

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 2013. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the quarterly condensed financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013**

| RM | Note | 2013 Current quarter ended 31 March | 2012 Comparative quarter ended 31 March | 2013 3 months cumulative to date | 2012 3 months cumulative to date |
|--|------|--|--|---|---|
| REVENUE | | 140,244,767 | 145,960,260 | 140,244,767 | 145,960,260 |
| OPERATING EXPENSES | 1 | (133,579,082) | (133,217,262) | (133,579,082) | (133,217,262) |
| OTHER OPERATING INCOME | | 1,467,001 | 950,963 | 1,467,001 | 950,963 |
| PROFIT FROM OPERATIONS | | 8,132,686 | 13,693,961 | 8,132,686 | 13,693,961 |
| FINANCE COSTS | | (2,940,919) | (4,543,481) | (2,940,919) | (4,543,481) |
| INVESTING RESULTS | 2 | - | - | - | - |
| PROFIT BEFORE TAXATION | | 5,191,767 | 9,150,480 | 5,191,767 | 9,150,480 |
| TAX EXPENSE | | (2,928,435) | (3,677,372) | (2,928,435) | (3,677,372) |
| PROFIT FOR THE PERIOD | 3 | 2,263,332 | 5,473,108 | 2,263,332 | 5,473,108 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX | | | | | |
| Capital reserve | | - | - | - | - |
| Foreign currency translation differences for foreign operations | | 1,189,998 | (2,485,445) | 1,189,998 | (2,485,445) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 3,453,330 | 2,987,663 | 3,453,330 | 2,987,663 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013**

| RM | Note | 2013 Current quarter ended 31 March | 2012 Comparative quarter ended 31 March | 2013 3 months cumulative to date | 2012 3 months cumulative to date |
|--|------|--|--|---|---|
| PROFIT ATTRIBUTABLE TO :- | | | | | |
| OWNERS OF THE COMPANY | | 2,457,027 | 5,453,427 | 2,457,027 | 5,453,427 |
| NON-CONTROLLING INTERESTS | | (193,695) | 19,681 | (193,695) | 19,681 |
| PROFIT FOR THE PERIOD | | 2,263,332 | 5,473,108 | 2,263,332 | 5,473,108 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO :- | | | | | |
| OWNERS OF THE COMPANY | | 3,647,396 | 2,996,629 | 3,647,396 | 2,996,629 |
| NON-CONTROLLING INTERESTS | | (194,066) | (8,966) | (194,066) | (8,966) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 3,453,330 | 2,987,663 | 3,453,330 | 2,987,663 |
| EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY: | | | | | |
| Basic (sen) | | 0.89 | 1.97 | 0.89 | 1.97 |
| Diluted (sen) | | NA | 1.97 | NA | 1.97 |
| Note 1 - Operating Expenses | | | | | |
| Operating expenses represents the followings:- | | | | | |
| Cost of sales | | 119,527,671 | 119,824,202 | 119,527,671 | 119,824,202 |
| Other operating expenses | | 14,051,411 | 13,393,060 | 14,051,411 | 13,393,060 |
| Total | | 133,579,082 | 133,217,262 | 133,579,082 | 133,217,262 |
| 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 | 2013 Current quarter ended 31 March | 2012 Comparative quarter ended 31 March | 2013 3 months cumulative to date | 2012 3 months cumulative to date |
|--|--|--|---|---|
| a) Interest income | (644,667) | (493,833) | (644,667) | (493,833) |
| b) Other income including investment income | (822,334) | (457,130) | (822,334) | (457,130) |
| c) Interest expense | 2,632,295 | 2,098,812 | 2,632,295 | 2,098,812 |
| d) Depreciation and amortisation | 3,513,642 | 3,814,119 | 3,513,642 | 3,814,119 |
| e) Provision for and write off of receivables | - | 26,733 | - | 26,733 |
| f) Provision for and write off of inventories | - | - | - | - |
| g) (Gain) or loss on disposal of quoted or unquoted investment or properties | - | - | - | - |
| h) Foreign exchange (gain) or loss | (342,209) | (218,935) | (342,209) | (218,935) |

