

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 3rd quarter ended 30 September 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 SEPTEMBER 2013

RM	Note	2013 Current quarter ended 30 September	2012 Comparative quarter ended 30 September	2013 9 months cumulative to date	2012 9 months cumulative to date
REVENUE		195,606,872	174,013,651	464,477,054	514,012,148
OPERATING EXPENSES	1	(192,203,364)	(161,040,579)	(446,957,953)	(475,667,284)
OTHER OPERATING INCOME		2,455,295	1,205,127	5,131,740	2,365,755
PROFIT FROM OPERATIONS		5,858,803	14,178,199	22,650,841	40,710,619
FINANCE COSTS		(3,664,977)	(2,632,393)	(10,216,712)	(9,872,046)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		2,193,826	11,545,806	12,434,129	30,838,573
TAX EXPENSE		(1,013,508)	(4,995,200)	(7,429,181)	(12,907,293)
PROFIT FOR THE PERIOD	3	1,180,318	6,550,606	5,004,948	17,931,280
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		1,539,741	(2,161,541)	3,784,889	(2,498,829)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,720,059	4,389,065	8,789,837	15,432,451

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

RM	Note	2013 Current quarter ended 30 September	2012 Comparative quarter ended 30 September	2013 9 months cumulative to date	2012 9 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		1,175,063	6,630,987	5,186,592	17,849,419
NON-CONTROLLING INTERESTS		5,255	(80,381)	(181,644)	81,861
PROFIT FOR THE PERIOD		1,180,318	6,550,606	5,004,948	17,931,280
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,657,718	4,484,578	8,918,944	15,390,211
NON-CONTROLLING INTERESTS		62,341	(95,513)	(129,107)	42,240
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,720,059	4,389,065	8,789,837	15,432,451
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.42	2.39	1.87	6.45
Diluted (sen)		NA	NA	NA	NA

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	168,649,882	149,826,292	394,740,584	436,324,883
Other operating expenses	23,553,482	11,214,287	52,217,369	39,342,401
Total	192,203,364	161,040,579	446,957,953	475,667,284

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 September	2012 Comparative quarter ended 30 September	2013 9 months cumulative to date	2012 9 months cumulative to date
a) Interest income	(651,068)	(610,920)	(1,940,078)	(1,420,031)
b) Other income including investment income	(1,804,227)	(594,207)	(3,191,662)	(945,724)
c) Interest expense	3,118,687	2,419,055	9,229,634	6,748,802
d) Depreciation and amortisation	2,811,400	3,829,382	9,729,197	11,569,618
e) Provision for and write off of receivable	5,851,733	-	5,851,733	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	619,255	17,935	896,567	91,000

UNAUDITED CONDENSED CONSOLIDATED OF FINANCIAL POSITION

RM	Not Audited As at 30/09/2013	(Audited) As at 31/12/2012
Non-current assets		
Property, plant and equipment	81,041,041	86,113,177
Prepaid lease payment	8,586,468	9,190,342
Land held for development	8,958,539	8,657,433
Biological assets	124,762,769	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	8,270,511	2,976,412
Trade receivable-Long term	11,773,873	8,722,322
Total non current assets	270,407,717	267,981,929
Current assets		
Inventories	17,221,876	14,654,961
Property development costs	9,854,200	8,823,623
Trade & other receivables	429,269,446	330,080,809
Current tax assets	4,465,421	4,899,797
Cash & cash deposits	91,082,396	98,101,075
Total current assets	551,893,339	456,560,265
Total assets	822,301,056	724,542,194
Equity attributable to equity holders of the parent		
Share capital	138,471,095	138,471,095
Reserves and treasury shares	74,019,745	69,232,762
Total equity	212,490,840	207,703,857
Minority interest	5,217,471	5,345,872
Total equity and minority interest	217,708,311	213,049,729
Non-current liabilities		
Long-term borrowings	196,693,439	145,959,332
Deferred tax	18,918,967	13,460,425
Total non-current liabilities	215,612,406	159,419,757
Current liabilities		
Short term borrowings	42,780,972	19,723,720
Current portion of long-term borrowings	20,412,617	19,760,453
Trade and other payables	322,398,683	304,052,901
Current tax liabilities	3,388,067	8,535,634
Total current liabilities	388,980,339	352,072,708
Total liabilities	604,592,745	511,492,465
Total equity and liabilities	822,301,056	724,542,194

