

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 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 YEAR ENDED 31 DECEMBER 2012

		2012	2011	2012	2011
		Current	Comparative	12 months	12 months
		quarter ended	quarter ended	cumulative	cumulative
RM	Note	31 December	31 December	to date	to date
REVENUE		162,326,197	142,257,940	676,338,345	534,867,574
OPERATING EXPENSES	1	(152,227,606)	(134,046,841)	(627,894,890)	(503,083,598)
OTHER OPERATING INCOME		608,046	216,513	2,973,801	3,770,248
PROFIT FROM OPERATIONS		10,706,637	8,427,612	51,417,256	35,554,224
FINANCE COSTS		(3,691,701)	(2,525,918)	(13,563,747)	(11,123,376)
INVESTING RESULTS	2	(1,541)	(2,044)	(1,541)	(2,044)
PROFIT BEFORE TAXATION		7,013,395	5,899,650	37,851,968	24,428,804
TAX EXPENSE		(4,856,680)	(2,706,709)	(17,763,973)	(11,821,103)
PROFIT FOR THE YEAR	3	2,156,715	3,192,941	20,087,995	12,607,701
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		(18,658)	(286,803)	(2,517,487)	3,182,211
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,138,057	2,906,138	17,570,508	15,789,912

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

		2012 Current quarter ended 31 December	2011 Comparative quarter ended 31 December	2012 12 months cumulative to date	2011 12 months cumulative to date
RM	Note				
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,310,262	2,742,830	20,159,681	11,859,790
MINORITY INTEREST		(153,547)	450,111	(71,686)	747,911
PROFIT FOR THE YEAR		2,156,715	3,192,941	20,087,995	12,607,701
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,292,908	2,464,956	17,683,119	15,041,488
MINORITY INTEREST		(154,851)	441,182	(112,611)	748,424
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,138,057	2,906,138	17,570,508	15,789,912
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.83	0.99	7.28	4.28
Diluted (sen)		NA	0.99	NA	4.28
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		141,618,447	120,102,209	577,943,330	453,653,423
Other operating expenses		10,609,159	13,944,632	49,951,560	49,430,175
Total		152,227,606	134,046,841	627,894,890	503,083,598
Note 2 - Investing Results					
Investing results represents the followings:-					
Share of results from associated companies		(1,541)	(2,044)	(1,541)	(2,044)
Share of results from joint ventures		-	-	-	-
Total		(1,541)	(2,044)	(1,541)	(2,044)

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

		2012	2011	2012	2011
		Current	Comparative	12 months	12 months
		quarter ended	quarter ended	cumulative	cumulative
	RM	31 December	31 December	to date	to date
a)	Interest income	(526,732)	(772,524)	(1,946,763)	(2,728,088)
b)	Other income including investment income	(81,314)	556,011	(1,027,038)	(1,042,160)
c)	Interest expense	2,623,978	1,872,713	9,372,780	8,726,665
d)	Depreciation and amortisation	2,617,922	2,122,614	10,118,040	8,597,642
e)	Provision for and write off of receivables	-	1,755,835	26,733	1,755,835
f)	Provision for and write off of inventories	-	-	-	-
g)	(Gain) or loss on disposal of quoted or unquoted investment or properties	-	-	-	-
h)	Impairment loss on long term receivables	2,950,112	-	2,950,112	-
i)	Foreign exchange (gain) or loss	388,567	(254,162)	479,567	(23,285)

