

## 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 2nd quarter ended 30 June 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 30 JUNE 2012**

RM	Note	2012 Current quarter ended 30 June	2011 Comparative quarter ended 30 June	2012 6 months cumulative to date	2011 6 months cumulative to date
<b>REVENUE</b>		194,038,237	135,759,772	339,998,497	260,418,643
<b>OPERATING EXPENSES</b>	1	(181,409,443)	(127,155,255)	(314,626,705)	(241,483,487)
<b>OTHER OPERATING INCOME</b>		209,665	910,723	1,160,628	3,149,824
<b>PROFIT FROM OPERATIONS</b>		12,838,459	9,515,240	26,532,420	22,084,980
<b>FINANCE COSTS</b>		(2,696,172)	(2,450,010)	(7,239,653)	(5,704,953)
<b>INVESTING RESULTS</b>	2	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		10,142,287	7,065,230	19,292,767	16,380,027
<b>TAX EXPENSE</b>		(4,234,721)	(3,409,911)	(7,912,093)	(7,348,362)
<b>PROFIT FOR THE PERIOD</b>	3	5,907,566	3,655,319	11,380,674	9,031,665
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Capital reserve		-	-	-	
Foreign currency translation differences for foreign operations		2,148,157	360,303	(337,288)	421,456
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		8,055,723	4,015,622	11,043,386	9,453,121

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME FOR THE PERIOD ENDED 30 JUNE 2012**

RM	Note	2012 Current quarter ended 30 June	2011 Comparative quarter ended 30 June	2012 6 months cumulative to date	2011 6 months cumulative to date
<b>PROFIT ATTRIBUTABLE TO :-</b>					
OWNERS OF THE COMPANY		5,765,005	3,578,039	11,218,432	8,738,993
MINORITY INTEREST		142,561	77,280	162,242	292,672
<b>PROFIT FOR THE PERIOD</b>		<b>5,907,566</b>	<b>3,655,319</b>	<b>11,380,674</b>	<b>9,031,665</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO :-</b>					
OWNERS OF THE COMPANY		7,909,004	3,938,342	10,905,633	9,160,449
MINORITY INTEREST		146,719	77,280	137,753	292,672
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>8,055,723</b>	<b>4,015,622</b>	<b>11,043,386</b>	<b>9,453,121</b>
<b>EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>					
Basic (sen)		2.08	1.29	4.05	3.16
Diluted (sen)		2.08	1.29	4.05	3.16
<b>Note 1 - Operating Expenses</b>					
Operating expenses represents the followings:-					
Cost of sales		166,674,389	116,622,222	286,498,591	219,435,476
Other operating expenses		14,735,054	10,533,033	28,128,114	22,048,011
<b>Total</b>		<b>181,409,443</b>	<b>127,155,255</b>	<b>314,626,705</b>	<b>241,483,487</b>
<b>Note 2 - Investing Results</b>					
Investing results represents the followings:-					
Share of results from associated companies		-	-	-	-
Share of results from joint ventures		-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

<b>RM</b>	<b>2012 Current quarter ended 30 June</b>	<b>2011 Comparative quarter ended 30 June</b>	<b>2012 6 months cumulative to date</b>	<b>2011 6 months cumulative to date</b>
a) Interest income	(315,278)	(637,189)	(809,111)	(1,140,413)
Other income including investment				
b) income	105,613	(273,331)	(351,517)	(2,009,411)
c) Interest expense	2,230,935	3,303,008	4,329,747	5,642,349
d) Depreciation and amortisation	2,549,929	2,105,068	4,984,087	4,384,312
e) Provision for and write off of receivables	-	-	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	292,000	(146,367)	73,065	-

