

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 2012. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011 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 2012**

RM	Note	2012 Current quarter ended 31 Mac	2011 Comparative quarter ended 31 Mac	2012 3 months cumulative to date	2011 3 months cumulative to date
REVENUE		145,960,260	124,658,870	145,960,260	124,658,870
OPERATING EXPENSES	1	(133,217,262)	(114,328,432)	(133,217,262)	(114,328,432)
OTHER OPERATING INCOME		950,963	2,239,304	950,963	2,239,304
PROFIT FROM OPERATIONS		13,693,961	12,569,742	13,693,961	12,569,742
FINANCE COSTS		(4,543,481)	(3,254,942)	(4,543,481)	(3,254,942)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		9,150,480	9,314,800	9,150,480	9,314,800
TAX EXPENSE		(3,677,372)	(3,938,451)	(3,677,372)	(3,938,451)
PROFIT FOR THE PERIOD	3	5,473,108	5,376,349	5,473,108	5,376,349
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		(2,485,445)	61,153	(2,485,445)	61,153
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,987,663	5,437,502	2,987,663	5,437,502

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME FOR THE PERIOD ENDED 31 MARCH 2012**

RM	Note	2012 Current quarter ended 31 Mac	2011 Comparative quarter ended 31 Mac	2012 3 months cumulative to date	2011 3 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		5,453,427	5,160,957	5,453,427	5,160,957
MINORITY INTEREST		19,681	215,392	19,681	215,392
PROFIT FOR THE PERIOD		5,473,108	5,376,349	5,473,108	5,376,349
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,996,629	5,222,110	2,996,629	5,222,110
MINORITY INTEREST		(8,966)	215,392	(8,966)	215,392
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,987,663	5,437,502	2,987,663	5,437,502
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		1.97	1.86	1.97	1.86
Diluted (sen)		1.97	1.86	1.97	1.86
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		119,824,202	102,813,251	119,824,202	102,813,251
Other operating expenses		13,393,060	11,515,181	13,393,060	11,515,181
Total		133,217,262	114,328,432	133,217,262	114,328,432
Note 2 - Investing Results					
Investing results represents the followings:-					
Share of results from associated companies		-	-	-	-
Share of results from joint ventures		-	-	-	-
Total		-	-	-	-

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

RM	2012 Current quarter ended 31 Mac	2011 Comparative quarter ended 31 Mac	2012 3 months cumulative to date	2011 3 months cumulative to date
a) Interest income	(493,833)	(503,224)	(493,833)	(503,224)
Other income including investment				
b) income	(457,130)	(1,736,080)	(457,130)	(1,736,080)
c) Interest expense	2,098,812	2,339,341	2,098,812	2,339,341
d) Depreciation and amortisation	2,434,158	2,279,244	2,434,158	2,279,244
e) Provision for and write off of receivables	26,733	-	26,733	-
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	(218,935)	146,367	(218,935)	146,367

UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION

RM	Not Audited	(Audited)
	As at 31/03/2012	As at 31/12/2011
Non-current assets		
Property, plant and equipment	67,234,225	64,655,721
Prepaid lease payment	9,653,140	9,904,474
Goodwill	3,744,605	3,744,605
New planting expenditure	124,248,276	120,766,265
Investment properties	18,500,000	18,500,000
Investments in associates	160,656	160,656
Interest in joint ventures	(288,352)	(288,352)
Other investments	115,500	115,500
Total non current assets	223,368,050	217,558,869
Current assets		
Inventories	9,913,946	9,951,810
Property development expenditure	6,703,602	6,279,038
Trade & other receivables	313,382,301	309,099,188
Tax assets	5,213,770	5,843,289
Cash & cash deposits	109,725,461	116,196,724
Total current assets	444,939,080	447,370,049
Total assets	668,307,130	664,928,918
Equity attributable to equity holders of the parent		
Share capital	138,407,956	138,381,722
Reserves and treasury shares	55,991,225	52,991,448
Total equity	194,399,181	191,373,170
Minority interest	5,702,769	5,903,135
Total equity and minority interest	200,101,950	197,276,305
Non-current liabilities		
Long-term borrowings	108,576,393	107,138,275
Deferred tax	8,075,645	8,014,475
Total non-current liabilities	116,652,038	115,152,750
Current liabilities		
Trade and other payables	299,468,420	301,087,583
Short term borrowings	26,637,424	26,210,085
Current portion of long-term borrowings	19,941,564	20,115,321
Tax liabilities	5,505,734	5,086,874
Dividend payable	-	-
Total current liabilities	351,553,142	352,499,863
Total liabilities	468,205,180	467,652,613
Total equity and liabilities	668,307,130	664,928,918