UNAUDITED CONDENSED CONSOLIDATED OF FINANCIAL POSITION

AHMAD ZAKI RESOURCES BERHAD			
CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2012			
		Not Audited	(Audited)
RM		As at 31/12/2012	As at 31/12/2011
Non-current assets			
Property, plant and equipment		86,113,837	64,655,721
Prepaid lease payment		9,190,341	9,904,474
Goodwill		3,747,557	3,744,605
Biological assets		125,585,877	120,766,265
Investment properties		18,500,000	18,500,000
Investments in associates		159,115	160,656
Interest in joint ventures		(288,352)	(288,352)
Other investments		115,500	115,500
Land held for development		8,657,433	-
Trade receivable-Long term		8,722,322	-
Concession assets		5,002,546	-
Total non current assets		265,506,176	217,558,869
Current assets			
Inventories		12,431,671	9,951,810
Property development expenditure		11,046,915	6,279,038
Trade & other receivables		331,236,530	309,099,188
Tax assets		5,084,006	5,843,289
Cash & cash deposits		98,104,504	116,196,724
Total current assets		457,903,626	447,370,049
Total assets		723,409,802	664,928,918
Equity attributable to equity holders of the parent			
Share capital		138,471,096	138,381,722
Reserves and treasury shares		70,685,292	52,991,448
Total equity		209,156,388	191,373,170
Minority interest		5,748,351	5,903,135
Total equity and minority interest		214,904,739	197,276,305
Non-current liabilities			
Long-term borrowings		142,771,937	107,138,275
Deferred tax		10,642,736	8,014,475
Total non-current liabilities		153,414,673	115,152,750
Current liabilities			
Trade and other payables		305,455,951	301,087,583
Short term borrowings		19,723,720	26,210,085
Current portion of long-term borrowings		22,773,318	20,115,321
Tax liabilities		7,137,401	5,086,874
Dividend payable		-	-
Total current liabilities		355,090,390	352,499,863
Total liabilities		508,505,063	467,652,613
Total equity and liabilities		723,409,802	664,928,918

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**

Attributable to owners of the Company									
RM 12 months ended 31 December 2012	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares	Sub-total	Non-Controlling Interest	Total Equity
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 acquisition of new subsidiaries attributed to non-controlling interest	89,374	10,725	-	-	-	-	100,099	-	100,099
Dividend from subsidiary paid to minority interest				-			-	149,227	149,227
Total comprehensive income for the year	-	-	(2,476,562)	-	20,159,681	-	17,683,119	(112,611)	17,570,508
Balance at the end of the year	138,471,096	24,635	(1,310,676)	-	72,997,120	(1,025,787)	209,156,388	5,748,351	214,904,739
Attributable to owners of the Company									
12 months ended 31 December 2011	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Capital Reserve	Retained Profits	Treasury Shares	Sub-total	Non-Controlling Interest	Total Equity
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	-	-	3,181,698	-	11,859,790	-	15,041,488	748,424	15,789,912
Balance at the end 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
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



	12 months ended 31 December 2012 RM	12 months ended 31 December 2011 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	37,851,968	24,428,804
Adjustments for:-		
Amortisation of prepaid land lease payments	205,540	6,945
Amortisation of biological assets	5,349,434	492,871
Depreciation of property, plant & equipment	9,912,500	8,590,697
Bad debt written off	26,733	1,755,835
Interest expenses	9,372,780	8,726,665
Interest revenue	(1,946,763)	(2,728,088)
Gain on disposal of property, plant & equipment	(412,472)	(1,027,495)
Impairment loss on long term receivable	2,950,112	-
Loss/(gain) on foreign exchange -unrealised	479,567	(23,285)
Share of results of associated companies	1,541	2,044
Operating profit before working capital changes	63,790,940	40,224,993
Increase in inventories	(2,479,856)	(3,449,005)
Increase in amount due from customers for contract work	(31,360,225)	(34,618,608)
Increase in property development expenditure	(4,767,876)	(1,150,489)
(Increase)/Decrease in trade and other receivables	(2,924,845)	5,072,553
Increase in amount due to customers for contract work	(2,089,640)	(15,470,441)
Increase in trade and other payables	1,398,282	6,119,690
Cash generated from/(used in) operations	21,566,780	(3,271,307)
Tax paid	(12,488,466)	(12,976,174)
Interest paid	(9,081,651)	(9,969,869)
Net cash generated/(used) in operating activities	(3,337)	(26,217,350)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(9,907,215)	(14,199,782)
Purchase of land held for development	(8,657,433)	-
Interest received	1,737,859	2,852,808
Effect of acquisition of subsidiaries, net of cash received	150,489	-
Purchase of property, plant & equipment	(26,438,550)	(17,600,461)
Proceeds from disposal of property, plant & equipment	484,662	3,202,968
Proceeds from disposal of investment in associated company	-	51,541,043
Net cash (used in)/generated from investing activities	(42,630,188)	25,796,576
BALANCE CARRIED FORWARD	(42,633,525)	(420,774)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2012 RM	12 months ended 31 December 2011 RM
BALANCE CARRIED DOWN	(42,633,525)	(420,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(81,459)	(160,024)
Repayment from related companies	21,192	851
Decrease/(Increase) in pledged fixed deposits	3,387,056	(5,766,059)
Dividend paid	(191,400)	(5,161,610)
Proceeds from issuance of shares	100,099	38,102
Proceeds from trust receipts/murabahah	16,599,770	20,609,908
Repayment of trust receipts/murabahah	(27,676,456)	(32,640,242)
Payment for finance lease liabilities	(5,667,282)	(5,187,741)
Term loan drawdown	50,619,105	108,783,999
Term loan repayment	(12,190,364)	(100,830,720)
Net cash generated from/(used in) financing activities	24,920,261	(20,313,536)
Effects of exchange difference on cash & cash equivalents	(1,582,222)	2,932,157
Net decrease in cash and cash equivalents	(17,713,264)	(20,734,310)
Cash and cash equivalents at beginning of the year	35,290,862	53,093,015
Cash and cash equivalents at end of the year	15,995,376	35,290,862
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	27,951,080	28,680,485
Cash deposits with licensed banks	70,153,424	87,516,239
Bank overdrafts	(19,310,739)	(14,720,417)
Less: Pledged fixed deposits	(62,798,389)	(66,185,445)
	15,995,376	35,290,862
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