**UNAUDITED CONDENSED CONSOLIDATED CHANGES IN FINANCIAL POSITION**

<b>RM</b>	<b>Not Audited</b>	<b>(Audited)</b>
	<b>As at 30/06/2012</b>	<b>As at 31/12/2011</b>
<b>Non-current assets</b>		
Property, plant and equipment	73,793,653	64,655,721
Prepaid lease payment	9,571,081	9,904,474
Goodwill	3,744,605	3,744,605
Biological assets	125,682,872	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
<b>Total non current assets</b>	<b>231,280,015</b>	<b>217,558,869</b>
<b>Current assets</b>		
Inventories	10,433,091	9,951,810
Property development expenditure	8,365,049	6,279,038
Trade & other receivables	319,828,637	309,099,188
Tax assets	5,151,325	5,843,289
Cash & cash deposits	107,434,272	116,196,724
<b>Total current assets</b>	<b>451,212,374</b>	<b>447,370,049</b>
<b>Total assets</b>	<b>682,492,389</b>	<b>664,928,918</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	138,425,996	138,381,722
Reserves and treasury shares	63,902,394	52,991,448
<b>Total equity</b>	<b>202,328,390</b>	<b>191,373,170</b>
<b>Minority interest</b>	<b>5,849,488</b>	<b>5,903,135</b>
<b>Total equity and minority interest</b>	<b>208,177,878</b>	<b>197,276,305</b>
<b>Non-current liabilities</b>		
Long-term borrowings	102,602,646	107,138,275
Deferred tax	9,351,561	8,014,475
<b>Total non-current liabilities</b>	<b>111,954,207</b>	<b>115,152,750</b>
<b>Current liabilities</b>		
Trade and other payables	300,558,999	301,087,583
Short term borrowings	33,335,350	26,210,085
Current portion of long-term borrowings	22,876,560	20,115,321
Tax liabilities	5,589,395	5,086,874
Dividend payable	-	-
<b>Total current liabilities</b>	<b>362,360,304</b>	<b>352,499,863</b>
<b>Total liabilities</b>	<b>474,314,511</b>	<b>467,652,613</b>
<b>Total equity and liabilities</b>	<b>682,492,389</b>	<b>664,928,918</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE PERIOD ENDED 30 JUNE 2012**

RM	Attributable to owners of the Company						Non-Controlling Interest	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
<b>6 months ended 30 June 2012</b>									
<b>Balance at the beginning of the year/period</b>	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 period									
Issue of option pursuant to ESOS	44,274	5,313	-	-	-	-	49,587	-	49,587
Dividend from subsidiary paid to minority interest				-			-	(191,400)	(191,400)
Total comprehensive income for the period	-	-	(312,799)	-	11,218,432	-	10,905,633	137,753	11,043,386
<b>Balance at the end of the period</b>	<b>138,425,996</b>	<b>19,223</b>	<b>853,087</b>	<b>-</b>	<b>64,055,871</b>	<b>(1,025,787)</b>	<b>202,328,390</b>	<b>5,849,488</b>	<b>208,177,878</b>

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6 months ended 30 June 2011	Attributable to owners of the Company						Non-Controlling Interest	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
<b>Balance at the beginning of the year/period</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>
Movements during the period									
Issue of option pursuant to ESOS	34,020	4,082	-	-	-	-	38,102	-	38,102
Purchase of own shares	-	-	-	-	-	-	-	-	-
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 period	-	-	421,456	-	8,738,993	-	9,160,449	292,672	9,453,121
<b>Balance at the end of the period</b>	<b>138,381,722</b>	<b>13,910</b>	<b>(1,594,356)</b>	<b>-</b>	<b>49,716,642</b>	<b>(1,025,787)</b>	<b>185,492,131</b>	<b>5,447,383</b>	<b>190,939,514</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2011

