

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 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 30 June 2013**

RM	Note	2013 Current quarter ended 30 June	2012 Comparative quarter ended 30 June	2013 6 months cumulative to date	2012 6 months cumulative to date
REVENUE		128,625,415	194,038,237	268,870,182	339,998,497
OPERATING EXPENSES	1	(121,175,507)	(181,409,443)	(254,754,589)	(314,626,705)
OTHER OPERATING INCOME		1,209,444	209,665	2,676,445	1,160,628
PROFIT FROM OPERATIONS		8,659,352	12,838,459	16,792,038	26,532,420
FINANCE COSTS		(3,610,816)	(2,696,172)	(6,551,735)	(7,239,653)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		5,048,536	10,142,287	10,240,303	19,292,767
TAX EXPENSE		(3,487,238)	(4,234,721)	(6,415,673)	(7,912,093)
PROFIT FOR THE PERIOD	3	1,561,298	5,907,566	3,824,630	11,380,674
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		1,055,150	2,148,157	2,245,148	(337,288)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,616,448	8,055,723	6,069,778	11,043,386

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 June 2013**

RM	Note	2013 Current quarter ended 30 June	2012 Comparative quarter ended 30 June	2013 6 months cumulative to date	2012 6 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		1,554,502	5,765,005	4,011,529	11,218,432
NON-CONTROLLING INTERESTS		6,796	142,561	(186,899)	162,242
PROFIT FOR THE PERIOD		1,561,298	5,907,566	3,824,630	11,380,674
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,613,830	7,909,004	6,261,226	10,905,633
NON-CONTROLLING INTERESTS		2,618	146,719	(191,448)	137,753
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,616,448	8,055,723	6,069,778	11,043,386
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.56	2.08	1.45	4.05
Diluted (sen)		NA	2.08	NA	4.05
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		106,563,031	166,674,389	226,090,702	286,498,591
Other operating expenses		14,612,476	14,735,054	28,663,887	28,128,114
Total		121,175,507	181,409,443	254,754,589	314,626,705
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 30 June	2012 Comparative quarter ended 30 June	2013 6 months cumulative to date	2012 6 months cumulative to date
a) Interest income	(644,343)	(315,278)	(1,289,010)	(809,111)
b) Other income including investment income	(565,101)	105,613	(1,387,435)	(351,517)
c) Interest expense	3,478,652	2,230,935	6,110,947	4,329,747
d) Depreciation and amortisation	3,404,155	3,926,117	6,917,797	7,740,236
e) Provision for and write off of receivables	-	-	-	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	619,521	292,000	277,312	73,065

UNAUDITED CONDENSED CONSOLIDATED OF FINANCIAL POSITION

RM	Not Audited As at 30/06/2013	(Audited) As at 31/12/2012
Non-current assets		
Property, plant and equipment	82,119,608	86,113,177
Prepaid lease payment	9,024,748	9,190,342
Land held for development	8,657,433	8,657,433
Biological assets	124,055,946	125,585,877
Investment property	18,000,000	18,000,000
Goodwill	3,747,557	3,747,557
Intangible assets	5,280,696	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	5,151,299	2,976,412
Trade receivable-Long term	10,490,036	8,722,322
Total non current assets	266,513,586	267,981,929
Current assets		
Inventories	16,418,546	14,654,961
Property development costs	9,505,146	8,823,623
Trade & other receivables	390,395,754	330,080,809
Current tax assets	4,838,463	4,899,797
Cash & cash deposits	91,774,702	98,101,075
Total current assets	512,932,611	456,560,265
Total assets	779,446,197	724,542,194
Equity attributable to equity holders of the parent		
Share capital	138,471,095	138,471,095
Reserves and treasury shares	71,362,027	69,232,762
Total equity	209,833,122	207,703,857
Minority interest	4,963,024	5,345,872
Total equity and minority interest	214,796,146	213,049,729
Non-current liabilities		
Long-term borrowings	174,033,867	145,959,332
Deferred tax	16,337,843	13,460,425
Total non-current liabilities	190,371,710	159,419,757
Current liabilities		
Short term borrowings	41,853,862	19,723,720
Current portion of long-term borrowings	19,321,793	19,760,453
Trade and other payables	305,816,690	304,052,901
Current tax liabilities	7,285,995	8,535,634
Total current liabilities	374,278,340	352,072,708
Total liabilities	564,650,050	511,492,465
Total equity and liabilities	779,446,196	724,542,194