UNAUDITED CONDENSED CONSOLIDATED OF FINANCIAL POSITION

| RM | Not Audited As at 31/03/2013 | (Audited) As at 31/12/2012 |
|--|---|---------------------------------------|
| Non-current assets | | |
| Property, plant and equipment | 84,201,705 | 86,113,177 |
| Prepaid lease payment | 9,124,829 | 9,190,342 |
| Land held for development | 8,657,433 | 8,657,433 |
| Biological assets | 124,721,830 | 125,585,877 |
| Investment property | 18,000,000 | 18,000,000 |
| Goodwill | 3,747,557 | 3,747,557 |
| Intangible assets | 5,002,546 | 5,002,546 |
| Investments in associates | 159,115 | 159,115 |
| Interest in joint ventures | (288,352) | (288,352) |
| Available-for-sale investments | 115,500 | 115,500 |
| Deferred tax assets | 3,949,086 | 2,976,412 |
| Trade receivable-Long term | 9,609,951 | 8,722,322 |
| Total non current assets | 267,001,200 | 267,981,929 |
| Current assets | | |
| Inventories | 20,208,312 | 14,654,961 |
| Property development costs | 9,231,945 | 8,823,623 |
| Trade & other receivables | 370,622,623 | 330,080,809 |
| Current tax assets | 4,956,088 | 4,899,797 |
| Cash & cash deposits | 99,319,659 | 98,101,075 |
| Total current assets | 504,338,627 | 456,560,265 |
| Total assets | 771,339,827 | 724,542,194 |
| Equity attributable to equity holders of the parent | | |
| Share capital | 138,471,095 | 138,471,095 |
| Reserves and treasury shares | 72,880,158 | 69,232,762 |
| Total equity | 211,351,253 | 207,703,857 |
| Minority interest | 5,151,806 | 5,345,872 |
| Total equity and minority interest | 216,503,059 | 213,049,729 |
| Non-current liabilities | | |
| Long-term borrowings | 151,672,583 | 145,959,332 |
| Deferred tax | 14,886,304 | 13,460,425 |
| Total non-current liabilities | 166,558,887 | 159,419,757 |
| Current liabilities | | |
| Short term borrowings | 36,303,786 | 19,723,720 |
| Current portion of long-term borrowings | 20,886,661 | 19,760,453 |
| Trade and other payables | 323,516,073 | 304,052,901 |
| Current tax liabilities | 7,571,361 | 8,535,634 |
| Total current liabilities | 388,277,881 | 352,072,708 |
| Total liabilities | 554,836,768 | 511,492,465 |
| Total equity and liabilities | 771,339,827 | 724,542,194 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 31 MARCH 2013**

| RM | Attributable to owners of the Company | | | | | | Non-Controlling Interests | Total Equity | |
|---|---------------------------------------|---------------|--------------------------------------|-----------------|-------------------|--------------------|---------------------------|------------------|--------------------|
| | Share Capital | Share Premium | Foreign Exchange Translation Reserve | Capital Reserve | Retained Profits | Treasury Shares | | | Sub-total |
| 3 months ended 31 March 2013 | | | | | | | | | |
| Balance at the beginning of the period | 138,471,095 | 24,636 | (1,282,090) | - | 71,516,003 | (1,025,787) | 207,703,857 | 5,345,872 | 213,049,729 |
| Movements during the period | | | | | | | | | |
| Foreign currency translation differences for foreign operations | | | 1,190,369 | - | - | - | 1,190,369 | (371) | 1,189,998 |
| Profit for the period | | | | | 2,457,027 | | 2,457,027 | (193,695) | 2,263,332 |
| Total comprehensive income for the period | - | - | 1,190,369 | - | 2,457,027 | - | 3,647,396 | (194,066) | 3,453,330 |
| Balance at the end of the period | 138,471,095 | 24,636 | (91,721) | - | 73,973,030 | (1,025,787) | 211,351,253 | 5,151,806 | 216,503,059 |
| 3 months ended 31 March 2012 | | | | | | | | | |
| Balance at the beginning of the period | 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 | | | | | | | | | |
| Foreign currency translation differences for foreign operations | | | (2,456,798) | - | - | - | (2,456,798) | (28,647) | (2,485,445) |
| Profit for the period | | | | | 5,453,427 | | 5,453,427 | 19,681 | 5,473,108 |
| Total comprehensive income for the period | - | - | (2,456,798) | - | 5,453,427 | - | 2,996,629 | (8,966) | 2,987,663 |
| Dividend paid by subsidiary | | | | | | | | (191,400) | (191,400) |
| Total transactions with non controlling interests | - | - | - | - | - | - | - | (191,400) | (191,400) |
| Issue of option pursuant to ESOS | 26,234 | 3,148 | | | | | 29,382 | - | 29,382 |
| 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 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