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2012 RM	6 months ended 30 June 2011 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before taxation</b>	<b>19,292,767</b>	<b>16,380,027</b>
Adjustments for:-		
Amortisation of prepaid land lease payments	103,309	3,473
Amortisation of biological assets	2,756,150	-
Depreciation of property, plant & equipment	4,880,777	4,380,839
Bad debt written off	26,733	-
Interest expenses	4,329,747	5,642,349
Interest revenue	(809,111)	(1,140,413)
Gain on disposal of property, plant & equipment	(320,830)	(728,511)
Loss on foreign exchange -unrealised	73,065	-
<b>Operating profit before working capital changes</b>	<b>30,332,607</b>	<b>24,537,764</b>
Increase in inventories	(481,279)	(4,852,410)
Increase/(Decrease) in amount due from customers for contract work	9,210,525	(8,510,417)
Increase in property development expenditure	(2,086,010)	(1,272,453)
Increase in trade and other receivables	(19,921,256)	(2,978,511)
Increase/(Decrease) in amount due to customers for contract work	3,022,550	(13,898,876)
(Decrease)/Increase in trade and other payables	(3,666,456)	11,356,488
<b>Cash generated from operations</b>	<b>16,410,681</b>	<b>4,381,585</b>
Tax paid	(5,177,550)	(5,680,517)
Interest paid	(4,025,559)	(6,963,489)
<b>Net cash generated from/(used in) operating activities</b>	<b>7,207,572</b>	<b>(8,262,421)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
New planting expenditures incurred	(7,539,332)	(8,087,746)
Interest received	617,603	1,162,564
Purchase of property, plant & equipment	(11,368,105)	(4,889,294)
Proceeds from disposal of property, plant & equipment	386,273	2,729,395
Proceeds from disposal of investment in associated company	-	51,541,043
<b>Net cash generated (used in)/generated from investing activities</b>	<b>(17,903,561)</b>	<b>42,455,962</b>
BALANCE CARRIED FORWARD	(10,695,989)	34,193,541

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2012 RM	6 months ended 30 June 2011 RM
BALANCE CARRIED DOWN	(10,695,989)	34,193,541
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment to ultimate holding company	(81,459)	(99,199)
Repayment to related companies	(34,415)	(51,962)
Decrease/(Increase) in pledged fixed deposits	5,506,931	(13,228,156)
Dividend paid	(191,400)	-
Proceeds from issuance of shares	49,587	38,103
Proceeds from trust receipts/murabahah	11,710,973	6,212,296
Repayment of trust receipts/murabahah	(12,797,662)	(26,148,664)
Payment for finance lease liabilities	(2,734,195)	(3,577,479)
Term loan drawdown	2,737,787	87,341,457
Term loan repayment	(4,706,182)	(88,830,720)
<b>Net cash used in financing activities</b>	<b>(540,035)</b>	<b>(38,344,324)</b>
Effects of exchange difference on cash & cash equivalents	(231,451)	(22,753)
Net decrease in cash and cash equivalents	(11,236,024)	(4,150,783)
Cash and cash equivalents at beginning of the year/period	35,290,862	53,093,014
<b>Cash and cash equivalents at end of the period</b>	<b>23,823,387</b>	<b>48,919,478</b>
<b>Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-</b>		
Cash and bank balances	34,404,514	25,851,356
Cash deposits with licensed banks	73,029,758	97,642,661
Bank overdrafts	(22,932,371)	(926,997)
Less: Pledged fixed deposits	(60,678,514)	(73,647,542)
	<b>23,823,387</b>	<b>48,919,478</b>

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 30 June 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 88,547 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 June 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
<b>30-Jun-12</b>	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>						
External revenue	299,814,220	35,167,790	1,041,393	3,975,094	-	339,998,497
Inter – segment revenue	-	10,532,945	-	-	(10,532,945)	-
<b>Total revenue</b>	<b>299,814,220</b>	<b>45,700,735</b>	<b>1,041,393</b>	<b>3,975,094</b>	<b>(10,532,945)</b>	<b>339,998,497</b>
<b>RESULT</b>						
Segment results	23,668,692	8,603,661	(6,361,569)	(6,618,017)	-	19,292,767
Interest revenue	675,027	52,336	1,230	80,518	-	809,111
Interest expenses	(1,851,775)	(34,327)	-	(2,443,645)	-	(4,329,747)
Non cash expenses Note (i)	(72,992)	(26,733)	(2,855,987)	(3,545)	-	(2,959,257)
Depreciation	(3,474,898)	(460,596)	(524,520)	(420,763)	-	(4,880,777)