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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
9 months ended 30 September 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	-	-	3,732,352	-	-	-	3,732,352	52,537	3,784,889
Profit for the period	-	-	-	-	5,186,592	-	5,186,592	(181,644)	5,004,948
Total comprehensive income for the period	-	-	3,732,352	-	5,186,592	-	8,918,944	(129,107)	8,789,837
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)
Changes in ownership interests in subsidiary							-	192,106	192,106
Dividend payable by subsidiary	-	-	-	-	-	-	-	(191,400)	(191,400)
Total transactions with non controlling interests	-	-	-	-	-	-	-	706	706
Balance at the end of the period	138,471,095	24,636	2,450,262	-	72,570,634	(1,025,787)	212,490,840	5,217,471	217,708,311
9 months ended 30 September 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	-	-	(2,459,208)	-	-	-	(2,459,208)	(39,621)	(2,498,829)
Profit for the period	-	-	-	-	17,849,419	-	17,849,419	81,861	17,931,280
Total comprehensive income for the period	-	-	(2,459,208)	-	17,849,419	-	15,390,211	42,240	15,432,451
Issue of option pursuant to ESOS	89,374	10,725	-	-	-	-	100,099	-	100,099
Total transactions with owners of the Company	89,374	10,725	-	-	-	-	100,099	-	100,099
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	138,471,096	24,635	(1,293,322)	-	70,686,858	(1,025,787)	206,863,480	5,753,975	212,617,455

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September 2013 RM	9 months ended 30 September 2012 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	12,434,129	30,838,573
Adjustments for:-		
Amortisation of prepaid land lease payments	148,460	154,603
Amortisation of biological assets	1,880,679	4,069,500
Depreciation of property, plant & equipment	7,700,058	7,345,515
Provision for and write off of receivable	5,851,733	26,733
Negative goodwill recognised	(688,427)	-
Interest expenses	9,229,634	6,748,802
Interest revenue	(1,940,078)	(1,420,031)
Gain on disposal of property, plant & equipment	(1,165,509)	(393,796)
Loss on foreign exchange -unrealised	896,567	91,000
Operating profit before working capital changes	34,347,246	47,460,899
Increase in inventories	(2,566,914)	(149,477)
Increase in in amount due from customers for contract work	(77,706,323)	(25,758,635)
Increase in property development expenditure	(1,030,577)	(3,338,351)
Increase in trade and other receivables	(29,034,936)	(336,115)
(Decrease)/Increase in amount due to customers for contract work	(12,298,896)	2,076,126
Increase/(Decrease) in trade and other payables	28,666,069	(9,565,571)
Cash (used in)/generated from operations	(59,624,331)	10,388,876
Tax paid	(13,039,663)	(9,899,474)
Interest paid	(8,867,927)	(6,457,673)
Net cash (used in)/generated from operating activities	(81,531,921)	(5,968,271)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(988,185)	(7,222,436)
Purchase of land held for development	(301,106)	-
Interest received	1,484,179	1,207,485
Effect of acquisition of subsidiaries , net of cash received	(108,417)	-
Purchase of property, plant & equipment	(604,259)	(14,113,499)
Proceeds from disposal of property, plant & equipment	1,200,339	458,831
Net cash generated from/(used in) investing activities	682,551	(19,669,619)
BALANCE CARRIED FORWARD	(80,849,370)	(25,637,890)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September 2013 RM	9 months ended 30 September 2012 RM
BALANCE CARRIED DOWN	(80,849,370)	(25,637,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(50,095)	(81,459)
Repayment to related companies	(503,499)	(47,513)
Decrease in pledged fixed deposits	(16,177)	4,392,665
Dividend paid	(4,131,961)	(191,400)
Proceeds from issuance of shares	-	100,099
Proceeds from trust receipts	26,164,030	16,186,789
Repayment of trust receipts	(9,045,881)	(22,090,397)
Payment for finance lease liabilities	(3,917,649)	(4,254,261)
Term loan drawdown	81,176,795	27,934,868
Term loan repayment	(26,686,636)	(8,448,273)
Net cash generated from/(used in) financing activities	62,988,927	13,501,118
Effects of exchange difference on cash & cash equivalents	4,886,484	(1,869,669)
Net decrease in cash and cash equivalents	(17,860,443)	(12,136,772)
Cash and cash equivalents at beginning of the year	15,946,953	35,290,862
Cash and cash equivalents at end of the period	2,972,994	21,284,421
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	21,834,344	36,409,105
Cash deposits with licensed banks	69,248,052	72,955,753
Bank overdrafts	(25,249,842)	(26,287,657)
Less: Pledged fixed deposits	(62,859,560)	(61,792,780)
	2,972,994	21,284,421

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 September 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 September 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

The 1st interim dividend of RM4,131,961 was paid on 23 August 2013 in respect of the financial period ended 30 June 2013 .