| | 3 months ended 31 March 2013 RM | 3 months ended 31 March 2012 RM |
|---|---------------------------------------|---------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before taxation | 5,191,767 | 9,150,480 |
| Adjustments for:- | | |
| Amortisation of prepaid land lease payments | 51,106 | 51,648 |
| Amortisation of biological assets | 683,710 | 1,379,961 |
| Depreciation of property, plant & equipment | 2,778,826 | 2,382,510 |
| Bad debt written off | - | 26,733 |
| Interest expenses | 2,632,295 | 2,098,812 |
| Interest revenue | (644,667) | (493,833) |
| Gain on disposal of property, plant & equipment | (196,395) | (207,509) |
| Loss/(gain) on foreign exchange -unrealised | (342,209) | (218,935) |
| Operating profit before working capital changes | 10,154,433 | 14,169,867 |
| (Increase)/Decrease in inventories | (5,553,349) | 37,867 |
| Increase in in amount due from customers for contract work | (19,358,294) | (9,137,608) |
| Increase in property development expenditure | (408,322) | (424,563) |
| (Increase)/Decrease in trade and other receivables | (21,290,455) | 5,049,270 |
| Increase /(Decrease) in amount due to customers for contract work | 5,855,926 | (7,681,878) |
| Increase in trade and other payables | 13,694,344 | 5,835,950 |
| Cash (used in)/generated from operations | (16,905,717) | 7,848,905 |
| Tax paid | (3,479,870) | (2,383,392) |
| Interest paid | (2,529,170) | (1,767,609) |
| Net cash (used in)/generated from operating activities | (22,914,757) | 3,697,904 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| New planting expenditures incurred | 180,574 | (4,795,519) |
| Interest received | 498,887 | 473,635 |
| Purchase of property, plant & equipment | (331,087) | (4,471,202) |
| Proceeds from disposal of property, plant & equipment | 211,750 | 252,100 |
| Net cash generated from/(used in) investing activities | 560,124 | (8,540,986) |
| BALANCE CARRIED FORWARD | (22,354,633) | (4,843,082) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



| | 3 months ended 31 March 2013 RM | 3 months ended 31 March 2012 RM |
|--|--|--|
| BALANCE CARRIED DOWN | (22,354,633) | (4,843,082) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment to ultimate holding company | (50,095) | (81,459) |
| Repayment to related companies | (432,836) | (5,354) |
| Increase in pledged fixed deposits | (499,185) | (784,833) |
| Dividend paid | - | (191,400) |
| Proceeds from issuance of shares | - | 29,382 |
| Proceeds from trust receipts/murabahah | 9,800,050 | 5,379,481 |
| Repayment of trust receipts/murabahah | (1,047,231) | (7,732,061) |
| Payment for finance lease liabilities | (1,143,430) | (1,363,335) |
| Term loan drawdown | 11,266,653 | 2,737,787 |
| Term loan repayment | (3,742,091) | (964,091) |
| Net cash generated from/(used in) financing activities | 14,151,835 | (2,975,883) |
| Effects of exchange difference on cash & cash equivalents | 1,094,950 | (2,217,052) |
| Net decrease in cash and cash equivalents | (8,202,798) | (7,818,965) |
| Cash and cash equivalents at beginning of the year | 15,946,953 | 35,290,862 |
| Cash and cash equivalents at end of the period | 8,839,105 | 25,254,845 |
| Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :- | | |
| Cash and bank balances | 30,434,585 | 30,324,112 |
| Cash deposits with licensed banks | 68,885,074 | 79,401,348 |
| Bank overdrafts | (27,137,986) | (17,500,337) |
| Less: Pledged fixed deposits | (63,342,568) | (66,970,278) |
| | 8,839,105 | 25,254,845 |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2012.

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 2012 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 2012.

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 2012 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2013.

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 2012 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 March 2013.

6. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL PERIOD

There was no material changes in estimates of amounts reported in prior financial periods 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

Treasury Shares

There was no sharebuyback exercise during the financial quarter under review. The total treasury shares as at 31 March 2013 comprise of 1,478,100 units at RM1,025,787.

