

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 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 30 September 2011**

RM	Note	2011 Current quarter ended 30 Sept	2010 Comparative quarter ended 30 Sept	2011 9 months cumulative to date	2010 9 months cumulative to date
REVENUE		132,190,991	130,395,801	392,609,634	378,719,525
OPERATING EXPENSES	1	(127,553,270)	(118,081,136)	(369,036,757)	(346,573,090)
OTHER OPERATING INCOME		403,911	955,306	3,553,735	2,929,320
PROFIT FROM OPERATIONS		5,041,632	13,269,971	27,126,612	35,075,755
FINANCE COSTS		(2,892,505)	(3,719,603)	(8,597,458)	(9,929,242)
INVESTING RESULTS	2	-	2,928,902	-	8,303,657
PROFIT BEFORE TAXATION		2,149,127	12,479,270	18,529,154	33,450,170
TAX EXPENSE		(1,766,032)	(4,557,902)	(9,114,394)	(11,348,981)
PROFIT FOR THE PERIOD	3	383,095	7,921,368	9,414,760	22,101,189
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Foreign currency translation differences for foreign operations		3,047,558	(8,182,841)	3,469,014	(15,961,400)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		3,430,653	(261,473)	12,883,774	6,139,789

QUARTERLY REPORT ON THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME FOR THE PERIOD ENDED 30 September 2011

RM	Note	2011 Current quarter ended 30 Sept	2010 Comparative quarter ended 30 Sept	2011 9 months cumulative to date	2010 9 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		377,967	7,951,655	9,116,960	21,776,957
MINORITY INTEREST		5,128	(30,287)	297,800	324,232
PROFIT FOR THE PERIOD		383,095	7,921,368	9,414,760	22,101,189
COMPREHENSIVE INCOME /(LOSS) ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		3,416,083	(231,186)	12,576,532	5,815,557
MINORITY INTEREST		14,570	(30,287)	307,242	324,232
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		3,430,653	(261,473)	12,883,774	6,139,789

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

Basic (sen)	0.14	2.87	3.29	7.87
Diluted (sen)	0.14	2.87	3.29	7.87

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	114,115,738	106,863,098	333,551,214	314,888,568
Other operating expenses	13,437,532	11,218,038	35,485,543	31,684,522
Total	127,553,270	118,081,136	369,036,757	346,573,090

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	-	2,849,666	-	8,058,233
Share of results from joint ventures	-	79,236	-	245,424
Total	-	2,928,902	-	8,303,657

Note 3 Profit/(Loss) is arrived at after charging/crediting the following items:

RM	2011 Current quarter ended 30 Sept	2010 Comparative quarter ended 30 Sept	2011 9 months cumulative to date	2010 9 months cumulative to date
a) Interest income	(815,150)	(487,892)	(1,955,564)	(1,777,391)
Other (income)/loss including investment				
b) income	369,133	(467,414)	(1,598,171)	(1,151,929)
c) Interest expense	1,211,603	2,242,940	6,853,952	7,549,144
d) Depreciation and amortisation	2,094,189	2,201,295	6,475,028	6,597,946
e) Provision for and write off of receivables	-	-	-	-
f) Provision for and write off of inventories	-	-	-	-
Gain or loss on disposal of quoted or				
g) unquoted investment or properties	-	-	-	-
h) Impairment of assets	-	-	-	-
i) Foreign exchange gain or loss	272,983	36,644	230,877	496,192

UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION

RM	Not Audited	(Audited)
	As at 30/09/2011	As at 31/12/2010
Non-current assets		
Property, plant and equipment	59,686,277	53,361,982
Prepaid lease payment	10,154,608	10,208,340
Goodwill	3,744,605	3,744,605
New planting expenditure	119,893,713	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
Total non current assets	211,969,051	191,242,476
Current assets		
Inventories	10,414,597	6,502,805
Property development expenditure	7,168,362	5,128,549
Trade & other receivables	293,572,808	332,905,818
Tax assets	5,328,309	5,287,491
Cash & cash deposits	126,731,519	115,915,364
Total current assets	443,215,595	465,740,027
Total assets	655,184,646	656,982,503
Equity attributable to equity holders of the parent		
Share capital	138,381,722	138,347,702
Reserves and treasury shares	50,535,934	43,107,488
Total equity	188,917,656	181,455,190
Minority interest	5,461,953	5,154,711
Total equity and minority interest	194,379,609	186,609,901
Non-current liabilities		
Long-term borrowings	111,216,349	93,581,276
Deferred tax	8,641,320	8,641,320
Total non-current liabilities	119,857,669	102,222,596
Current liabilities		
Trade and other payables	300,669,525	311,795,083
Short term borrowings	19,881,991	25,922,963
Current portion of long-term borrowings	18,347,697	25,764,054
Tax liabilities	2,048,155	4,667,906
Dividend payable	-	-
Total current liabilities	340,947,368	368,150,006
Total liabilities	460,805,037	470,372,602
Total equity and liabilities	655,184,646	656,982,503