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 31 MARCH 2012**

	Attributable to owners of the Company						Non- Controlling Interest	Total Equity
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Retained Profits	Treasury Shares	Sub-total		
RM								
3 months ended 31 March 2012								
Balance at the beginning of the year	138,381,722	13,910	1,165,886	52,837,439	(1,025,787)	191,373,170	5,903,135	197,276,305
Movements during the year								
Issue of option pursuant to ESOS	26,234	3,148	-	-	-	29,382	-	29,382
Dividend from subsidiary paid to minority interest						-	(191,400)	(191,400)
Total comprehensive income for the year	-	-	(2,456,798)	5,453,427	-	2,996,629	(8,966)	2,987,663
Balance at the end of the period	138,407,956	17,058	(1,290,912)	58,290,866	(1,025,787)	194,399,181	5,702,769	200,101,950
3 months ended 31 March 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	4,083	-	-	-	38,103	-	38,103
Total comprehensive income for the year	-	-	61,153	5,160,957	-	5,222,110	215,392	5,437,502
Balance at the end of the period	138,381,722	13,911	(1,954,659)	51,300,216	(1,025,787)	186,715,403	5,370,103	192,085,506

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 March 2012 RM	3 months ended 31 March 2011 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	9,150,480	9,314,800
Adjustments for:-		
Amortisation of prepaid land lease payments	51,648	1,737
Amortisation of planting development expenditures	1,379,961	-
Depreciation of property, plant & equipment	2,382,510	2,277,507
Bad debt written off	26,733	-
Interest expenses	2,098,812	2,339,341
Interest revenue	(493,833)	(503,224)
Gain on disposal of property, plant & equipment	(207,509)	(320,605)
(Gain)/Loss on foreign exchange -unrealised	(218,935)	146,367
Operating profit before working capital changes	14,169,867	13,255,923
Decrease in inventories	37,867	559,900
Increase in amount due from customers for contract work	(9,137,608)	(2,327,183)
(Increase)/Decrease in property development expenditure	(424,563)	1,899,938
Decrease in trade and other receivables	5,049,270	20,108,540
Decrease in amount due to customers for contract work	(7,681,878)	(7,850,137)
Increase/(Decrease) in trade and other payables	5,835,950	(14,774,226)
Cash generated from operations	7,848,905	10,872,755
Tax paid	(2,383,392)	(4,468,202)
Interest paid	(1,767,609)	(3,125,336)
Net cash generated from operating activities	3,697,904	3,279,217
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(4,795,519)	(4,194,439)
Interest received	473,635	488,828
Purchase of property, plant & equipment	(4,471,202)	(2,586,564)
Proceeds from disposal of property, plant & equipment	252,100	508,707
Net cash generated used in investing activities	(8,540,986)	(5,783,468)
BALANCE CARRIED FORWARD	(4,843,082)	(2,504,251)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 March 2012 RM	3 months ended 31 March 2011 RM
BALANCE CARRIED DOWN	(4,843,082)	(2,504,251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(81,459)	(99,199)
(Repayment to)/Advance from related companies	(5,354)	303,994
Increase in pledged fixed deposits	(784,833)	(5,107,426)
Dividend paid	(191,400)	-
Proceeds from issuance of shares	29,382	38,103
Proceeds from trust receipts/murabahah	5,379,481	369,206
Repayment of trust receipts/murabahah	(7,732,061)	(9,858,456)
Payment for finance lease liabilities	(1,363,335)	(1,342,785)
Term loan drawdown	2,737,787	2,100,000
Term loan repayment	(964,091)	(3,979,567)
Net cash used in financing activities	(2,975,883)	(17,576,130)
Effects of exchange difference on cash & cash equivalents	(2,217,052)	(133,208)
Net decrease in cash and cash equivalents	(7,818,965)	(20,080,381)
Cash and cash equivalents at beginning of the year	35,290,862	53,093,014
Cash and cash equivalents at end of the period	25,254,845	32,879,425
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	30,324,113	18,592,504
Cash deposits with licensed banks	79,401,348	91,435,116
Bank overdrafts	(17,500,337)	(11,621,383)
Less: Pledged fixed deposits	(66,970,278)	(65,526,812)
	25,254,846	32,879,425

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2011.