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 June 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
6 months ended 30 June 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	-	-	2,249,697	-	-	-	2,249,697	(4,549)	2,245,148
Profit for the period	-	-	-	-	4,011,529	-	4,011,529	(186,899)	3,824,630
Total comprehensive income for the period	-	-	2,249,697	-	4,011,529	-	6,261,226	(191,448)	6,069,778
Dividend to owners of the Company	-	-	-	-	(4,131,961)	-	(4,131,961)	-	(4,131,961)
Total transactions with owners of the Company	-	-	-	-	(4,131,961)	-	(4,131,961)	-	(4,131,961)
Dividend paid by subsidiary	-	-	-	-	-	-	-	(191,400)	(191,400)
Total transactions with non controlling interests	-	-	-	-	-	-	-	(191,400)	(191,400)
Balance at the end of the period	138,471,095	24,636	967,607	-	71,395,571	(1,025,787)	209,833,122	4,963,024	214,796,146
6 months ended 30 June 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	-	-	(312,799)	-	-	-	(312,799)	(24,489)	(337,288)
Profit for the period	-	-	-	-	11,218,432	-	11,218,432	162,242	11,380,674
Total comprehensive income for the period	-	-	(312,799)	-	11,218,432	-	10,905,633	137,753	11,043,386
Issue of option pursuant to ESOS	44,274	5,313	-	-	-	-	49,587	-	49,587
Total transactions with owners of the Company	44,274	5,313	-	-	-	-	49,587	-	49,587
Dividend paid by subsidiary	-	-	-	-	-	-	-	(191,400)	(191,400)
Total transactions with non controlling interests	-	-	-	-	-	-	-	(191,400)	(191,400)
Balance at the end of the period	138,425,996	19,223	853,087	-	64,055,871	(1,025,787)	202,328,390	5,849,488	208,177,878

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2013 RM	6 months ended 30 June 2012 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	10,240,303	19,292,767
Adjustments for:-		
Amortisation of prepaid land lease payments	111,940	103,309
Amortisation of biological assets	1,301,857	2,756,150
Depreciation of property, plant & equipment	5,504,000	4,880,777
Bad debt written off	-	26,733
Interest expenses	6,110,947	4,329,747
Interest revenue	(1,289,010)	(809,111)
Gain on disposal of property, plant & equipment	(897,853)	(320,830)
Loss on foreign exchange -unrealised	277,312	73,065
Operating profit before working capital changes	21,359,496	30,332,607
Increase in inventories	(1,763,584)	(481,279)
(Increase)/Decrease in in amount due from customers for contract work	(19,725,624)	9,210,525
Increase in property development expenditure	(681,523)	(2,086,010)
Increase in trade and other receivables	(41,990,078)	(19,921,256)
(Decrease)/Increase in amount due to customers for contract work	(2,672,740)	3,022,550
Decrease in trade and other payables	(122,690)	(3,666,456)
Cash (used in)/generated from operations	(45,596,743)	16,410,681
Tax paid	(7,035,060)	(5,177,550)
Interest paid	(5,938,514)	(4,025,559)
Net cash (used in)/generated from operating activities	(58,570,317)	7,207,572
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	212,671	(7,539,332)
Interest received	1,004,236	617,603
Purchase of property, plant & equipment	(383,560)	(11,368,105)
Proceeds from disposal of property, plant & equipment	933,250	386,273
Net cash generated from/(used in) investing activities	1,766,597	(17,903,561)
BALANCE CARRIED FORWARD	(56,803,720)	(10,695,989)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2013 RM	6 months ended 30 June 2012 RM
BALANCE CARRIED DOWN	(56,803,720)	(10,695,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(50,095)	(81,459)
Repayment to related companies	(524,126)	(34,415)
Increase in pledged fixed deposits	399,215	5,506,931
Dividend paid	-	(191,400)
Proceeds from issuance of shares	-	49,587
Proceeds from trust receipts	18,240,448	11,710,973
Repayment of trust receipts	(4,177,938)	(12,797,662)
Payment for finance lease liabilities	(2,901,755)	(2,734,195)
Term loan drawdown	52,279,418	2,737,787
Term loan repayment	(22,909,636)	(4,706,182)
Net cash generated from/(used in) financing activities	40,355,531	(540,035)
Effects of exchange difference on cash & cash equivalents	2,453,399	(231,451)
Net decrease in cash and cash equivalents	(16,448,189)	(11,236,024)
Cash and cash equivalents at beginning of the year	15,946,953	35,290,862
Cash and cash equivalents at end of the period	1,952,163	23,823,387
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	22,995,725	34,404,514
Cash deposits with licensed banks	68,778,977	73,029,758
Bank overdrafts	(27,378,371)	(22,932,371)
Less: Pledged fixed deposits	(62,444,168)	(60,678,514)
	1,952,163	23,823,387