The divisions are not significantly affected by any seasonal or cyclical factors.

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 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 178,747 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.

The ESOS lapsed on the 25 July 2012.

b) Treasury Shares

There was no sharebuyback exercise during the financial quarter under review. The total treasury shares as at 31 December 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-Dec-12	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	598,735,940	69,505,669	2,472,340	5,624,396	-	676,338,345
Inter – segment revenue	-	15,374,138	-	-	(15,374,138)	-
Total revenue	598,735,940	84,879,807	2,472,340	5,624,396	(15,374,138)	676,338,345
RESULT						
Segment results	45,127,140	20,263,812	(12,533,681)	(15,005,303)	-	37,851,968
Interest revenue	1,585,245	201,631	1,613	158,273	-	1,946,762
Interest expenses	(4,524,846)	(73,979)	(15,115)	(4,758,839)	-	(9,372,779)
Share of results in joint ventures	-	-	-	-	-	-
Share of results in associated co.	(1,541)	-	-	-	-	(1,541)
Non cash expenses Note (i)	(3,429,265)	(26,733)	(5,548,029)	(7,359)	-	(9,011,386)
Depreciation	(7,094,645)	(968,000)	(1,024,870)	(824,985)	-	(9,912,500)

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-Dec-11	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	443,481,564	54,029,391	1,670,226	35,686,393	-	534,867,574
Inter – segment revenue	-	24,437,484	-	2,195,000	(26,632,484)	-
Total revenue	443,481,564	78,466,875	-	37,881,393	(26,632,484)	534,867,574
RESULT						
Segment results	16,495,573	19,538,571	(437,051)	16,458,759	(27,627,048)	24,428,804
Interest revenue	2,015,044	341,289	7,870	363,885	-	2,728,088
Interest expenses	(1,520,938)	(55,086)	(92,231)	(7,058,410)	-	(8,726,665)
Share of results in associated co.	(2,044)	-	-	-	-	(2,044)
Non cash expenses Note (i)	(1,755,835)	-	(492,871)	(6,945)	-	(2,255,651)
Depreciation	(6,984,788)	(769,106)	-	(836,803)	-	(8,590,697)
Note (i) : Non cash expenses						
					Group	
					2012	2011
					RM	RM
					-	-
Amortisation of planting expenditures					5,349,434	492,871
Amortisation of prepaid land lease payment					205,540	6,945
Loss on foreign exchange -unrealised					479,567	-
Bad debt written off					26,733	1,755,835
Impairment on long term receivable					2,950,112	
					9,011,386	2,255,651

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.