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-13 | RM | RM | RM | RM | RM | RM |
| REVENUE | | | | | | |
| External revenue | 126,919,434 | 12,197,450 | 712,714 | 415,169 | - | 140,244,767 |
| Inter – segment revenue | - | 1,943,181 | - | - | (1,943,181) | - |
| Total revenue | 126,919,434 | 14,140,631 | 712,714 | 415,169 | (1,943,181) | 140,244,767 |
| RESULT | | | | | | |
| Segment results | 7,574,550 | 5,113,926 | (3,660,632) | (3,836,077) | - | 5,191,767 |
| Interest revenue | 600,532 | 26,935 | 340 | 16,860 | - | 644,667 |
| Interest expenses | (1,396,867) | (20,064) | (56,339) | (1,159,025) | - | (2,632,295) |
| Non cash expenses Note (i) | - | - | (733,081) | (1,735) | - | (734,816) |
| Depreciation | (2,065,035) | (258,067) | (241,953) | (213,771) | - | (2,778,826) |

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-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 | - | 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) | (1,429,873) | (1,736) | - | (1,458,342) |
| Depreciation | (1,684,165) | (225,769) | (262,140) | (210,436) | - | (2,382,510) |

Note (i) : Non cash expenses

| | Group | |
|---|--------------------|--------------------|
| | 2013 RM | 2012 RM |
| Amortisation of planting expenditures | 683,710 | 1,379,961 |
| Amortisation of prepaid land lease payments | 51,106 | 51,648 |
| Bad debt written off | - | 26,733 |
| | 734,816 | 1,458,342 |

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 30 May 2013 (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.

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.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group do not have material contingent liabilities as at 30 May 2013 (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:

| | 2013 3 months cumulative to date | 2012 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 | 1,699,064 | 7,612,847 |
| - Chuan Huat Hardware Sdn Bhd | 1,029,176 | - |
| 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 | 76,058 | 181,771 |
| - Kemaman Quarry Sdn Bhd | 102,928 | 317,166 |
| Non-Trade | | |
| Administrative service charged by Zaki Holdings (M) Sdn Bhd | 30,000 | 30,000 |
| Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd | 270,893 | 261,339 |
| Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd | - | 15,641 |
| 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 posted a slightly lower revenue and profit before tax of **RM140.2 million** and **RM5.2 million** as compared to the preceding year's corresponding quarter. The Construction Division achieved lower profits as work done during the quarter was mainly on projects which have lower margin. Its Oil and Gas Division maintained its performance with lower revenues generated from direct bunkering activities, complimented by higher sales from its throughput activities.

Overall, the order book for its Construction Division stood at **RM2,028 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM67 million**), University Darul Imam Package 3 Building works (**RM54 million**), Maternity Hospital Terengganu (**RM13 million**), The Construction & Completion Of Earthworks & Infrastructure Works For Phase 1a & 1b at Kertih Polymer Park In Lot Q, Kertih (**RM10 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 (**RM23 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM106 million**) and Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan ("UIAH"), Pahang through Private Finance Initiative (**RM373 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 (**RM716 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 (**RM666 million**) .

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

| | Current Qtr RM | Preceding Qtr RM | + /(-) RM |
|-------------------|---------------------------|-----------------------------|----------------------|
| Revenue | 140,244 | 160,638 | (20,394) |
| Profit before tax | 5,192 | 6,934 | (1,742) |

**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, the Group posted a lower revenue and profit before tax which was mainly due to the Construction Division having work progress mainly on the projects which have lower margin.

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 quarter.

4. VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

5. TAXATION

Taxation comprises :

| | Current Qtr 31.03.2013 RM | Cumulative Current YTD 31.03.2013 RM |
|--------------------------------------|--|---|
| Based on results for the period/year | 2,403,233 | 2,403,233 |
| Origination of temporary differences | 525,202 | 525,202 |
| | 2,928,435 | 2,928,435 |
| Under provision in prior years | - | - |
| Based on results for the period/year | 2,928,435 | 2,928,435 |

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

5. TAXATION (continued)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation as a result of the following differences :

| | Current Qtr 31.03.2013 RM | Cumulative Current YTD 31.03.2013 RM |
|---|--|---|
| Accounting profits before taxation | 5,191,767 | 5,191,767 |
| Tax at the statutory income tax rate of 25% | 1,297,942 | 1,297,942 |
| - Non deductible expenses | 1,630,493 | 1,630,493 |
| - Under provision - income tax | - | - |
| Tax Expense | 2,928,435 | 2,928,435 |