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 2011 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 2011.

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 2011 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2012.

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 2011 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 2012.

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 52,467 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 2012 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 quarter 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.

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
31-Mar-12	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	125,599,396	18,544,788	393,779	1,422,297	-	145,960,260
Inter – segment revenue	-	6,871,011	-	-	(6,871,011)	-
Total revenue	125,599,396	25,415,799	393,779	1,422,297	(6,871,011)	145,960,260
RESULT						
Segment results	11,044,901	4,865,287	(2,747,625)	(4,012,083)	-	9,150,480
Interest revenue	423,920	35,801	577	33,535	-	493,833
Interest expenses	(837,667)	(16,943)	-	(1,244,202)	-	(2,098,812)
Non cash expenses Note (i)	-	(26,733)	(49,912)	(1,736)	-	(78,381)
Depreciation	(1,684,165)	(225,769)	(262,140)	(210,436)	-	(2,382,510)

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

9 SEGMENT REPORTING (continued)

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
31-Mar-11	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	112,591,071	10,524,478	-	1,543,321	-	124,658,870
Inter – segment revenue	-	5,696,574	-	-	(5,696,574)	-
Total revenue	112,591,071	16,221,052	-	1,543,321	(5,696,574)	124,658,870
RESULT						
Segment results	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)
Non cash expenses Note (i)	-	-	-	(148,104)	-	(148,104)
Depreciation	(1,901,303)	(164,635)	-	(211,569)	-	(2,277,507)

Note (i) : Non cash expenses

	Group	
	2012	2011
	RM	RM
Amortisation of prepaid land lease payment	51,648	1,737
Loss on foreign exchange -unrealised	-	146,367
Bad debts written off	26,733	-
	78,381	148,104

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 2012 (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.

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

- a) 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 2012 (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.

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:

	2012 3 months cumulative to date	2011 3 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	7,612,847	6,271,717
- 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	181,771	272,719
- Kemaman Quarry Sdn Bhd	317,166	9,872
Non-Trade		
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
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	261,339	271,079
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	15,641	4,635
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

The Group's revenue for the quarter showed an increase of **RM21.3 million** compared to the comparative quarter while its profits after tax registered a marginal increase from **RM5.4 million** to **RM5.5 million**.

Its construction division contributed higher profits and revenue for the quarter under review in light of higher numbers of projects being executed. However, performance from its oil and gas division was less favorable in this quarter compared to the corresponding year's quarter due to an increase in operating expenses and direct costs. As anticipated in a plantation's early stage of maturity, the plantation division reported a loss of RM2.7 million due to low fresh fruits production yield from young oil palm trees which has just attained maturity. A higher planted matured area has also lead to higher amortisation of development costs.

Overall, the order book for its construction division stood at **RM1,877 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM183 million**), Federal Road 3 from Pekan to Kuantan (**RM14 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM32 million**), University Darul Imam Package 3 Building works (**RM150 million**), Maternity Hospital Terengganu (**RM41 million**), Rectification works at Dataran Putra Precint 1, Putrajaya (**RM2 million**), The Proposed Construction and Completion of Waterfront Shop Office and External Works on Plot 8C1, Precint 8, Putrajaya, Wilayah Persekutuan (**RM22 million**), The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park In Lot Q, Kertih (**RM27 million**), Earthworks for Phase 2 at Kertih in Lot Q, Kertih (**RM7 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 (**RM90 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM137 million**) and Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM408 million**) , 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**).

**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	145,960	142,258	3,702
Profit before tax	9,151	5,905	3,246

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

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. However, challenges face its plantation division and will improve progressively over the years as the trees mature. As a result of the above factors, barring any unforeseen circumstances, the Group expects to show 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 31.03.2012 RM	Cumulative Current YTD 31.03.2012 RM
Based on results for the period/year	3,617,124	3,617,124
Origination of temporary differences	60,248	60,248
Based on results for the period/year	<u>3,677,372</u>	<u>3,677,372</u>

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

4. 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 31.03.2012 RM	Cumulative Current YTD 31.03.2012 RM
Accounting profits before taxation	9,150,480	9,150,480
Tax at the statutory income tax rate of 25%	2,287,620	2,287,620
- Non deductible expenses	1,526,784	1,526,784
- Tax effect arising from higher foreign tax rate	(137,032)	(137,032)
Tax Expense	3,677,372	3,677,372