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
	RM	RM	RM	RM	RM	RM
30-Sep-13						
REVENUE						
External revenue	411,697,970	42,976,453	2,613,029	7,189,602	-	464,477,054
Inter – segment revenue	-	7,168,451	-	-	(7,168,451)	-
Total revenue	411,697,970	50,144,904	2,613,029	7,189,602	(7,168,451)	464,477,054
RESULT						
Segment results	19,171,843	17,627,972	(15,890,622)	(9,163,489)	688,425	12,434,129
Interest revenue	1,808,683	68,141	1,428	61,826	-	1,940,078
Interest expenses	(5,460,819)	(55,820)	(311,284)	(3,401,711)	-	(9,229,634)
Non cash expenses Note (i)	(6,747,237)	-	(2,023,929)	(6,273)	-	(8,777,439)
Depreciation	(5,561,260)	(770,478)	(705,185)	(663,135)	-	(7,700,058)

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-Sep-12	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	451,762,632	55,538,086	1,622,395	5,089,035	-	514,012,148
Inter – segment revenue	-	13,254,610	-	-	(13,254,610)	-
Total revenue	451,762,632	68,792,696	-	5,089,035	(13,254,610)	514,012,148
RESULT						
Segment results	36,335,149	15,746,876	(9,340,346)	(11,903,106)	-	30,838,573
Interest revenue	1,137,259	162,537	1,490	118,745	-	1,420,031
Interest expenses	(3,083,408)	(53,641)	-	(3,611,753)	-	(6,748,802)
Non cash expenses Note (i)	(90,977)	(26,733)	(4,218,894)	(5,232)	-	(4,341,836)
Depreciation	(5,244,542)	(706,168)	(779,793)	(615,012)	-	(7,345,515)

Note (i) : Non cash expenses

	Group	
	2013	2012
	RM	RM
Amortisation of planting expenditures	1,880,679	4,069,500
Amortisation of prepaid land lease payments	148,460	154,603
Loss on foreign exchange -unrealised	896,567	91,000
Provision for and write off of receivable	5,851,733	26,733
	8,777,439	4,341,836

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 28 November 2013 (being the latest practicable date from the date of issuance of the 3rd 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 except the following :

Acquisition of Peninsular Precast Sdn Bhd

Its wholly-owned subsidiary, Ahmad Zaki Sdn Bhd (“AZSB”) has on 30 August 2013 acquired two (2) shares of RM1 each representing 100% of the issued and paid-up share capital of Peninsular Precast Sdn Bhd (“Peninsular Precast”) for a cash consideration of RM2 only (“the Acquisition”).

Peninsular Precast was incorporated on 11 December 2012 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each and issued and paid-up share capital of RM2 divided into two (2) ordinary shares of RM1 each.

Subsequently, the paid-up share capital was increased up to RM100,000 divided into 100,000 ordinary shares of RM1 each. AZSB has subscribed RM80,000 new shares divided into 80,000 ordinary shares of RM1 each in Peninsular Precast. Following the subscription of the new shares, Peninsular Precast became an 80% subsidiary of AZSB.

Peninsular Precast is principally engaged in the fabricating and marketing of Industrial Building Products and System (“IBS”) and undertaking any other activities relating the development of the IBS.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 28 November 2013 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) save as disclosed in 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:

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 9 months cumulative to date	2012 9 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	5,119,138	16,401,024
- Chuan Huat Hardware Sdn Bhd	1,208,907	381,777
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	154,740	640,946
- Kemaman Quarry Sdn Bhd	111,410	892,541
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	90,000	90,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	699,360	652,035
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	23,707	35,719
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	27,000	27,000

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

1. REVIEW OF PERFORMANCE

The Group’s revenue for 9 months FY13 decreased by **RM49.5 million** (or 9.6%) year on year (“Y-o-Y”) to **RM464.5 million** mainly attributable to lower progress recorded in Construction Division.

The Group’s pre-tax profit declined by **RM18.4 million** (or 59.7%) Y-o-Y to **RM12.4 million** mainly due to lower margin attained by recently completed construction projects and higher losses from Plantation Division. Nevertheless, Oil and Gas Division continued to show higher pre-tax profit.

