 from Pekan to Kuantan (**RM10 million**); Lebuhraya Pantai Timur Package 2, 6, 5A & 9C (**RM207 million**); University Darul Imam Package 3 Building works (**RM192 million**); Maternity Hospital Terengganu (**RM77 million**); Rectification works at Dataran Putra Precint 1, Putrajaya (**RM13 million**); Istana Negara Interchange to Jalan Duta (**RM30 million**); University Sains Islam Malaysia-Pusat Tamhidi (**RM10 million**); Hulu Terengganu Hydroelectric Project Lot CW1-O Preliminary Works (**RM18 million**); The Proposed Construction And Completion Of Waterfront Shop Office And External Works On Plot 8C1, Precint 8, Putrajaya, Wilayah Persekutuan (**RM46 million**); Animal Production Units and other associated facilities in Pekan (**RM20 million**); The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park In Lot Q, Kertih (**RM43 million**); and 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 (**RM124 million**).

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

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 March 2011 to 30 May 2011 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

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

	<b>Current Qtr RM</b>	<b>Preceding Qtr RM</b>	<b>+ /(-) RM</b>
Revenue	124,659	51,994	72,665
Profit before tax	9,315	(83,364)	92,679

On a quarter to quarter basis, the Group results in the preceding quarter was affected by the exceptional loss arising from termination of Alfaisal University project as reported in the final financial quarter of 2010 .

**3. PROSPECTS**

The Board maintains positive outlook for the overall construction industry and believes the Group is able to achieve reasonable performance in the coming quarters.

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

Not applicable.

**5. TAXATION**

Taxation comprises :

<b>Current Qtr 31.03.2011 RM</b>	<b>Cumulative Current YTD 31.03.2011 RM</b>
3,938,451	3,938,451

Based on results for the period

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

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

	<b>Current Qtr 31.03.2011 RM</b>	<b>Cumulative Current YTD 31.03.2011 RM</b>
Accounting profits before taxation	9,314,800	9,314,800
Tax at the statutory income tax rate of 25%	2,328,700	2,328,700
- Non deductible expenses	1,609,751	1,609,751
<b>Tax Expense</b>	<b>3,938,451</b>	<b>3,938,451</b>

Deferred Tax Liabilites Movement :

	<b>Current Qtr 31.03.2011 RM</b>	<b>Cumulative Current YTD 31.03.2011 RM</b>
At beginning and end of the period/year	8,641,320	8,641,320

**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 was 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 30 May 2011 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

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

The Group borrowings as at 31 March 2011 are as follows:

	<b>Secured RM</b>	<b>Unsecured RM</b>	<b>Total RM</b>
<b><i>Short Term</i></b>			
Bank Overdrafts	11,621,383	-	11,621,383
Trust Receipts	140,750	-	140,750
Murabahah	13,890,000	-	13,890,000
Term Loans	10,314,673	53,000,000	63,314,673
Hire Purchase	6,240,893	-	6,240,893
<b>Subtotal</b>	<b>42,207,699</b>	<b>53,000,000</b>	<b>95,207,699</b>
<b><i>Long Term</i></b>			
Term Loan	37,768,694	2,000,000	39,768,694
Hire Purchase	7,149,448	-	7,149,448
<b>Subtotal</b>	<b>44,918,142</b>	<b>2,000,000</b>	<b>46,918,142</b>
<b>Grand total</b>	<b>87,125,841</b>	<b>55,000,000</b>	<b>142,125,841</b>

The Group does not have any foreign loan as at 31 March 2011.

**10. OFF BALANCE SHEETS FINANCIAL INSTRUMENTS**

The Group does not have any financial instruments with off balance sheets risk as at 30 May 2011 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

**11. MATERIAL LITIGATION**

At the date of this announcement, the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group and the Company except as disclosed as follows:

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

a) Claim or litigation brought against the Company :

(i) **Tenaga Nasional Berhad (TNB) vs Ahmad Zaki Resources Berhad**

TNB had 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 had 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 **28 July 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 had 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 had 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



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

dismissed AZRB's application for striking off with cost to plaintiff. The court has fixed for further case management on **20 July 2011**.

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.

AZRB had 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 ('Stay Application').

The above Stay Application has been fixed for clarification/decision on **13 June 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**

On 3 March 2011, the Company filed its arbitration notice with the ICC International Court of Arbitration seeking various reliefs and claims including the bonds liquidated by King Faisal Foundation in respect of the contract entered into by Alfaisal University and the Company pertaining to Alfaisal University Campus Development Project Phase 1 & 2 in Riyadh, Saudi Arabia.

**12. DIVIDEND**

The Board does not recommend any dividend for the financial year ended 31 March 2011.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
**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 31/03/2011	Current Quarter ended 31/03/2010	Cumulative Quarters ended 31/03/2011	Cumulative Quarters ended 31/03/2010
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>5,160,957</b>	<b>7,745,981</b>	<b>5,160,957</b>	<b>7,745,981</b>
<b>Basic</b>				
a) Weighted average number of ordinary shares in issue	276,763,442	276,635,929	276,763,442	276,635,929
<b>Diluted</b>				
b) Weighted average number of ordinary shares in issue	276,763,442	276,635,929	276,763,442	276,635,929
Effects of dilution resulting from ESOS	195,414	197,959	195,414	197,959
Adjusted weighted average number of ordinary shares in issue and issuable	276,958,856	276,833,888	276,958,856	276,833,888

The share options were calculated based on the number of shares which could have been acquired at the market price ( the average 3 months' price of the Company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to the shareholders for the share options calculations as the exercise price of the option shares is deemed to be their average fair value during the period.

The effect from dilution of ESOS for the financial period is for unexercised outstanding options of 462,607 (2010: 517,738) 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  
DISCLOSURE**

	<b>Current financial Quarter ended 31.03.2011</b>	<b>As at the end of last financial year</b>
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	86,419	76,644
- Unrealised	115	115
	86,534	76,759
Total share of retained profits from associated companies		
- Realised	54	54
- Unrealised	-	-
	54	54
Total share of retained profits from jointly controlled companies		
- Realised	(288)	(288)
- Unrealised	-	-
	(288)	(288)
Less : Consolidated Adjustments	(35,000)	(30,332)
Total Group retained profits as per consolidated accounts	51,300	46,193