Deferred Tax Liabilites Movement :

| | Current Qtr 31.03.2013 RM | Cumulative Current YTD 31.03.2013 RM |
|---------------------------------|--|---|
| At beginning of the period/year | 10,484,013 | 10,484,013 |
| Transfer to income statement | 525,202 | 525,202 |
| Translation differences | (71,997) | (71,997) |
| At end of the year | 10,937,218 | 10,937,218 |

Recognised deferred tax assets/(liabilities)

| | Assets RM | Liabilities RM | Net RM |
|--|----------------------|---------------------------|---------------------|
| Tax loss carry-forward | 3,949,026 | - | 3,949,026 |
| Taxable temporary differences | - | (7,063,711) | (7,063,711) |
| Property, plant and equipment | 319,993 | (447,929) | (127,936) |
| Fair value adjustment of investment property | - | (494,140) | (494,140) |
| Fair value adjustment of acquisition of subsidiary | - | (2,610,777) | (2,610,777) |
| Derecognition of results of joint venture in MCHJV | - | (4,589,680) | (4,589,680) |
| Tax assets/(liabilities) | 4,269,019 | (15,206,237) | (10,937,218) |
| Set off of tax | (319,933) | 319,933 | - |
| Net tax assets/(liabilities) | 3,949,086 | (14,886,304) | (10,937,218) |

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

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 30 May 2013 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 31 March 2013 are as follows:

| Secured | Denominated in currency | Current RM'000 | Non Current RM'000 | Total RM'000 |
|---------------------------|----------------------------|-------------------|-----------------------|-----------------|
| Bank Overdrafts | RM | 27,138 | - | 27,138 |
| Trust Receipts | RM | 4,713 | - | 4,713 |
| Revolving Credits | RM | 4,453 | | 4,453 |
| Term Loans | RM | 14,968 | 137,603 | 152,571 |
| Term Loans | USD | - | 6,311 | 6,311 |
| Finance Lease Liabilities | RM | 5,699 | 7,720 | 13,419 |
| Finance Lease Liabilities | IDR | 219 | 39 | 258 |
| Total | | 57,190 | 151,673 | 208,863 |

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) **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”).

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

8. MATERIAL LITIGATION (continued)

(i) **Sime Engineering Sdn Bhd (“SESB”) vs Ahmad Zaki Resources Berhad (continued)**

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 Federal Court has on 29 April 2013 dismissed SESB’s leave to appeal accordingly. In light of the dismissal, SESB’s claim against AZRB in the High Court for the sum of RM15,246,000.00, interests and costs has now come to an end and stand dismissed.

With regards to AZRB’s Counterclaim, all parties are undergoing the process of discovery. The Court has fixed 28 June 2013 as the case management date.

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.

(ii) **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 on **31 May 2013**.

9. DIVIDEND

The Board did not recommend any dividend for the financial period ended 31 March 2013.

**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 31/03/2013 | Current Quarter ended 31/03/2012 | Cumulative Quarters ended 31/03/2013 | Cumulative Quarters ended 31/03/2012 |
|---|--|--|---|--|
| PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY | 2,457,027 | 5,453,427 | 2,457,027 | 5,453,427 |
| Basic | | | | |
| a) Weighted average number of ordinary shares in issue | 276,942,190 | 276,811,069 | 276,942,190 | 276,811,069 |
| Diluted | | | | |
| b) Weighted average number of ordinary shares in issue | 276,942,190 | 276,811,069 | 276,942,190 | 276,811,069 |
| Effects of dilution resulting from ESOS | - | 62,342 | - | 62,342 |
| Adjusted weighted average number of ordinary shares in issue and issuable | 276,942,190 | 276,873,411 | 276,942,190 | 276,873,411 |

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

The share options for preceding year's period was 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 preceding year's financial period is for unexercised outstanding options of 267,706 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 31.03.2013 | As at the end of last financial year |
|--|---|---|
| | RM'000 | RM'000 |
| Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries | | |
| - Realised | 119,372 | 116,957 |
| - Unrealised | (4,495) | (4,774) |
| | 114,877 | 112,183 |
| Total share of retained profits from associated companies | | |
| - Realised | 49 | 49 |
| - Unrealised | - | - |
| | 49 | 49 |
| Total share of retained profits from jointly controlled companies | | |
| - Realised | (288) | (288) |
| - Unrealised | - | - |
| | (288) | (288) |
| Less : Consolidated adjustments | (40,665) | (40,427) |
| Total Group retained profits as per consolidated accounts | 73,973 | 71,517 |