Deferred Tax Liabilities Movement :

	Current Qtr 31.03.2012 RM	Cumulative Current YTD 31.03.2012 RM
At beginning and end of the period/year	8,014,475	8,014,475
Transfer to income statement	60,248	60,248
Translation differences	922	922
At beginning and end of the period/year	8,075,645	8,075,645

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 30 May 2012 (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**

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 31 March 2012 are as follows:

Secured	Short Term RM'000	Long Term RM'000	Total RM'000
Bank Overdrafts	17,500	-	17,500
Trust Receipts	9,137	-	9,137
Term Loans	14,968	99,722	114,690
Hire Purchase	4,974	8,854	13,828
Total	46,579	108,576	155,155

The Group does not have any foreign loans as at 31 March 2012.

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 has on 7 December 2006 filed a negligence suit against AZRB, for damage allegedly caused by AZRB on their 33kV cables. The amount of TNB's claim is RM312,995.00 in special damages and RM9 million in general damages for loss of reputation and grievances. AZRB has filed its defence and counter-claim on 28 February 2007, claiming that TNB has been negligent in not providing a proper plan which accurately states the location of the 33kV cables. AZRB's insurer, Hong Leong Assurance Berhad is holding a watching brief in this matter.

The case is now fixed for case management on **18 June 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
LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

8. MATERIAL LITIGATION (continued)

(ii) **Signage Incorporated Sdn Bhd (“Signage”) vs Ahmad Zaki Resources Berhad**

Signage has on 21 September 2007 filed a suit against AZRB at the Kuala Lumpur High Court for inter alia damages under the tort of conversion purportedly for demolition and/or removal of structures and advertisement board by AZRB. The amount of Signage’s claim is RM4,400,000.00. The sealed copy of the suit was served on AZRB’s solicitors on 3 October 2007. AZRB has filed its statement of defence with the High Court on 24 October 2007 and application to strike out the suit by Signage on 8 July 2008. However, the Court had dismissed AZRB’s application for striking off with cost to plaintiff. The mediation fixed on 11 May 2012 did not materialise as the 2nd Defendant (Majlis Perbandaran Subang Jaya) did not agree to mediate the matter. As such, the Court has fixed for mention on **16 July 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 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 the sum of RM58,000,600 as special damages (“AZRB Counterclaim”).

On 19 January 2011, AZRB filed an application to strike out SESB’s Writ and Statement of Claim which was dismissed by the High Court on 17 August 2011. 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 5 June 2012.

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)**

With regards to AZRB Counterclaim, all parties are undergoing the process of discovery. The Court has fixed 19 June 2012 as the hearing date for SESB’s application to defer the trial dates.

AZRB, in consultation with its solicitors, is of the view that AZRB has a valid case against SESB and the MCH JV Exco in its counterclaim.

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 was held on **27 May 2012** and the Company is now awaiting decision from the ICC International Court of Arbitration .

9. DIVIDEND

The Board did not recommend any dividend for the financial period ended 31 March 2012.

**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 31/03/2012	Current Quarter ended 31/03/2011	Cumulative Quarters ended 31/03/2012	Cumulative Quarters ended 31/03/2011
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	5,453,427	5,160,957	5,453,427	5,160,957
Basic				
a) Weighted average number of ordinary shares in issue	276,811,069	276,763,442	276,811,069	276,763,442
Diluted				
b) Weighted average number of ordinary shares in issue	276,811,069	276,763,442	276,811,069	276,763,442
Effects of dilution resulting from ESOS	62,342	195,414	62,342	195,414
Adjusted weighted average number of ordinary shares in issue and issuable	276,873,411	276,958,856	276,873,411	276,958,856

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 267,706 (2011: 462,607) 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 31.03.2012	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	91,953	86,493
- Unrealised	1,592	1,442
	93,545	87,935
Total share of retained profits from associated companies		
- Realised	50	50
- Unrealised	-	-
	50	50
Total share of retained profits from jointly controlled companies		
- Realised	(288)	(288)
- Unrealised	-	-
	(288)	(288)
Less : Consolidated adjustments	(35,016)	(34,860)
Total Group retained profits as per consolidated accounts	58,291	52,837