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 30 June 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 30 June 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
30-Jun-13	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	234,975,130	29,110,020	1,733,746	3,051,286	-	268,870,182
Inter – segment revenue	-	4,232,052	-	-	(4,232,052)	-
Total revenue	234,975,130	33,342,072	1,733,746	3,051,286	(4,232,052)	268,870,182
RESULT						
Segment results	14,508,014	11,906,703	(8,386,642)	(7,787,772)	-	10,240,303
Interest revenue	1,212,965	37,147	674	38,224	-	1,289,010
Interest expenses	(3,551,103)	(38,670)	(227,033)	(2,294,141)	-	(6,110,947)
Non cash expenses Note (i)	(646,613)	-	(1,410,325)	(4,131)	372,171	(1,688,898)
Depreciation	(4,077,866)	(508,040)	(481,127)	(436,967)	-	(5,504,000)

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
30-Jun-12	RM	RM	RM	RM	RM	RM
REVENUE						
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)	-
Total revenue	299,814,220	45,700,735	-	3,975,094	(10,532,945)	339,998,497
RESULT						
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)

Note (i) : Non cash expenses

	Group	
	2013	2012
	RM	RM
Amortisation of planting expenditures	1,301,857	2,756,150
Amortisation of prepaid land lease payments	111,940	103,309
Loss on foreign exchange -unrealised	275,101	73,065
Bad debt written off	-	26,733
	1,688,898	2,959,257

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 29 August 2013 (being the latest practicable date from the date of issuance of the 2nd Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group do not have material contingent liabilities as at 29 August 2013 (being the latest practicable date from the date of issuance of the 2nd 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 6 months cumulative to date	2012 6 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	3,459,523	13,610,651
- Chuan Huat Hardware Sdn Bhd	1,043,716	-
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	135,807	461,667
- Kemaman Quarry Sdn Bhd	111,410	475,624
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	60,000	60,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	471,671	513,875
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	21,289	21,676
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	18,000	27,000

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

1. REVIEW OF PERFORMANCE

For the first 6 months under review, the Group achieved a turnover of **RM268 million** , about **RM71 million** less than of last year’s corresponding period. The lower revenue is mainly due to lesser contribution from the Construction Division as most of its newly secured contracts are still at the early stages of construction. However, the lower profits generated by the Construction Division is somewhat offset by the higher profits contributed by the Oil and Gas Division.

Overall, the balance order book for its Construction Division stood at **RM2,046 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM62 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM101 million**) , The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan (“UIAH”), Pahang through Private Finance Initiative (**RM361 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 (**RM690 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 (**RM660 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM172 million**).

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

	Current Qtr RM	Preceding Qtr RM	+/(-) RM
Revenue	128,625	140,245	(11,620)
Profit before tax	5,049	5,192	(143)

On a quarter to quarter basis, the Group posted a lower revenue but with marginal decrease in profit before tax. This was mainly due to the higher profits achieved by its Property and Oil and Gas divisions.