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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
RM 9 months ended 30 September 2011									
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	4,082	-	-	-	-	38,102	-	38,102
Interim dividend 2011 -RM 2.5 sen per share less tax					(5,161,610)		(5,161,610)		(5,161,610)
Total comprehensive income for the period	-	-	3,469,014	-	9,116,960	-	12,585,974	307,242	12,893,216
Balance at the end of the period	138,381,722	13,910	1,453,202	-	50,094,609	(1,025,787)	188,917,656	5,461,953	194,379,609

	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 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						(21,165)	(21,165)		(21,165)
Interim dividend 2010 -RM 3.5 sen per share less tax					(7,224,212)		(7,224,212)		(7,224,212)
Total comprehensive income for the period			(15,961,400)		21,776,957		5,815,557	324,232	6,139,789
Balance at the end of the period	138,340,125	8,919	(16,772,568)	67,951	129,546,320	(1,025,787)	250,164,960	5,443,886	255,608,846

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September 2011 RM	9 months ended 30 September 2010 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	18,529,154	33,450,170
Adjustments for:-		
Amortisation of prepaid lease rental	5,209	5,209
Depreciation of property, plant & equipment	6,469,819	6,597,946
Interest expenses	6,853,952	7,549,144
Interest revenue	(1,955,564)	(1,777,391)
(Gain)/Loss on disposal of property, plant & equipment	(972,480)	23,832
Fixed assets written off	-	1,912
Impairment loss on investment in unquoted shares & property	-	3,500,000
Unrealised loss of foreign exchange	230,877	496,192
Share of results of joint ventures	-	(245,424)
Share of results of associated companies	-	(8,058,233)
Operating profit before working capital changes	29,160,967	41,543,357
Increase in inventories	(3,911,791)	(1,207,975)
(Increase)/Decrease in amount due from customers for contract work	(21,258,750)	4,368,929
Increase in property development expenditure	(2,039,813)	(2,182,863)
Decrease/(Increase) in trade and other receivables	8,815,236	(30,588,543)
(Decrease)/Increase in amount due to customers for contract work	(19,588,307)	7,457,922
Increase in trade and other payables	9,891,090	62,058,285
Cash generated from operations	1,068,632	81,449,112
Tax paid	(11,774,963)	(9,863,482)
Interest payment	(8,175,092)	(9,066,510)
Net cash (used in)/generated from operating activities	(18,881,423)	62,519,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	(13,660,099)	(18,491,041)
Distribution of Joint Venture profits	-	245,424
Interest received	2,118,663	1,667,508
Purchase of property, plant & equipment	(9,554,848)	(6,365,750)
Proceeds from disposal of property, plant & equipment	3,097,585	121,366
Proceeds from disposal of investment	51,541,043	-
Dividend Revenue	-	674,438
Net cash generated from/(used in) investing activities	33,542,344	(22,148,055)
BALANCE CARRIED FORWARD	14,660,921	40,371,065
BALANCE CARRIED DOWN	14,660,921	40,371,065

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September 2011 RM	9 months ended 30 September 2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(99,199)	(56,495)
(Repayment to)/Advance from related companies	(166,497)	171,724
Advance from Joint Ventures	-	51,558
Dividend paid	(5,161,610)	(7,224,212)
Proceeds from paid up capital	38,103	24,819
Proceeds from trust receipts/murabahah	12,538,698	9,544,145
Repayment of trust receipts/murabahah	(27,608,181)	(13,028,947)
Payment to hire purchase creditors	(5,241,293)	(3,783,184)
Term loan drawdown	110,959,999	2,000,000
Repayment of term loan	(100,830,720)	(59,965,957)
Purchase of treasury shares	-	(21,165)
Net cash used in financing activities	(15,570,700)	(72,287,714)
Effects of exchange difference on cash & cash equivalents	2,697,424	(15,039,264)
Net decrease in cash and cash equivalents	(909,779)	(31,916,649)
Cash and cash equivalents at beginning of the year	113,512,401	135,923,083
Cash and cash equivalents at end of the period	115,300,046	88,967,170
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	27,858,323	40,862,225
Cash deposits with licensed banks	98,873,196	68,340,813
Bank overdrafts	(11,431,473)	(20,235,868)
	115,300,046	88,967,170

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 30 September 2011.

