

## 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 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 YEAR ENDED 31 DECEMBER 2011**

RM	Note	2011 Current quarter ended 31 Dec	2010 Comparative quarter ended 31 Dec	2011 12 months cumulative to date	2010 12 months cumulative to date
<b>REVENUE</b>		141,041,587	51,993,957	533,651,221	430,713,482
<b>OPERATING EXPENSES</b>	1	(133,581,594)	(143,551,807)	(502,618,351)	(490,124,897)
<b>OTHER OPERATING INCOME</b>		167,942	8,893,738	3,721,677	11,823,058
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		7,627,935	(82,664,112)	34,754,547	(47,588,357)
<b>FINANCE COSTS</b>		(2,518,921)	(2,501,376)	(11,116,379)	(12,430,618)
<b>INVESTING RESULTS</b>	2	(1,984)	1,801,008	(1,984)	10,104,665
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		5,107,030	(83,364,480)	23,636,184	(49,914,310)
<b>TAX EXPENSE</b>		(1,721,464)	(102,076)	(10,835,858)	(11,451,057)
<b>PROFIT/(LOSS) FOR THE PERIOD/YEAR</b>	3	3,385,566	(83,466,556)	12,800,326	(61,365,367)
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Capital reserve		-	(67,951)	-	(67,951)
Foreign currency translation differences for foreign operations		(291,788)	14,756,756	3,177,226	(1,204,644)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR</b>		3,093,778	(68,777,751)	15,977,552	(62,637,962)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME FOR THE YEAR ENDED 31 DECEMBER 2011**

RM	Note	2011 Current quarter ended 31 Dec	2010 Comparative quarter ended 31 Dec	2011 12 months cumulative to date	2010 12 months cumulative to date
<b>PROFIT/(LOSS) ATTRIBUTABLE TO :-</b>					
OWNERS OF THE COMPANY		2,944,122	(83,407,061)	12,061,082	(61,630,104)
MINORITY INTEREST		441,444	(59,495)	739,244	264,737
<b>PROFIT/(LOSS) FOR THE PERIOD/YEAR</b>		<b>3,385,566</b>	<b>(83,466,556)</b>	<b>12,800,326</b>	<b>(61,365,367)</b>
<b>COMPREHENSIVE INCOME /(LOSS) ATTRIBUTABLE TO :-</b>					
OWNERS OF THE COMPANY		2,661,344	(68,718,256)	15,237,876	(62,902,699)
MINORITY INTEREST		432,434	(59,495)	739,676	264,737
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR</b>		<b>3,093,778</b>	<b>(68,777,751)</b>	<b>15,977,552</b>	<b>(62,637,962)</b>
<b>EARNINGS/(LOSS) PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>					
Basic (sen)		1.06	(30.15)	4.36	(22.27)
Diluted (sen)		1.06	na	4.36	na
<b>Note 1 - Operating Expenses</b>					
Operating expenses represents the followings:-					
Cost of sales		117,913,648	127,782,795	451,464,862	442,671,363
Other operating expenses		15,667,946	15,769,012	51,153,489	47,453,534
<b>Total</b>		<b>133,581,594</b>	<b>143,551,807</b>	<b>502,618,351</b>	<b>490,124,897</b>
<b>Note 2 - Investing Results</b>					
Investing results represents the followings:-					
Share of results from associated companies		(1,984)	1,801,008	(1,984)	9,859,241
Share of results from joint ventures		-	-	-	245,424
<b>Total</b>		<b>(1,984)</b>	<b>1,801,008</b>	<b>(1,984)</b>	<b>10,104,665</b>

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

<b>RM</b>	<b>2011 Current quarter ended 31 Dec</b>	<b>2010 Comparative quarter ended 31 Dec</b>	<b>2011 12 months cumulative to date</b>	<b>2010 12 months cumulative to date</b>
a) Interest income	(772,524)	(561,149)	(2,728,088)	(2,338,540)
Other (income)/loss including investment				
b) income	604,582	(8,332,589)	(993,589)	(9,484,518)
c) Interest expense	1,842,124	2,992,921	8,696,076	10,542,065
d) Depreciation and amortisation	2,615,607	2,375,963	9,090,635	8,973,909
e) Provision for and write off of receivables	1,755,835	-	1,755,835	-
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	(230,877)	(42,699)	-	453,493

**UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION**

<b>RM</b>	<b>Not Audited</b>	<b>(Audited)</b>
	<b>As at 31/12/2011</b>	<b>As at 31/12/2010</b>
<b>Non-current assets</b>		
Property, plant and equipment	64,655,721	53,361,982
Prepaid lease payment	9,904,473	10,208,340
Goodwill	3,744,605	3,744,605
New planting expenditure	120,832,113	105,437,701
Investment properties	18,500,000	18,500,000
Investments in associates	160,716	162,700
Interest in joint ventures	(288,352)	(288,352)
Other investments	115,500	115,500
<b>Total non current assets</b>	<b>217,624,776</b>	<b>191,242,476</b>
<b>Current assets</b>		
Inventories	12,981,867	6,502,805
Property development expenditure	3,231,384	5,128,549
Trade & other receivables	308,958,143	332,905,818
Tax assets	5,532,699	5,287,491
Cash & cash deposits	116,210,675	115,915,364
<b>Total current assets</b>	<b>446,914,768</b>	<b>465,740,027</b>
<b>Total assets</b>	<b>664,539,544</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	53,188,268	43,107,488
<b>Total equity</b>	<b>191,569,990</b>	<b>181,455,190</b>
<b>Minority interest</b>	<b>5,894,387</b>	<b>5,154,711</b>
<b>Total equity and minority interest</b>	<b>197,464,377</b>	<b>186,609,901</b>
<b>Non-current liabilities</b>		
Long-term borrowings	107,138,275	93,581,276
Deferred tax	7,202,907	8,641,320
<b>Total non-current liabilities</b>	<b>114,341,182</b>	<b>102,222,596</b>
<b>Current liabilities</b>		
Trade and other payables	301,739,218	311,795,083
Short term borrowings	26,210,084	25,922,963
Current portion of long-term borrowings	20,210,416	25,764,054
Tax liabilities	4,574,267	4,667,906
<b>Total current liabilities</b>	<b>352,733,985</b>	<b>368,150,006</b>
<b>Total liabilities</b>	<b>467,075,167</b>	<b>470,372,602</b>
<b>Total equity and liabilities</b>	<b>664,539,544</b>	<b>656,982,503</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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>RM</b> 12 months ended 31 December 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 year									
Issue of option pursuant to ESOS	34,020	4,082	-	-	-	-	38,102	-	38,102
First interim dividend 2011 in RM 2.5 sen per share less tax	-	-	-	-	(5,161,610)	-	(5,161,610)	-	(5,161,610)
Total comprehensive income for the year	-	-	3,177,226	-	12,061,082	-	15,238,308	739,676	15,977,984
<b>Balance at the end of the year</b>	<b>138,381,722</b>	<b>13,910</b>	<b>1,161,414</b>	<b>-</b>	<b>53,038,731</b>	<b>(1,025,787)</b>	<b>191,569,990</b>	<b>5,894,387</b>	<b>197,464,377</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>12 months ended 31 December 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 year									
Issue of option pursuant to ESOS	29,737	3,568	-	-	-	-	33,305	-	33,305
Purchase of own shares	-	-	-	-	-	(21,165)	(21,165)	-	(21,165)
First & final dividend 2009 in RM 3.5 sen per share less tax	-	-	-	-	(7,224,212)	-	(7,224,212)	(229,680)	(7,453,892)
Total comprehensive income for the year	-	-	(1,204,644)	(67,951)	(61,630,104)	-	(62,902,699)	264,737	(62,637,962)
<b>Balance at the end of the year</b>	<b>138,347,702</b>	<b>9,828</b>	<b>(2,015,812)</b>	<b>-</b>	<b>46,139,259</b>	<b>(1,025,787)</b>	<b>181,455,190</b>	<b>5,154,711</b>	<b>186,609,901</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2011 RM	12 months ended 31 December 2010 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/(loss) before taxation</b>	<b>23,636,184</b>	<b>(49,914,310)</b>
Adjustments for:-		
Amortisation of prepaid land lease payments	6,945	6,946
Amortisation of planting development expenditures	492,993	-
Depreciation of property, plant & equipment	8,590,697	8,973,909
Bad debt written off	1,755,835	67,053
Interest expenses	8,696,076	10,542,065
Interest revenue	(2,728,088)	(2,338,540)
Gain on disposal of property, plant & equipment	(1,027,509)	(184,174)
Property, plant & equipment written off	6,874	1,912
Gain on disposal of investment in associated company	-	(7,704,647)
Impairment loss on investment in unquoted shares & property	-	3,500,000
Loss on foreign exchange -unrealised	-	453,493
Share of results in joint ventures	-	(245,424)
Share of results of associated companies	1,984	(9,859,241)
<b>Operating profit/(loss) before working capital changes</b>	<b>39,431,991</b>	<b>(46,700,958)</b>
(Increase)/Decrease in inventories	(6,479,062)	5,542,642
(Increase)/Decrease in amount due from customers for contract work	(34,618,608)	77,387,003
Decrease/(Increase) in property development expenditure	1,897,165	(3,669,014)
Decrease in trade and other receivables	5,143,834	20,088,893
(Decrease)/Increase in amount due to customers for contract work	(15,470,441)	22,391,346
Increase in trade and other payables	6,817,804	10,348,724
<b>Cash (used in)/generated from operations</b>	<b>(3,277,317)</b>	<b>85,388,636</b>
Tax paid	(13,004,514)	(8,820,769)
Interest paid	(9,939,280)	(11,377,582)
<b>Net cash (used in)/generated from operating activities</b>	<b>(26,221,111)</b>	<b>65,190,285</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
New planting expenditures incurred	(14,265,754)	(22,026,052)
Distribution profits from Joint Venture	-	245,424
Proceeds from disposal of investment in associated company	51,541,043	-
Interest received	2,852,807	2,260,476
Prepaid land lease payment	-	(2,646,191)
Purchase of property, plant & equipment	(16,674,461)	(9,271,612)
Proceeds from disposal of property, plant & equipment	3,196,108	768,782
Repurchase of treasury shares	-	(21,165)
Dividend received	-	1,573,688
<b>Net cash generated from/(used in) investing activities</b>	<b>26,649,743</b>	<b>(29,116,650)</b>
BALANCE CARRIED FORWARD	428,632	36,073,635