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

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 27 February 2013 (being the latest practicable date from the date of issuance of the 4th Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date except for the following:

The Company's wholly-owned subsidiary, EKVE Sdn Bhd ("EKVE") had on 13 February 2013 executed the Concession agreement with the Government of Malaysia as represented by the Ministry of Works in relation to the design, construction, completion, operation, management and maintenance of the East Klang Valley Expressway ("the Concession Agreement") for a concession period of fifty (50) years commencing from the Effective Date, subject to terms and conditions in the Concession Agreement.

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 for the following:

- a) On 25 October 2012, AZRB acquired one (1) share of RM1 representing 50% of the issued and paid-up share capital of Temala Development Sdn Bhd ("Temala Development") for a cash consideration of RM1 only ("the acquisition"). Subsequently, AZRB has subscribed RM349,999 new shares divided into 349,999 ordinary shares of RM1 each in Temala Development. Following the subscription of the new shares, Temala Development became a 70% subsidiary of AZRB.
- b) On 8 November 2012, AZRB acquired one (1) share of RM1 representing 50% of the issued and paid-up share capital of Betanaz Properties Sdn Bhd ("Betanaz Properties") for a cash consideration of RM1 only ("the Acquisition"). Subsequently, AZRB has subscribed RM509 new shares divided into 509 ordinary shares of RM1 each in Betanaz Properties. Following the subscription of the new shares, Betanaz Properties became a 51% subsidiary of AZRB.
- c) On 11 December 2012, AZRB incorporated a wholly-owned subsidiary known as Peninsular Prokonsult Sdn Bhd ("Prokonsult"). Prokonsult was incorporated with an authorised capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which two (2) ordinary shares have been issued and fully paid-up.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group do not have material contingent liabilities as at 27 February 2013 (being the latest practicable date from the date of issuance of the 4th Quarter Report) save as disclosed in item Part B item 11 below.

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

14. SIGNIFICANT RELATED PARTY'S TRANSACTION

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

				2012	2011
				12 months	12 months
				cumulative	cumulative
				to date	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				18,952,970	33,219,698
- Chuan Huat Hardware Sdn Bhd				1,232,130	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				716,596	1,396,320
- Kenaman Quarry Sdn Bhd				1,674,811	902,158
Non-Trade					
Administrative service charged by Zaki Holdings (M) Sdn Bhd				120,000	120,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd				871,953	871,856
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd				46,232	25,802
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

Supported by its strong order book and progress work for the Construction Division during the quarter, the Group continue to show improved results by achieving a revenue of **RM 676 million** and profit before tax of **RM38 million** for the year ended 31 December 2012. Its revenue grew by 26% or **RM141 million** while profit before tax improved by 55% or **RM13 million** on a year to year basis. The Construction Division performed well in its year to date performance by contributing a total of **RM599 million** in revenue representing an increase of **RM156 million** than preceding year. Its profit before tax also increased by **RM29 million**. Meanwhile, its Plantation Division continues to post operating losses of **RM12.5 million**. Its Plantation Division is expected to reduce its operating loss gradually due to increasing yield per hectare in the medium term.

Overall, the order book for its Construction Division stood at **RM2,152 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM98 million**), Lebuhraya Pantai Timur (“LPT”) Package 5A (**RM8 million**), University Darul Imam Package 3 Building works (**RM69 million**), Maternity Hospital Terengganu (**RM15 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 (**RM2 million**), The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park 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, Terengganu Darul Iman (**RM43 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM115 million**) and Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan (“UIAH”), Pahang through Private Finance Initiative (**RM380 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 (**RM737 million**) (“MRTV6”) Upgrading existing 35 storey office blocks and reconstruction of new 56 storey hotel tower at Lot 1194, Jalan Sultan Ismail, Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan Untuk Tetuan Permodalan Nasional Berhad (**RM670 million**).