3. PROSPECTS

The Group’s Construction Division is expected to generate stronger revenue in the 2nd half of the year with the targetted completion of four of its ongoing projects and the increased completion stages of its on going projects. The balance order book will remain strong with good prospects of new projects from its bidding activities.

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

3. PROSPECTS (continued)

The Oil and Gas Division is expected to maintain its performance as there are no anticipated 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 30.06.2013 RM	Cumulative Current YTD 30.06.2013 RM
Based on results for the period	3,205,229	5,608,462
Origination of temporary differences	282,009	807,211
Based on results for the period	<u>3,487,238</u>	<u>6,415,673</u>

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 30.06.2013 RM	Cumulative Current YTD 30.06.2013 RM
Accounting profits before taxation	5,048,535	10,240,302
Tax at the statutory income tax rate of 25%	1,262,134	2,560,076
- Non deductible expenses	2,225,104	3,855,597
Tax Expense	<u>3,487,238</u>	<u>6,415,673</u>

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

5. TAXATION (continued)

Deferred Tax Liabilities Movement :

	Current Qtr 30.06.2013 RM	Cumulative Current YTD 30.06.2013 RM
At beginning of the period/year	10,484,013	10,484,013
Transfer to income statement	282,009	807,211
Translation differences	(32,683)	(104,680)
At end of the period	10,733,339	11,186,544

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	5,151,299	-	5,151,299
Taxable temporary differences	-	(8,515,310)	(8,515,310)
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)	5,471,292	(16,657,836)	(11,186,544)
Set off of tax	(319,993)	319,993	-
Net tax assets/(liabilities)	5,151,299	(16,337,843)	(11,186,544)

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 29 August 2013 (being the latest practicable date from the date of issuance of the 2nd Quarter Report).

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 June 2013 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	27,378	-	27,378
Trust Receipts	RM	4,138	-	4,138
Revolving Credits	RM	10,338		10,338
Term Loans	RM	15,108	159,416	174,524
Term Loans	USD	-	6,311	6,311
Finance Lease Liabilities	RM	4,012	8,307	12,319
Finance Lease Liabilities	IDR	202	-	202
Total		61,176	174,034	235,210

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, parties are undergoing the process of discovery. The Court has fixed 18 September 2013 for hearing of AZRB’s specific discovery application at the High Court.

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 had filed its statement of claim in respect of the final relief on 18 January 2012.

The hearing was held on 27 May 2012 and on 29 July 2013, the Company has received notification that the Sole Arbitrator in ICC Arbitration case No. 17768/ND/MCP, AZRB Vs AFU and King Faisal Foundation (“KFF”) pertaining to the Contract (“the Arbitration”) has issued his final judgement and award. In the aforesaid final judgement and award, the Sole Arbitrator had ordered AFU and KFF to jointly and severally pay to AZRB the total amount of SAR 92,570,300 in respect of claims made by the Company in the Arbitration. The Company through its Legal Counsels in Riyadh, Saudi Arabia is now taking all necessary steps to execute the aforesaid judgement and award.

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

On 25 June 2013, the Board declared 1st Interim dividend of 2.0 sen gross for the financial period ended 30 June 2013 amounting to RM4,131,961 to be paid on 23 August 2013.

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 30/06/2013	Current Quarter ended 30/06/2012	Cumulative Quarters ended 30/06/2013	Cumulative Quarters ended 30/06/2012
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,554,502	5,765,005	4,011,529	11,218,432
Basic				
Weighted average number of ordinary shares in issue	276,942,190	276,835,122	276,942,190	276,835,122
Diluted				
Weighted average number of ordinary shares in issue	276,942,190	276,835,122	276,942,190	276,835,122
Effects of dilution resulting from ESOS	-	70,449	-	70,449
Adjusted weighted average number of ordinary shares in issue and issuable	276,942,190	276,905,571	276,942,190	276,905,571

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 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 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 30.06.2013	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	122,240	116,957
- Unrealised	(5,393)	(4,774)
	116,847	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	(45,212)	(40,427)
Total Group retained profits as per consolidated accounts	71,396	71,517