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2011 RM	12 months ended 31 December 2010 RM
BALANCE CARRIED DOWN	428,632	36,073,635
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment to)/Advance from ultimate holding company	(99,199)	52,686
Repayment to from related companies	(59,974)	(165,482)
Dividend paid	(5,161,610)	(7,453,892)
Proceeds from issuance of shares	38,103	33,305
Proceeds from trust receipts/murabahah	20,609,908	9,995,117
Repayment of trust receipts/murabahah	(32,640,241)	(14,995,117)
Payment for finance lease liabilities	(6,018,648)	(5,840,935)
Term loan drawdown	108,783,999	66,123,213
Term loan repayment	(100,830,720)	(106,126,236)
<b>Net cash used in financing activities</b>	<b>(15,378,382)</b>	<b>(58,377,341)</b>
Effects of exchange difference on cash & cash equivalents	2,927,607	165,300
Net decrease in cash and cash equivalents	(14,949,750)	(22,303,706)
Cash and cash equivalents at beginning of the year	113,512,401	135,650,807
<b>Cash and cash equivalents at end of the year</b>	<b>101,490,258</b>	<b>113,512,401</b>
<b>Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-</b>		
Cash and bank balances	28,694,436	33,522,597
Cash deposits with licensed banks	87,516,239	82,392,767
Bank overdrafts	(14,720,417)	(2,402,963)
	<b>101,490,258</b>	<b>113,512,401</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 the 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 took effect on annual financial period commencing on and after 1 January 2011.

The adoption of 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 may be affected by the north east monsoon season that occurs between the months of October to March. 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 December 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 31 December 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 1<sup>st</sup> 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	Plantation	Other operations	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
<b>31-Dec-11</b>						
<b>REVENUE</b>						
External revenue	469,054,785	54,029,391	1,418,610	9,148,435	-	533,651,221
Inter – segment revenue	-	24,437,484	-	2,195,000	(26,632,484)	-
<b>Total revenue</b>	<b>469,054,785</b>	<b>78,466,875</b>	<b>1,418,610</b>	<b>11,343,435</b>	<b>(26,632,484)</b>	<b>533,651,221</b>
<b>RESULT</b>						
Segment results	19,789,671	19,039,071	(608,708)	(14,583,850)	-	23,636,184
Interest revenue	2,015,044	341,289	7,870	363,884	-	2,728,087
Interest expenses	(1,520,938)	(55,086)	(61,642)	(7,058,410)	-	(8,696,076)
Share of results in joint ventures	-	-	-	-	-	-
Share of results in associated co.	1,984	-	-	-	-	1,984
Non cash expenses Note (i)	(1,762,695)	-	(492,993)	(6,959)	-	(2,262,647)
Depreciation	(6,984,787)	(769,106)	-	(836,804)	-	(8,590,697)