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

	Current Qtr	Preceding Qtr	+/(-)
	RM	RM	RM
Revenue	162,326	174,014	(11,688)
Profit before tax	7,013	11,546	(4,533)

**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 (continued)

On a quarter to quarter basis, there was lower revenue from construction activities and higher financing costs resulting in a lower profit for the quarter than the preceding 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. 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 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 :

	Current Qtr	Cumulative
	31.12.2012	Current YTD
	RM	31.12.2012
	RM	RM
Based on results for the period/year	4,963,040	14,913,633
Origination of temporary differences	(40,670)	2,533,546
	4,922,370	17,447,179
Under provision in prior years	(65,690)	316,794
Based on results for the period/year	4,856,680	17,763,973

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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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 :

	Current Qtr 31.12.2012 RM	Cumulative Current YTD 31.12.2012 RM
Accounting profits before taxation	7,013,395	37,851,968
Tax at the statutory income tax rate of 25%	1,753,348	9,462,992
- Non deductible expenses	3,103,332	7,918,497
- Under provision - income tax	-	382,484
Tax Expense	4,856,680	17,763,973

Deferred Tax Liabilites Movement :

	Current Qtr 31.12.2012 RM	Cumulative Current YTD 31.12.2012 RM
At beginning of the period/year	10,665,229	8,014,475
Transfer to income statement	(40,670)	2,533,546
Translation differences	18,177	94,715
At end of the year	10,642,736	10,642,736

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 27 February 2013 (being the latest practicable date from the date of issuance of the 4th 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 2012 are as follows:

Secured	Denominated in currency	Current	Non Current	Total
		RM'000	RM'000	RM'000
Bank Overdrafts	RM	19,311	-	19,311
Trust Receipts	RM	413	-	413
Term Loans	RM	17,746	128,756	146,502
Term Loans	USD	-	4,842	4,842
Finance Lease Liabilities	RM	4,813	9,104	13,917
Finance Lease Liabilities	IDR	214	70	284
Total		42,497	142,772	185,269

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**

The full trial of this matter has been conducted on 28 and 29 November 2012. The High Court Judge had on 30 January 2013 dismissed TNB's claim against AZRB with costs of RM 100,000.00 payable by TNB to AZRB accordingly. TNB has 30 days from 30 January 2013 to file Notice of Appeal to Court of Appeal. As at to date, AZRB's counsel have yet to be served with such notice.

(ii) **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.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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8. MATERIAL LITIGATION (continued)

(ii) Sime Engineering Sdn Bhd (“SESB”) vs Ahmad Zaki Resources Berhad

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. However, 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 hearing on **29 April 2013**, at the Federal Court in Putrajaya.

With regards to AZRB Counterclaim, all parties are undergoing the process of discovery of documents.

AZRB’s counterclaim at the Kuala Lumpur High Court is now fixed for further case management on **4 March 2013**.

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.

(iii) 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 hearing was held on 27 May 2012. The award is tentatively expected to be issued in **31 March 2013**.

9. DIVIDEND

The Board did not recommend any dividend for the financial year ended 31 December 2012.

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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 year as set out below:

		Current Quarter ended 31/12/2012	Current Quarter ended 31/12/2011	Cumulative Quarters ended 31/12/2012	Cumulative Quarters ended 31/12/2011
	PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,898,312	2,742,830	20,747,731	11,859,790
	Basic				
a)	Weighted average number of ordinary shares in issue	276,880,222	276,763,442	276,880,222	276,763,442
	Diluted				
b)	Weighted average number of ordinary shares in issue	276,880,222	276,763,442	276,835,122	276,763,442
	Effects of dilution resulting from ESOS	-	320,173	-	320,173
	Adjusted weighted average number of ordinary shares in issue and issuable	276,880,222	277,083,615	276,835,122	277,083,615

No dilution effect for the current financial year as there is no more outstanding options arising from ESOS. The ESOS expired on 25 July 2012.

The share options for preceding year's year was 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 year. The effect from dilution of ESOS for the preceding year's financial year is for unexercised outstanding options of 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 31.12.2012	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	109,475	86,493
- Unrealised	(1,674)	1,442
	107,801	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	(34,566)	(34,860)
Total Group retained profits as per consolidated accounts	72,997	52,837