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

**9 SEGMENT REPORTING (continued)**

	<b>Construction</b>	<b>Trading in oil and gas &amp; other related services</b>	<b>Plantation</b>	<b>Other operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>30-Jun-11</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>						
External revenue	232,992,350	21,830,107	-	5,596,186	-	260,418,643
Inter – segment revenue	-	12,911,997	-	-	(12,911,997)	-
<b>Total revenue</b>	<b>232,992,350</b>	<b>34,742,104</b>	<b>-</b>	<b>5,596,186</b>	<b>(12,911,997)</b>	<b>260,418,643</b>
<b>RESULT</b>						
Segment results	13,380,830	11,175,839	-	(8,176,642)		16,380,027
Interest revenue	822,069	140,529	-	177,815	-	1,140,413
Interest expenses	(736,847)	(22,022)	-	(4,883,480)	-	(5,642,349)
Non cash expenses Note (i)	-	-	-	(3,473)	-	(3,473)
Depreciation	(3,629,169)	(339,192)	-	(412,478)	-	(4,380,839)

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Amortisation of planting expenditures	2,756,150	-
Amortisation of prepaid land lease payment	103,309	3,473
Loss on foreign exchange -unrealised	73,065	-
Bad debt written off	26,733	-
	<b>2,959,257</b>	<b>3,473</b>
	-	-

**10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment has been brought forward without amendment from the latest audited annual financial statements.

**11. SUBSEQUENT EVENTS**

There was no material event subsequent to the end of the current quarter up to 30 August 2012 (being the latest practicable date from the date of issuance of the 2<sup>nd</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**

- 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 29 August 2012 (being the latest practicable date from the date of issuance of the 2<sup>nd</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:

	<b>2012 6 months cumulative to date</b>	<b>2011 6 months cumulative to date</b>
<b>Trade</b>		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director :-		
- Chuan Huat Industrial Marketing Sdn Bhd	13,610,651	12,748,183
- 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	461,667	492,503
- Kemaman Quarry Sdn Bhd	475,624	315,061
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	60,000	60,000
Rental paid and payable to Zaki Holdings (M) Sdn Bhd	-	210,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	513,875	503,298
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	21,676	5,155
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 continues to post higher revenue than the preceding year's corresponding period. Both its construction and oil and gas division achieved higher progress and sales volume respectively. Its construction division performance was supported by its strong order book with progress of works being in line with schedule. Hence, for the period todate, the Group's revenue and profit before tax is higher by **RM79 million** and **RM3 million** respectively compared to the previous comparative period. The Group's profits was somewhat affected by continuing losses from its plantation division, an expected performance as the division is at its initial harvesting stage coupled with higher amortization of development costs due to increase of size in the matured area.

Overall, the order book for its construction division stood at **RM1,750 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM148 million**), Federal Road 3 from Pekan to Kuantan (**RM12 million**), Lebuhraya Pantai Timur Package 6, 5A & 9C (**RM39 million**), University Darul Imam Package 3 Building works (**RM115 million**), Maternity Hospital Terengganu (**RM27 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 (**RM14 million**), The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park In Lot Q, Kertih (**RM25 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 (**RM78 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM132 million**) and Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM395 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 (**RM756 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	194,038	145,960	48,078
Profit before tax	10,142	9,151	991

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD  
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**2. REVIEW OF MATERIAL CHANGES BETWEEN CURRENT QUARTER AND PRECEDING QUARTER (CON'D)**

The Group's construction operation showed better performance on a quarter to quarter basis mainly due to the commencement of work on the International Islamic University Malaysia Teaching Hospital.