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

**9.SEGMENT REPORTING(Cont'd)**

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
<b>31-Dec-10</b>	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>						
External revenue	372,729,596	55,629,556	-	2,354,330	-	430,713,482
Inter – segment revenue	-	25,928,972		-	(25,928,972)	-
<b>Total revenue</b>	<b>372,729,596</b>	<b>81,558,528</b>	<b>-</b>	<b>2,354,330</b>	<b>(25,928,972)</b>	<b>430,713,482</b>
<b>RESULT</b>						
Segment results	(69,382,564)	27,282,459	-	(7,814,205)		(49,914,310)
Interest revenue	1,607,653	142,092	-	588,795	-	2,338,540
Interest expenses	(2,099,256)	(29,477)	-	(8,413,332)	-	(10,542,065)
Share of results in joint ventures	245,424	-	-	-	-	245,424
Share of results in associated co.	1,887	9,857,354	-	-	-	9,859,241
Gain on disposal of investment in associated company		26,020,526	-		(18,315,879)	7,704,647
Non cash expenses Note (i)	(1,000,219)	(1,977)	-	(3,027,208)	-	(4,029,404)
Depreciation	(7,547,475)	(707,666)	-	(718,768)	-	(8,973,909)

**Note (i) : Non cash expenses**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Impairment loss on investment in unquoted shares	-	2,500,000
Change in fair value of investment property	-	1,000,000
Amortisation of prepaid land lease payment	492,993	6,946
Loss on foreign exchange -unrealised	6,945	453,493
Bad debts written off	1,755,835	67,053
Property , plant and equipment written off	6,874	1,912
	<b>2,262,647</b>	<b>4,029,404</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 29 February 2012 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> 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 does not have material contingent liabilities as at 29 February 2012 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> 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:

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 12 months cumulative to date	2010 12 months cumulative to date
<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	33,219,698	16,670,086
- Chuan Huat Hardware Sdn Bhd	266,303	-
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	1,396,320	872,233
- Kemaman Quarry Sdn Bhd	902,158	283,993
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	120,000	120,000
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	-	420,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	888,253	816,156
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	25,802	23,184
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**
**1. REVIEW OF PERFORMANCE**

The Group achieved a reasonable performance for the year with a profit before tax of RM23.6 million and revenue of RM533.6 million.

The current year's profits were contributed almost equally by its construction, and oil and gas divisions. However, its construction division continued to generate higher revenue owing to the higher number of projects executed during the year. Despite the higher volume of work done, the margins were affected by higher costs due to market forces.

Overall, order book for its construction division stood at **RM1,978 million** mainly comprised of Design and Built Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM208 million**), Federal Road 3 from Pekan to Kuantan (**RM7 million**), Lebuhraya Pantai Timur Package 5A, 6 & 9C (**RM48 million**), University Darul Imam Package 3 Building works (**RM160 million**), Maternity Hospital Terengganu (**RM46 million**), Rectification works at Dataran Putra Precint 1, Putrajaya (**RM3 million**), Istana Negara Interchange to Jalan Duta (**RM11 million**), University Sains Islam Malaysia-Pusat Tamhidi (**RM5 million**), The Proposed Construction and Completion of Waterfront Shop Office and External Works on Plot 8C1, Precint 8, Putrajaya (**RM28 million**), The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park In Lot Q, Kertih Polymer Park (**RM29 million**), Earthworks for Phase 2 at Kertih in Lot Q, Kertih (**RM13 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, (**RM101 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM142 million**), Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM413 million**) and Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang” for the Package V6: Construction and Completion of Viaduct Guideway and Other Associated Works from Plaza Phoenix to Bandar Tun Hussein Onn Station (**RM764 million**).

**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	141,042	132,190	8,852
Profit before tax	5,107	2,149	2,958

The current quarter registered better profit due to improved margin from its construction division during the quarter.

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

**3. PROSPECTS**

The Group's construction division is expected to remain competitive in the current financial year. Order book prospects remain strong. The oil and gas division is expected to maintain its performance as there are no expected changes in business environment. As a result of the above factors, barring any unforeseen circumstances, the Group expects to achieve better 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 31.12.2011 RM</b>	<b>Cumulative Current YTD 31.12.2011 RM</b>
Based on results for the period/year	3,078,267	12,539,222
Origination and (reversal) of temporary differences	(1,438,413)	(1,438,413)
	1,639,854	11,100,809
Under/(Over) provision in prior years	81,610	(264,951)
	<b>1,721,464</b>	<b>10,835,858</b>

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**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 :