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.

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

7. CHANGES IN EQUITY/DEBT SECURITIES

a) Employee Share Option Scheme (ESOS)

A total of 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 30 September 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

The Company paid a total of RM5,161,610 being the 1st interim dividend for current financial year on 15 August 2011.

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
	RM	RM	RM	RM	RM
30-Sep-11					
REVENUE					
External revenue	349,841,907	39,524,600	3,243,127	-	392,609,634
Inter – segment revenue	-	18,896,277	-	(18,896,277)	-
Total revenue	349,841,907	58,420,877	3,243,127	(18,896,277)	392,609,634
RESULT					
Segment results	14,736,516	16,001,500	(12,208,862)	-	18,529,154
Interest revenue	1,457,626	213,109	284,829	-	1,955,564
Interest expenses	(1,059,385)	(36,978)	(5,757,589)	-	(6,853,952)
Share of results in joint ventures	-	-	-	-	-
Share of results in associated co.	-	-	-	-	-
Non cash expenses Note (i)	(237,368)	-	(5,592)	-	(242,960)
Depreciation	(5,299,981)	(546,264)	(623,574)	-	(6,469,819)

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

9.SEGMENT REPORTING(Cont'd)

	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 results	24,050,577	22,534,037	(13,134,444)		33,450,170
Interest revenue	1,227,126	115,319	434,946	-	1,777,391
Interest expenses	(1,888,376)	(24,536)	(5,636,232)	-	(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
Non cash expenses Note (i)	(496,192)	-	(30,953)	-	(527,145)
Depreciation	(5,549,473)	(532,599)	(515,874)	-	(6,597,946)

Note (i) : Non cash expenses

	Group	
	2011	2010
	RM	RM
Amortisation of prepaid land	5,209	5,209
Loss on foreign exchange -unrealised	230,877	496,192
Loss on disposal of fixed assets	-	23,832
Property , plant and equipment written off	6,874	1,912
	242,960	527,145

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 November 2011 (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 year-to-date except the following:

- a) On 10 June 2011, the Company acquired two (2) ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of Peninsular Medical Sdn Bhd ("PMSB") for a total cash consideration of RM2.00.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group do not have material contingent liabilities as at 30 November 2011 (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:

	2011 9 months cumulative to date	2010 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	22,390,169	11,131,370
- Chuan Huat Hardware Sdn Bhd	115,793	-
Purchases from following companies, companies in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director		
- QMC Sdn Bhd	1,058,259	599,900
- Kemaman Quarry Sdn Bhd	570,402	238,056
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	90,000	90,000
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	-	315,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	642,944	564,708
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	5,155	23,184
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	27,000	18,000

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

1. REVIEW OF PERFORMANCE

The Group recorded revenue of RM411.5 million for the cumulative 3rd Quarter ended 30 September 2011 as compared to RM398.7 million recorded in preceding cumulative 3rd Quarter ended 30 September 2010. This is mainly due to a higher percentage of construction work completed as compared to the previous preceding quarter. Lower profit before tax recorded for the cumulative quarter ended 30 September 2011 of RM18.5 million as compared to RM33.5 million in the preceding cumulative quarter is mainly due to higher percentage of contribution from lower margin projects in the current cumulative quarter.

Lower revenue and profit before tax noted from the Oil and Gas segment was mainly due to the disposal of EPIC, an associated company, in the preceding year.

Overall, order book for its construction division stood at **RM1,308 million** mainly comprised of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM236 million**), Federal Road 3 from Pekan to Kuantan (**RM7 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM59 million**), University Darul Imam Package 3 Building works (**RM171 million**), Maternity Hospital Terengganu (**RM56 million**), Rectification works at Dataran Putra Precint 1, Putrajaya (**RM4 million**), Istana Negara Interchange to Jalan Duta (**RM14 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM5 million**), Hulu Terengganu Hydroelectric Project Lot CW1-O Preliminary Works (**RM3 million**), The Proposed Construction and Completion of Waterfront Shop Office and External Works on Plot 8C1, Precint 8, Putrajaya, Wilayah Persekutuan (**RM34 million**), Animal Production Units and Other Associated Facilities in Pekan (**RM1 million**), The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park In Lot Q, Kertih (**RM31 million**), Earthworks for Phase 2 at Kertih in Lot Q, Kertih (**RM24 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 (**RM107 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM143 million**) and Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM413 million**).