**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. The plantation division 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 :

	<b>Current Qtr 30.06.2012 RM</b>	<b>Cumulative Current YTD 30.06.2012 RM</b>
Based on results for the period/year	2,940,264	6,557,388
Origination of temporary differences	1,294,457	1,354,705
Based on results for the period/year	<b>4,234,721</b>	<b>7,912,093</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 30.06.2012 RM</b>	<b>Cumulative Current YTD 30.06.2012 RM</b>
Accounting profits before taxation	10,142,287	19,292,767
Tax at the statutory income tax rate of 25%	2,535,572	4,823,192
- Non deductible expenses	1,562,117	3,088,901
- Tax effect arising from higher foreign tax rate	137,032	-
<b>Tax Expense</b>	<b>4,234,721</b>	<b>7,912,093</b>

Deferred Tax Liabilities Movement :

	<b>Current Qtr 30.06.2012 RM</b>	<b>Cumulative Current YTD 30.06.2012 RM</b>
At beginning and end of the period/year	8,075,645	8,014,475
Transfer to income statement	1,294,457	1,354,705
Translation differences	(18,541)	(17,619)
<b>At beginning and end of the period/year</b>	<b>9,351,561</b>	<b>9,351,561</b>

**6. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 30 August 2012 (being the latest practicable date from the date of issuance of the 2<sup>nd</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 30 June 2012 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	22,933	-	22,933
Trust Receipts	10,403	-	10,403
Term Loans	17,746	93,201	110,947
Hire Purchase	5,130	9,402	14,532
<b>Total</b>	<b>56,212</b>	<b>102,603</b>	<b>158,815</b>

The Group does not have any foreign loans as at 30 June 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 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 the following:

- (a) further Case Management on 5<sup>th</sup> October 2012 ;
- (b) Mention on 14<sup>th</sup> November 2012 for parties to file and exchange Witness Statement; and
- (c) Trial on 28<sup>th</sup> to 30<sup>th</sup> November 2012.

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**8. MATERIAL LITIGATION (continued)**

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

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

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

Signage has on 21 September 2007 filed a suit against AZRB at the Kuala Lumpur High Court for inter alia damages under the tort of conversion purportedly for demolition and/or removal of structures and advertisement board by AZRB. The amount of Signage’s claim is RM4, 400,000.00. The sealed copy of the suit was served on AZRB’s solicitors on 3 October 2007. AZRB has filed its statement of defence with the High Court on 24 October 2007 and application to strike out the suit by Signage on 8 July 2008. However, the Court had dismissed AZRB’s application for striking off with cost to plaintiff. The mediation fixed on 11 May 2012 did not materialise as the 2<sup>nd</sup> Defendant (Majlis Perbandaran Subang Jaya) did not agree to mediate the matter. The matter is now fixed for Case Management on 14 September 2012 and Trial on 7 & 14 December 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”).



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## 8. MATERIAL LITIGATION (continued)

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

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 further case management on 15 October 2012 pending the availability of the grounds of judgment from the Court of Appeal.

With regards to AZRB Counterclaim, all parties are undergoing the process of discovery. The Trial dates that were fixed for 30 and 31 July 2012 and 7 and 10 August 2012 have been vacated and the matter is now coming up for Case Management on 28 September 2012.

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 Al-Faisal University and the Company pertaining to Al-Faisal 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 arbitration was proceeded on 27 May 2012. The outcome of the arbitration is tentatively expected to be sometime in September, 2012.

## 9. DIVIDEND

The Board did not recommend any dividend for the financial period ended 30 June 2012.

**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 30/06/2012	Current Quarter ended 30/06/2011	Cumulative Quarters ended 30/06/2012	Cumulative Quarters ended 30/06/2011
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	5,765,005	3,578,039	11,218,432	8,738,993
<b>Basic</b>				
a) Weighted average number of ordinary shares in issue	276,811,069	276,763,442	276,811,069	276,763,442
<b>Diluted</b>				
b) Weighted average number of ordinary shares in issue	276,811,069	276,763,442	276,835,122	276,763,442
Effects of dilution resulting from ESOS	70,449	175,133	70,449	175,133
Adjusted weighted average number of ordinary shares in issue and issuable	276,881,518	276,938,575	276,905,571	276,938,575

The share options were calculated based on the number of shares which could have been acquired at the market price (the average 6 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.

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

	<b>Current financial Quarter ended 30.06.2012</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	99,364	86,493
- Unrealised	24	1,442
	99,388	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	(35,094)	(34,860)
Total Group retained profits as per consolidated accounts	64,056	52,837