Overall, the balance order book in Construction Division stood at **RM2,082 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM25 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM80 million**) , The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan (“UIAH”), Pahang through Private Finance Initiative (**RM339 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 (**RM648 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 for Permodalan Nasional Berhad (**RM656 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM172 million**), The Proposed Construction and Completion of the Pangkalan Semenanjung Pasukan Gerakan Udara Polis Diraja Malaysia on Part of Lot 1210 (PA 27811), and Jalan Lapangan Terbang Subang, Seksyen U3, Shah Alam Selangor (**RM162 million**).

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

	Current Qtr RM	Preceding Qtr RM	+/(-) RM
Revenue	195,607	128,625	66,982
Profit before tax	2,193	5,049	(2,856)

On a quarter to quarter basis, the Group revenue improved slightly with the higher progress achieved for the quarter under review. However profit before tax was lower mainly due to further losses incurred in some of its completed projects in Construction Division and higher losses recorded in Plantation Division.

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

3. PROSPECTS

The Group's Construction Division expects to perform satisfactorily as the remaining order book balance remains strong and the prospects for enhancement of the order book is encouraging. Moving forward, the Oil and Gas Division continues to be robust with steady flow of income to the Group. The Group also looks forward to achieving positive development in Plantation Division.

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

Not applicable.

5. TAXATION

Taxation comprises :

	Current Qtr 30.09.2013 RM	Cumulative Current YTD 30.09.2013 RM
Based on results for the period	2,923,691	8,532,153
Origination of temporary differences	(1,422,109)	(614,898)
	<u>1,501,582</u>	<u>7,917,255</u>
Over provision in prior years	(488,074)	(488,074)
Based on results for the period	<u>1,013,508</u>	<u>7,429,181</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 30.09.2013 RM	Cumulative Current YTD 30.09.2013 RM
Accounting profits before taxation	2,193,826	12,434,129
Tax at the statutory income tax rate of 25%	548,456	3,108,532
- Non deductible expenses	953,126	4,808,723
Tax Expense	<u>1,013,508</u>	<u>7,429,181</u>

**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 :

Movement of Deferred Tax Liabilities/(Assets)

	Current Qtr 30.09.2013 RM	Cumulative Current YTD 30.09.2013 RM
At beginning of the period/year	10,484,013	10,484,013
Transfer to income statement	(1,422,109)	(614,898)
Arising from acquisition of new subsidiary	34,100	34,100
Translation differences	849,921	745,241
At end of the period	9,945,925	10,648,456

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	8,270,511	-	8,270,511
Taxable temporary differences	-	(11,062,334)	(11,062,334)
Property, plant and equipment	319,993	(482,029)	(162,036)
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)	8,590,504	(19,238,960)	(10,648,456)
Set off of tax	(319,993)	319,993	-
Net tax assets/(liabilities)	8,270,511	(18,918,967)	(10,648,456)

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 28 November 2013 (being the latest practicable date from the date of issuance of the 3rd 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 September 2013 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	25,250	-	25,250
Trust Receipts	RM	4,682	-	4,682
Revolving Credits	RM	12,848	-	12,848
Term Loans	RM	15,108	173,516	188,624
Term Loans	USD	-	16,652	16,652
Finance Lease Liabilities	RM	5,172	6,526	11,698
Finance Lease Liabilities	IDR	133	-	133
Total		63,193	196,694	259,887

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. On 7 November 2013, the Court has fixed the following dates:

- a) Hearing date for the discovery application of further documents on 13 December 2013;
- b) Next Case Management date on 24 January 2014; and
- c) Trial dates on:
 - 9 to 13 June 2014
 - 25 to 29 August 2014
 - 27 to 31 October 2014

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.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
8. MATERIAL LITIGATION (continued)
(ii) Arbitration on Alfaisal University project

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.

9. DIVIDEND

Other than the 1st interim dividend of RM0.02/= gross declared on 25 June 2013, the Board did not recommend any dividend for the current financial period under review.

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 30/09/2013	Current Quarter ended 30/09/2012	Cumulative Quarters ended 30/09/2013	Cumulative Quarters ended 30/09/2012
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,175,063	6,630,987	5,186,592	17,849,419
Basic				
Weighted average number of ordinary shares in issue	276,942,190	276,880,222	276,942,190	276,880,222

**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 30.09.2013	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	126,023	116,957
- Unrealised	(5,448)	(4,774)
	120,575	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	(47,765)	(40,427)
Total Group retained profits as per consolidated accounts	72,571	71,517