**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	132,190	135,760	(3,570)
Profit before tax	2,149	7,065	(4,916)

Lower revenue and profit before tax for the current quarter due to higher percentage of contribution from lower margin projects in the current quarter.

3. PROSPECTS

The Group's Construction segment is expected to remain competitive in the current financial year. Order book prospects remain strong. The Oil and Gas segment is expected to maintain its performance as there are no expected change in business environment. As a result of the above factors, barring any unforeseen circumstances, the Group expects 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 :

	Current Qtr 30.09.2011 RM	Cumulative Current YTD 30.09.2011 RM
Based on results for the period	2,106,479	9,460,955
Over provision in prior years	(340,447)	(346,561)
	<u>1,766,032</u>	<u>9,114,394</u>

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

5. TAXATION (continued)

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 30.09.2011 RM	Cumulative Current YTD 30.09.2011 RM
Accounting profits before taxation	2,149,128	18,529,155
Tax at the statutory income tax rate of 25%	537,282	4,632,289
- Non deductible expenses	1,569,197	4,828,666
- Over provision in prior years	(340,447)	(346,561)
Tax Expense	1,766,032	9,114,394

Deferred Tax Liabilites Movement :

	Current Qtr 30.09.2011 RM	Cumulative Current YTD 30.09.2011 RM
At beginning and end of the period/year	-	8,641,320

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 30 November 2011 (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**

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 September 2011 are as follows:

Secured	Short Term RM'000	Long Term RM'000	Total RM'000
Bank Overdrafts	11,431	-	11,431
Trust Receipts	8,451	-	8,451
Term Loans	13,168	101,923	115,091
Hire Purchase	5,179	9,293	14,472
Total	38,229	111,216	149,445

The Group does not have any foreign loan as at 30 September 2011.

8. 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 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.

The case is now fixed for mention on 20 April 2012 to enable parties to update the Court on the outcome of the Mediation.

AZRB, in consultation with its solicitors, is of the opinion that TNB would not be able to prove its case against AZRB, and that AZRB stands a reasonable chance of proving that negligence, if any, was the part of TNB for failure to provide a proper plan indicating the existence of the cables at the point of damage and to expediently relocate the 33kV cables.

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

8. MATERIAL LITIGATION (continued)

(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 dismissed AZRB’s application for striking off with cost to plaintiff. The court has fixed for further case management on **13 December 2011** for parties to agree on the issues to be tried and filing of bundle of documents.

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 11 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’) and also an application to strike out SESB’s Writ and Statement of Claim dated 11 October 2010.

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

8. MATERIAL LITIGATION (continued)

(iii) **Sime Engineering Sdn Bhd (“SESB”) vs Ahmad Zaki Resources Berhad (Cont’d)**

The case is fixed for continued hearing of order 14a and Order 33 of the Rules of the High Court 1980 for the Judge to determine the case on the construction of the Joint Venture Agreement and on points of law on 15 December 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. AZRB is to file its statement of claim in respect of the final relief by **15 January 2012**. The hearing is tentatively fixed in **May 2012**.

9. DIVIDEND

The Board has declared and paid 1st Interim dividend of 2.5 sen gross on 15 August 2011 for the financial year ending 31 December 2011 amounting to RM5,161,610.

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

10. 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 30/09/2011	Current Quarter ended 30/06/2010	Cumulative Quarters ended 30/09/2011	Cumulative Quarters ended 30/09/2010
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	377,967	7,951,655	9,116,960	21,776,957
Basic				
a) Weighted average number of ordinary shares in issue	276,763,442	276,680,250	276,763,442	276,680,250
Diluted				
b) Weighted average number of ordinary shares in issue	276,763,442	276,680,250	276,763,442	276,680,250
Effects of dilution resulting from ESOS	175,133	185,346	175,133	185,346
Adjusted weighted average number of ordinary shares in issue and issuable	276,938,575	276,865,596	276,938,575	276,865,596

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. The effect from dilution of ESOS for the financial period is for unexercised outstanding options of 462,607 (2010: 514,851) shares.

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

**11. STATEMENT ON REALISED AND UNREALISED RETAINED PROFITS
DISCLOSURE**

	Current financial Quarter ended 30.09.2011	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	84,914	76,644
- Unrealised	115	115
	85,029	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	(34,700)	(30,332)
Total Group retained profits as per consolidated accounts	50,095	46,193