	<b>Current Qtr 31.12.2011 RM</b>	<b>Cumulative Current YTD 31.12.2011 RM</b>
Accounting profits before taxation	5,107,030	23,636,184
Tax at the statutory income tax rate of 25%	1,276,757	5,909,046
- Non deductible expenses	719,592	5,548,258
- Deferred assets not recognised	1,088,945	1,088,945
- Over provision - deferred tax	(1,445,440)	(1,445,440)
- Under/(Over) provision - income tax	81,610	(264,951)
<b>Tax Expense</b>	<b>1,721,464</b>	<b>10,835,858</b>

Deferred Tax Liabilites Movement :

	<b>Current Qtr 31.12.2011 RM</b>	<b>Cumulative Current YTD 31.12.2011 RM</b>
At beginning and end of the period/year	8,641,320	8,641,320
Transfer from/(to) income statement	(1,438,413)	(1,438,413)
At end of the period/year	<b>7,202,907</b>	<b>7,202,907</b>

**6. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 29 February 2012 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report).

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
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## **7. GROUP BORROWINGS AND DEBTS SECURITIES**

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

<b>Secured</b>	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
Bank Overdrafts	14,720	-	14,720
Trust Receipts	11,490	-	11,490
Term Loans	14,967	97,948	112,915
Hire Purchase	5,243	9,190	14,433
<b>Total</b>	<b>46,420</b>	<b>107,138</b>	<b>153,558</b>

The Group does not have any foreign loans as at 31 December 2011.

## **8. MATERIAL LITIGATION**

As 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 case management on **20 April 2012**.

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  
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**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 the 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 **22 March 2012** for the Plaintiff to file Common Bundle of Documents. It is also fixed for Mediation on **27 March 2012**.

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 it was dismissed by the High Court on 25 August 2011. AZRB also filed an application to strike out SESB’s Writ and Statement of Claim dated 11 October 2010, which was dismissed by the High Court on 17 August 2011.



**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
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On 5 January 2012, the Court of Appeal has allowed AZRB's appeal against the decision of the High Court on 17 August 2011 in dismissing AZRB's striking out application of SESB's Writ and Statement of Claim. SESB have filed their Notice of Motion for leave to appeal in the Federal Court against the decision of the Court of Appeal on 3 February 2012 and the matter is now fixed for case management on **16 April 2012**.

## **8. MATERIAL LITIGATION (continued)**

### **(iii) Sime Engineering Sdn Bhd ("SESB") vs Ahmad Zaki Resources Berhad (Cont'd)**

At the High Court, the case management has been fixed on 14 March 2012 for parties to finalise the list of documents, to file and exchange the list on that day. The trial date for AZRB's counterclaim is fixed from **30 to 31 July 2012** and also from **7 to 10 August 2012**.

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 has filed its statement of claim in respect of the final relief on **18 January 2012**. The hearing is tentatively fixed in **May 2012**.

## **9. DIVIDEND**

The Board had declared and paid 1<sup>st</sup> Interim dividend of 2.5 sen gross on 15 August 2011 for the financial year ended 31 December 2011 amounting to RM5,161,610. The Board does not recommend any final dividend for the financial year ended 31 December 2011.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
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**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 31/12/2011	Current Quarter ended 31/12/2010	Cumulative Quarters ended 31/12/2011	Cumulative Quarters ended 31/12/2010
<b>PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	2,944,122	(83,407,061)	12,061,082	(61,630,104)
<b>Basic</b>				
a) Weighted average number of ordinary shares in issue	276,763,442	276,682,345	276,763,442	276,682,345
<b>Diluted</b>				
b) Weighted average number of ordinary shares in issue	276,763,442	276,682,345	276,763,442	276,682,345
Effects of dilution resulting from ESOS	101,518	194,844	101,518	194,844
Adjusted weighted average number of ordinary shares in issue and issuable	276,864,960	276,877,189	276,864,960	276,877,189

The share options were calculated based on the number of shares which could have been acquired at the market price ( the average 12 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 320,173 (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**

	<b>Current financial Quarter ended 31.12.2011</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	86,910	76,644
- Unrealised	1,700	115
	<b>88,610</b>	<b>76,759</b>
Total share of retained profits from associated companies		
- Realised	51	54
- Unrealised	-	-
	<b>51</b>	<b>54</b>
Total share of retained profits from jointly controlled companies		
- Realised	(288)	(288)
- Unrealised	-	-
	<b>(288)</b>	<b>(288)</b>
Less : Consolidated adjustments	(35,334)	(30,386)
Total Group retained profits as per consolidated accounts	<b>53,039</b>	<b>46,139</b>